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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2015

A N A C T

RELATING TO PROPERTY - FORM AND EFFECT OF CONVEYANCES

Introduced By: Representatives O'Grady, Ackerman, Handy, Regunberg, and Palangio

Date Introduced: February 12, 2015

Referred To: House Corporations

(Attorney General)

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 34-11-1.3, 34-11-22 and 34-11-24 of the General Laws in Chapter
2 34-11 entitled "Form and Effect of Conveyances" are hereby amended to read as follows:

3 **34-11-1.3. Name and address of mortgagor and mortgagee -- Recording.** – (a) Every
4 mortgage deed presented for record shall contain or have endorsed upon it the name and address
5 of the mortgagor and mortgagee and the address shall be recorded as part of the mortgage deed.
6 Failure to comply with this section shall not affect the validity of any mortgage deed, but the city
7 or town clerk may charge an additional two dollars (\$2.00) for a recording fee if the name and
8 address does not appear on the instrument. The purpose of including the mortgagee's address is to
9 facilitate in the eventual discharge thereof, and also for purpose of any notice that may be sent to
10 the mortgagor and mortgagee.

11 (b) The term "mortgagee" for the purposes of this section shall mean the payee or lender
12 identified in the promissory note or other negotiable instrument as defined in chapter 3 of title 6A
13 which is secured by the mortgage deed, and shall not mean a third party purporting to act as an
14 agent or nominee. A mortgage naming a third party as the mortgagee who is not the named payee
15 or lender on the underlying promissory note or other negotiable instrument as defined in chapter 3
16 of title 6A secured by the mortgage shall be invalid for recording, and shall not be enforceable as
17 a mortgage lien except as provided in § 34-11-43. A mortgage deed that identifies the mortgagee
18 and also lists the name and address of the mortgagee's servicer for the purposes of facilitating the
19 eventual discharge of the mortgage and for the purpose of any notice that may be sent to the

1 [mortgagee shall be considered compliant with the mortgagee's address requirements herein.](#)

2 **34-11-22. Statutory power of sale in mortgage.** -- The following power shall be known
3 as the "statutory power of sale" and may be incorporated in any mortgage by reference, [provided](#)
4 [that a mortgage that does not comply with the mortgagee requirements set forth in §§ 34-11-1.3](#)
5 [and 34-11-24 shall not be entitled to invoke the statutory power of sale:](#)

6 (Power)

7 But if default shall be made in the performance or observance of any of the foregoing or
8 other conditions, or if breach shall be made of the covenant for insurance contained in this deed,
9 then it shall be lawful for the mortgagee or his, her or its executors, administrators, successors or
10 assigns to sell, together or in parcels, all and singular the premises hereby granted or intended to
11 be granted, or any part or parts thereof, and the benefit and equity of redemption of the mortgagor
12 and his, her or its heirs, executors, administrators, successors and assigns therein, at public
13 auction upon the premises, or at such other place, if any, as may be designated for that purpose in
14 this deed, or in the published notice of sale first by mailing written notice of the time and place of
15 sale by certified mail, return receipt requested, to the mortgagor, at his or her or its last known
16 address, at least twenty (20) days for mortgagors other than individual consumer mortgagors, and
17 at least thirty (30) days for individual consumer mortgagors, prior to first publishing the notice,
18 including the day of the mailing in the computation; second, by publishing the same at least once
19 each week for three (3) successive weeks in a public newspaper published daily in the city in
20 which the mortgaged premises are situated; and if there be no public newspaper published daily
21 in the city in which the mortgaged premises are situated, or if the mortgaged premises are not
22 situated in a city, then (1) if the mortgaged premises are situated in the city of Central Falls, in a
23 public newspaper published daily in the city of Pawtucket; (2) if the mortgaged premises are
24 situated in the town of North Providence, in a public newspaper published daily in either the city
25 of Providence or the city of Pawtucket; (3) if the mortgaged premises are situated in any of the
26 towns of Cumberland, Lincoln, Smithfield or North Smithfield, in a public newspaper published
27 daily in either the city of Pawtucket or Woonsocket; (4) if the mortgaged premises are situated in
28 the county of Providence elsewhere than in the above-named cities and towns, in a public
29 newspaper published daily in the city of Providence; (5) if the mortgaged premises are situated in
30 the county of Newport, in a public newspaper published daily in the city of Newport; but if there
31 be no such public newspaper so published, then in some public newspaper published anywhere in
32 the county of Newport; (6) if the mortgaged premises are situated in any of the counties of
33 Bristol, Kent or Washington, in a public newspaper published daily in the city or town in which
34 the mortgaged premises are situated; but if there be no public newspaper so published, in some

