

SENATE No. 496

The Commonwealth of Massachusetts

SENATE, March 18, 1947.

The committee on Banks and Banking, to whom was recommitted the Senate Bill authorizing savings banks to make blanket construction loans on real estate (Senate, No. 147), report recommending that the same ought to pass with an amendment substituting a new draft with the same title (Senate, No. 496).

For the committee,

HARRY P. McALLISTER.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Forty-Seven.

AN ACT AUTHORIZING SAVINGS BANKS TO MAKE BLANKET CONSTRUCTION LOANS ON REAL ESTATE.

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

1 Clause first of section 54 of chapter 168 of the
2 General Laws is hereby amended by inserting after
3 subdivision (g), added by chapter 98 of the acts of
4 1947, the following new subdivision: —
5 (h) A loan secured by a first mortgage upon two or
6 more parcels of real estate within a single project
7 situated in the commonwealth or in a state contiguous
8 thereto and within twenty-five miles of the main
9 office of the savings bank making the loan, being
10 developed by one owner, to finance the construction
11 of a single family dwelling upon each of the parcels
12 covered by the mortgage in an amount not to exceed
13 seventy-five per cent of the completed value of the
14 entire mortgaged premises and the dwellings to be
15 erected thereon, as certified by at least two members
16 of the board of investment, or twelve thousand dollars
17 with respect to each parcel covered and the dwelling
18 to be erected thereon by the mortgage, whichever is
19 the lesser. Said loan shall be payable not more than
20 two years after the date of the note.

21 Not later than thirty days after such loan is pay-
22 able, at least two members of the board of invest-
23 ment shall certify in writing, according to their best
24 judgment, the value of the premises and the dwellings
25 erected thereon then remaining subject to the mort-
26 gage; and if at the time such valuation is made, the
27 balance of principal and interest remaining due on
28 said mortgage is in excess of sixty per cent of the
29 value so certified, a sufficient reduction in the amount
30 of such balance shall be required, as promptly as
31 may be practicable, to bring the said balance within
32 sixty per cent of such value, and until so reduced a
33 reserve in an amount equal to the required reduction
34 shall be established and maintained. The total of
35 the balances of principal and interest outstanding at
36 any one time on loans made under this subdivision
37 shall not exceed one per cent of the deposits of such
38 corporation.

