

SENATE No. 794

The Commonwealth of Massachusetts

PRESENTED BY:

Mark C. Montigny

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act relative to the fiduciary responsibility of lenders for non-payment of insurance premiums from escrowed accounts.

PETITION OF:

NAME:

Mark C. Montigny

DISTRICT/ADDRESS:

Second Bristol and Plymouth

SENATE No. 794

By Mr. Montigny, a petition (accompanied by bill, Senate, No. 794) of Mark C. Montigny for legislation relative to the fiduciary responsibility of lenders for non-payment of insurance premiums from escrowed accounts. Financial Services.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE SENATE, NO. 685 OF 2023-2024.]

The Commonwealth of Massachusetts

**In the One Hundred and Ninety-Fourth General Court
(2025-2026)**

An Act relative to the fiduciary responsibility of lenders for non-payment of insurance premiums from escrowed accounts.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 Section 4 of Chapter 167E of the General Laws, as so appearing in the 2022 Official
2 Edition, is hereby amended by inserting after subsection (c), the following subsection:-

3 “(d) If a bank requires, as part of its loan policies, that a borrower escrow the insurance
4 premium for property insurance on real estate secured by a mortgage loan and said bank, as a
5 result of neglect, fails to pay the insurance premium on a mortgage loan when the insurance
6 premium is due and there are sufficient escrowed funds on deposit to pay said insurance
7 premium, and if the property owner suffers a loss as a result of this failure, then the bank is liable
8 for the loss; except, however, that with respect to any loss, which would otherwise have been
9 insured, the extent of the liability shall not exceed the coverage limits of any insurance policy,

10 which has lapsed. The bank shall pay the insurance premium and any increased cost for securing
11 a new insurance policy for a period of three (3) years. If the bank is late in paying the insurance
12 premium, the bank shall pay the late fee charged by the insurance company.”.