1 public newspaper published daily in the county in which the mortgaged premises are situated or
2 in a public newspaper published daily in the city of Providence; provided however if the
3 mortgaged premises are situated in the town of New Shoreham then in addition to publication in a
4 public newspaper published daily as required above, it shall also be published in a public
5 newspaper published in the town of New Shoreham, and, in the event there is no public
6 newspaper published in the town of New Shoreham, then in a public newspaper distributed in the
7 town of New Shoreham; with power to adjourn such sale from time to time, provided that
8 publishing of the notice shall be continued, together with a notice of the adjournment or
9 adjournments, at least once each week in that newspaper; and in his, her or its or their own name
10 or names, or as the attorney or attorneys of the mortgagor, for that purpose by these presents duly
11 authorized and appointed with full power of substitution and revocation to make, execute and
12 deliver to the purchaser or purchasers at that sale a good and sufficient deed or deeds of the
13 mortgaged premises in fee simple, and to receive the proceeds of such sale or sales, and from
14 such proceeds to retain all sums hereby secured whether then due or to fall due thereafter, or the
15 part thereof then remaining unpaid, and also the interest then due on the proceeds, together with
16 all expenses incident to the sale or sales, or for making deeds hereunder, and for fees of counsel
17 and attorneys, and all costs or expenses incurred in the exercise of such powers, and all taxes,
18 assessments, and premiums for insurance, if any, either theretofore paid by the mortgagee or his
19 or her executors, administrators or assigns, or then remaining unpaid, upon the mortgaged
20 premises, rendering and paying the surplus of the proceeds of sale, if any there be, over and above
21 the amounts so to be retained as aforesaid, together with a true and particular account of the sale
22 or sales, expenses and charges, to the mortgagor, or his, her or its heirs, executors, administrators,
23 successors or assigns; which sale or sales made as aforesaid shall forever be a perpetual bar
24 against the mortgagor and his, her or its heirs, executors, administrators, successors and assigns,
25 and all persons claiming the premises, so sold, by, through or under him or her, them or any of
26 them.

27 **34-11-24. Effect of assignment of mortgage.** -- An assignment of mortgage
28 substantially following the form entitled "Assignment of Mortgage" shall, when duly executed,
29 have the force and effect of granting, bargaining, transferring and making over to the assignee, his
30 or her heirs, executors, administrators, and assigns, the mortgage deed with the note and debt
31 thereby secured, and all the right, title and interest of the mortgagee by virtue thereof in and to the
32 estate described therein, to have and to hold the mortgage deed with the privileges and
33 appurtenances thereof to the assignee, his or her heirs, executors, administrators and assigns in as
34 ample manner as the assignor then holds the same, thereby substituting and appointing the

1 assignee and his or her heirs, executors, administrators and assigns as the attorney or attorneys
2 irrevocable of the mortgagor under and with all the powers in the mortgage deed granted and
3 contained. Any transfer of the ownership of the beneficial interest in, or the right to enforce, a
4 promissory note or other negotiable instrument as defined in chapter 3 of title 6A secured by a
5 mortgage must be accompanied by an assignment of the mortgage that is presented for recording
6 with the applicable recording fee within thirty (30) days of the transfer, and the assignment of the
7 mortgage must identify the party to whom the note or other negotiable instrument securing the
8 mortgage has been assigned. The failure to present the mortgage assignment for recording within
9 the time limits stated herein shall render the mortgage void, but shall not nullify the underlying
10 indebtedness.

11 SECTION 2. Section 34-13-1 of the General Laws in Chapter 34-13 entitled "Recording
12 Of Instruments" is hereby amended to read as follows:

13 **34-13-1. Instruments eligible for recording.** -- Any of the following instruments shall
14 be recorded or filed by the town clerk or recorder of deeds, in the manner prescribed by law, on
15 request of any person and on payment of the lawful fees therefor:

16 (1) Letters of attorney.

17 (2) All contracts for sale of land.

18 (3) Bonds for title or covenants or powers concerning lands, tenements and
19 hereditaments.

20 (4) All notices to be filed under the provisions of section 9-4-9.

21 (5) All notices and process to be filed under other statutory provisions, and all decrees in
22 equity and judgments at law affecting the title to land.

23 (6) All instruments evidencing or relating to a security interest in personal property or
24 fixtures that may be filed pursuant to chapter 9 of title 6A.

25 (7) All instruments required by statute to be recorded, including deeds, mortgages and
26 transfers and discharges thereof, leases or memoranda thereof, and transfers and cancellations
27 thereof, and the covenants, conditions, agreements and powers therein contained; provided, that
28 no mortgage or transfer thereof shall be recorded if the mortgage or transfer thereof does not
29 comply with the requirements set forth in §§ 34-11-1.3 and 34-11-24.

