

MAINE STATE LEGISLATURE

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HEALTH COVERAGE, INSURANCE AND FINANCIAL SERVICES

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
131ST LEGISLATURE
FIRST SPECIAL SESSION**

COMMITTEE AMENDMENT "A" to H.P. 358, L.D. 553, "An Act to Require Mortgage Holders to Notify a Homeowner's Insurance Company on the Sale or Transfer of a Mortgage"

Amend the bill by striking out everything after the enacting clause and inserting the following:

'Sec. 1. 9-A MRSA §9-305-A, as enacted by PL 2005, c. 206, §3, is repealed and the following enacted in its place:

§9-305-A. Timely payments from escrow and notice of sale or transfer of mortgage on real estate

1. Payments from escrow. A creditor, assignee or servicer that holds or controls funds of a consumer in an escrow account for the payment of taxes or insurance premiums shall make timely payments from that escrow account for a consumer credit transaction secured by a mortgage on real estate. A creditor, assignee or servicer is liable to the consumer for actual damages resulting from failure to make timely payments from that escrow account. The creditor, assignee or servicer shall also rectify the results of a failure to make timely payments, including causing corrections of the consumer's credit report and causing the discharge of any liens against the consumer's real estate.

2. Notice of transfer or sale of mortgage on real estate. A creditor, assignee or servicer that holds or controls funds of a consumer in an escrow account for the payment of insurance premiums for a consumer credit transaction secured by a mortgage on real estate shall notify the insurer that provides insurance coverage for the real estate subject to the mortgage upon the sale or transfer of the mortgage. A creditor, assignee or servicer may satisfy the notice requirement in this subsection by providing the insurer with a copy of the notice of the sale or transfer of the mortgage sent to the consumer.'

Amend the bill by relettering or renumbering any nonconsecutive Part letter or section number to read consecutively.

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SUMMARY

This amendment replaces the bill. The amendment clarifies that the provision in the bill requiring notice by the holder of a mortgage on a residential property to the insurer of the property if a mortgage is sold or transferred applies when the holder of the mortgage controls funds of a consumer in an escrow account for the payment of insurance premiums. The amendment also clarifies that the provision in the bill applies to an assignee or servicer of a mortgage and moves the provision from the Maine Insurance Code to the Maine Consumer Credit Code since the notice obligation is on the creditor, assignee or servicer of a mortgage.