

MAINE STATE LEGISLATURE

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114th MAINE LEGISLATURE

FIRST REGULAR SESSION - 1989

Legislative Document

No. 1741

H.P. 1248

House of Representatives, June 12, 1989

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 27.

Reference to the Committee on Banking and Insurance suggested and ordered printed.

A handwritten signature in cursive script that reads 'Ed Pert'.

EDWIN H. PERT, Clerk

Presented by Representative NADEAU of Lewiston.

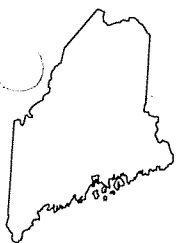
STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND EIGHTY-NINE

**An Act to Authorize Mortgagees to Require Property Insurance
Provided by Insurers Which Meet Standards Established by Federal
Mortgage Loan Corporations.**

(AFTER DEADLINE)

(EMERGENCY)



1 The Federal National Mortgage Association, or Fannie Mae,
3 the Federal Home Loan Mortgage Association, or Freddie Mac, and
5 the Maine State Housing Authority require that any loan which
7 these organizations purchase be insured by insurers which meet
9 the "B-III" standards of the A.M. Best Company. In many cases,
11 mortgage loans are sold on national markets which require these
13 standards. If mortgage lenders in Maine cannot require borrowers
15 to obtain mortgage insurance that meets the "B-III" standards,
 Fannie Mae, Freddie Mac and the Maine State Housing Authority may
 not be able to purchase mortgage loans of Maine lenders on the
 secondary market. As a result, there could be a substantial
 reduction in the number of mortgage loans issued in Maine. This
 bill would correct this problem by specifically allowing
 mortgagees to use a nationally recognized rating service as a
 basis for approving the insurer selected by the borrower.