30 (8) Instruments of defeasance.

31 (9) Instruments (excepting wills) creating trusts.

32 (10) All instruments and notices, affecting, or purporting to affect, the title to land or any
33 interest therein or giving or terminating the right to sever any building or part thereof or fixture,
34 when signed and acknowledged as required for deeds.

1 (11) All affidavits as to family facts, including dates of birth, marriage, and death, which
2 relate or purport to relate to title to land.

3 (12) All affidavits as to bounds and monuments of land.

4 (13) All certificates of the secretary of state as to change of corporate name.

5 (14) All original linen and/or original mylar maps, plats, surveys, and drawings, whether
6 or not attached to, or a part of, another recordable instrument, Provided, however, That those
7 requiring the approval of any council; commission, officer, or other body by law shall not be
8 recorded without such approval.

9 All survey plans received for recording shall be drawn on archival mylar or linen, those
10 of which shall not exceed a size of 24" x 36" and shall be recorded as originally drafted. Said
11 plans shall contain as a minimum all items set forth in the "Procedural and Technical Standards
12 for the practice of Land Surveying in the State of Rhode Island and Providence Plantations" as
13 adopted by the Rhode Island Board of Registration of Professional Land Surveyors effective
14 April 1, 1994 and any amendments or modifications thereof. Further, all plans must be able to be
15 reproduced so that the contents of said plans are legible.

16 Indexes of survey plans shall be maintained indicating (a) the title of the plan; and (b)
17 the street(s) or road(s) on which the subject property abuts. Such plans shall include a separate
18 listing, in or attached to the legend on the plan, of all streets and roads on which the subject
19 property abuts.

20 (15) All declarations of restrictions and covenants in connection with a plat of record or
21 to be recorded or with a tract or parcel of land which is to be subdivided.

22 (16) Statements of covenants, conditions, and powers of sale which are intended to be
23 incorporated in mortgages by reference.

24 SECTION 3. Section 34-26-8 of the General Laws in Chapter 34-26 entitled
25 "Redemption, Release, and Transfer of Mortgages" is hereby amended to read as follows:

26 **34-26-8. Release of mortgage -- Affidavit.** -- (a) For purposes of this section:

27 (1) "Mortgage" means a mortgage upon any interest in real property located in the State
28 of Rhode Island.

29 (2) "Person" means an individual, corporation, business trust, estate, trust, partnership,
30 association, joint venture, government, governmental subdivision or agency, or other legal or
31 commercial entity;

32 (3) "Mortgagor" means the grantor of a mortgage;

33 (4) "Mortgagee" means the grantee of a mortgage [that meets the requirements of §§ 34-](#)
34 [11-1.3 and 34-11-24](#); provided, if the mortgage has been assigned of record. "Mortgagee" means

1 the last person to whom the mortgage has been assigned of record; provided further, if the
2 mortgage has been serviced by a mortgage servicer, "Mortgagee" means the mortgage servicer;

3 (5) "Mortgage servicer" means the last person to whom the mortgagor has been
4 instructed by the mortgagee to send payment of the mortgage. The person who has transmitted a
5 payoff statement shall be deemed to be the mortgage servicer with respect to the mortgage
6 described in that payoff statement;

7 (6) "Attorney-at-law" means any person admitted to practice law in this state and in good
8 standing;

9 (7) "Title insurance company" means any corporation or other business entity authorized
10 and licensed to transact the business of insuring titles to interests in real property in this state; and

11 (8) "Payoff statement" means a written statement of the amount of the unpaid balance on
12 a mortgage, including principal, interest and other charges properly assessed pursuant to the loan
13 documentation of such mortgage and of the interest on a per diem basis with respect to the unpaid
14 principal balance of the mortgage.

15 (b) If a mortgagee fails to execute and deliver a release of mortgage to the mortgagor or
16 to the mortgagor's designated agent within thirty (30) days from receipt of payment of the
17 mortgage by the mortgagee in accordance with the payoff statement furnished by the mortgagee,
18 any attorney-at-law or duly authorized officer of a title insurance company may, on behalf of the
19 mortgagor or any transferee of the mortgagor who has acquired title to the premises described in
20 the mortgage, execute and cause to be recorded in the land records of each city or town where the
21 mortgage was recorded, an affidavit which complies with the requirements of this section.

22 (c) An affidavit pursuant to this section shall state that:

23 (1) The affiant is an attorney-at-law or the authorized officer of a title insurance
24 company, and that the affidavit is made in behalf of and at the request of the mortgagor;

25 (2) The mortgagee has provided a payoff statement with respect to the loan secured by
26 the mortgage;

27 (3) The affiant has ascertained that the mortgagee has received payment of the loan
28 secured by the mortgage in accordance with the payoff statement, as evidence by a bank check,
29 certified check or attorney's clients' funds account which has been negotiated by the mortgagee or
30 by other documentary evidence of such receipt of payment by the mortgagee;

31 (4) More than sixty (60) days have elapsed since payment was received by the
32 mortgagee; and

33 (5) The affiant has given the mortgagee at least thirty (30) days' notice in writing by
34 certified mail, return receipt request and signed for and completed, of intention to execute and

1 cause to be recorded an affidavit in accordance with this section with a copy of the proposed
2 affidavit attached to such written notice, and that the mortgagee has not responded in writing to
3 such notification, or that any request for additional payment made by the mortgagee has been
4 complied with at least fifteen (15) days prior to the date of the affidavit.

5 (d) Such affidavit shall state the names of the mortgagor and the mortgagee, the date of
6 the mortgage, and the volume and page of the land records where the mortgage is recorded. The
7 affidavit shall give similar information with respect to any recorded assignment of the mortgage.

8 (e) The affiant shall attach to the affidavit:

9 (i) Photostatic copies of the documentary evidence that payment has been received by
10 the mortgagee, including mortgagee's endorsement of any bank check, certified check or
11 attorney's clients' funds account,

12 (ii) A photostatic copy of the written payoff statement and shall certify on each that it is
13 a true copy of the original document, and

14 (iii) Evidence of mailing and receipt notice to mortgagee.

15 (f) Such affidavit, when recorded, shall be a release of the lien of such mortgage of the
16 property described therein.

17 (g) The city or town clerk shall index the affidavit in the name of the mortgagor as
18 grantor.

19 (h) Any person who causes an affidavit to be recorded in the land records of any city or
20 town in accordance with this section knowing the information and statements therein contained to
21 be false may be fined not more than a dollar amount that is double the face amount of the
22 mortgage falsely discharged and shall make restitution to the affected mortgagee to the extent
23 such mortgagee suffers direct financial loss due to said mortgage being falsely discharged.

24 (i) The provisions of this section shall not be applicable to mortgages securing lines of
25 credit nor to any mortgage held by a financial institution incorporated under the laws of the state
26 of Rhode Island or to any mortgage held by any financial institution organized under federal laws
27 and maintaining a principal place of business within the state of Rhode Island or to any mortgage
28 held by the Rhode Island Housing and Mortgage Finance Corporation.

29 SECTION 4. Chapter 34-11 of the General Laws entitled "Form and Effect of
30 Conveyances" is hereby amended by adding thereto the following section:

31 **34-11-43. Assignment of mortgages and mortgage assignments previously recorded**
32 **in name of nominee.** – [\(a\) Any mortgage or mortgage assignment that therein identifies as the](#)
33 [mortgagee, an entity that is not the payee, holder, or beneficial owner of the note secured by the](#)
34 [mortgage at the time of the recording, or that identifies an entity as the mortgagee in a nominee or](#)

1 agency capacity for the original lender, owner, or holder of the note, shall not be valid or
2 enforceable if recorded after the effective date of this act. The invalidity of the mortgage shall not
3 invalidate the underlying indebtedness intended to be secured by the mortgage.

4 (b) Notwithstanding the provisions in subsection (a) of this section, any mortgage or
5 mortgage assignment recorded prior to the effective date of this act which identified as the
6 mortgagee an entity acting as the nominee or agent of the note holder or originating lender of a
7 mortgage loan shall be deemed void, except that such mortgage shall be deemed valid and
8 enforceable upon the following conditions:

9 (1) The mortgage interest is assigned from the entity identified as a nominee or agent to
10 the current holder of the note secured by the mortgage within ninety (90) days of the effective
11 date of this act;

12 (2) If any transfers of the note secured by the mortgage took place since the original
13 recording of the mortgage were not accompanied by a recorded assignment of the mortgage
14 interest, then all such transfers shall be documented with a corresponding instrument assigning
15 the mortgage from the transferor of the note to the transferee of the note, and indicating the date
16 of the transfer; and

17 (3) All assignments described as required herein shall be recorded pursuant to § 34-11-
18 24, with all applicable recording fees for each assignment paid in full.

19 SECTION 5. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T
RELATING TO PROPERTY - FORM AND EFFECT OF CONVEYANCES

1 This act would provide that all transfers of an interest in a mortgage be recorded. This
2 act would prohibit the recording of mortgages and assignments in the name of a party other than
3 the holder of the note secured by the mortgage. This act would also render certain prior recorded
4 mortgages and assignments invalid unless certain steps were taken to bring the document into
5 compliance with the act.

6 This act would take effect upon passage.

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