

## SENATE . . . . No. 198.

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[Introduced on leave by Mr. LATHROP, of Hampden.]

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### Commonwealth of Massachusetts.

In the Year One Thousand Eight Hundred and Seventy-Four.

### AN ACT

For the incorporation of Building, Mutual Loan and  
Accumulating Fund Associations.

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

1   SECT. 1. Any number of persons, not less than  
2 nine, may associate and form an incorporated com-  
3 pany for the purpose of accumulating a fund for  
4 the purchase of real estate, the erection of buildings  
5 or the making of other improvements on lands, or to  
6 pay off incumbrances thereon, or to aid its mem-  
7 bers in acquiring real estate, making improvements  
8 thereon, and removing incumbrances therefrom,  
9 and for the further purpose of accumulating a fund

10 to be returned to its members who do not obtain  
11 advances as above mentioned, when the funds of  
12 such associations shall amount to a certain sum per  
13 share, to be specified in the articles of association.

1     SECT. 2. Such persons shall severally subscribe  
2 articles of association, in which shall be set forth  
3 the name of the corporation, the time of its reg-  
4 ular meetings and how special meetings may be  
5 called, and what shall constitute a quorum to trans-  
6 act business at meetings, the qualifications of  
7 members and how constituted, what officers, trus-  
8 tees and attorney there shall be, and how and when  
9 chosen, and their duties, and how removed or sus-  
10 pended from office, the entrance-fee of new mem-  
11 bers, and new shares, the monthly or weekly dues  
12 per share, the redemption-fee on shares on which  
13 advances shall be made, and fees to be paid on the  
14 transfer of shares, the fines and penalties for non-  
15 payment of dues or fees or other violations of the  
16 articles of association, the manner of redemption  
17 of shares made by advances thereon, the mortgage  
18 security to be taken on such advances and how  
19 the same may be redeemed or changed, the man-  
20 ner of the transfer or withdrawal of shares, money  
21 at the bank, the manner of investing funds not  
22 required for advances on shares, the qualifications  
23 of voters at the meetings and the mode of voting,  
24 the ultimate amount to be paid to the owners of  
25 unredeemed shares, the manner of altering or  
26 amending the articles of association, and such  
27 other provisions as shall be necessary for the con-

28 venient and effective transaction of the business  
29 thereof: *provided*, that the same shall not in any  
30 respect contravene the constitution or laws of this  
31 state.

1    SECT. 3. A true copy of such articles, signed  
2 by the officers of the association, together with a  
3 statement showing when the association was organ-  
4 ized, and the place of the transaction of its busi-  
5 ness and the names of the officers and trustees at  
6 the time of the making of such statement, which  
7 shall be verified by oath or affirmation before any  
8 officer authorized to take affidavits, to be used in  
9 courts of justice, shall be filed in the office of the  
10 clerk of the county in which such association  
11 shall transact its business; and thereupon the  
12 persons who have subscribed the articles of asso-  
13 ciation as aforesaid, and such other persons as  
14 shall become members of such association, and  
15 their successors, shall be a body corporate by the  
16 name specified in such articles of association, and  
17 shall possess the power and privileges, and be sub-  
18 ject to the provisions of the General Statutes as  
19 far as those provisions are consistent with the pro-  
20 visions of this act; and they shall, by their corpo-  
21 rate name, be capable in law of purchasing, holding  
22 and conveying any real and personal estate what-  
23 ever, which may be necessary to enable said com-  
24 pany to carry on their operation named in such  
25 certificate.

1    SECT. 4. It shall be lawful for the trustees to  
2 call in and demand from the stockholders respec-  
3 tively all such sums of money by them subscribed,  
4 at such times and in such payments or instalments  
5 as the articles of association shall prescribe, under  
6 the penalty of forfeiting the shares of stock sub-  
7 scribed for, and all previous payments made thereon,  
8 if payment shall not be made by the stockholder  
9 within sixty days after a personal demand or  
10 notice requiring payment shall have been published  
11 for six successive weeks in the newspaper nearest  
12 to the place where the business of the company  
13 shall be carried on as aforesaid.

1    SECT. 5. All corporations formed under this  
2 act shall have power to borrow money for tempo-  
3 rary purposes not inconsistent with the objects of  
4 their organization; but no loan for such purposes  
5 shall have a longer duration than two years, nor  
6 shall such indebtedness exceed, at any one time,  
7 one-fourth of the aggregate amount of the shares  
8 and part of shares, and the income thereof actually  
9 paid in and received.

1    SECT. 6. Parents and guardians may take and  
2 hold shares in such association in behalf and for  
3 the use of their minor children or wards, provided  
4 the cost of such shares be defrayed from the per-  
5 sonal earnings of such minor children or wards,  
6 or by gifts from persons other than their male  
7 parents; married women may take and hold shares  
8 in such associations, provided the cost of such

9 shares be defrayed from their personal earnings,  
10 the personal earnings of their children voluntarily  
11 bestowed for this purpose or from property be-  
12 queathed or given to them by persons other than  
13 their husbands.

1     SECT. 7. Every such corporation shall termi-  
2 nate, except for the purpose of settling its affairs,  
3 whenever all the shares thereof shall be redeemed  
4 by advances thereon, or whenever the owners of  
5 unredeemed shares be paid the ultimate value  
6 thereof, as provided in the articles of association,  
7 and not sooner; but no dividend of principal or of  
8 profits shall be made until such termination, nor  
9 until all debts of the association shall have been  
10 paid or otherwise sufficiently provided for. No  
11 holder of redeemed shares shall claim to be ex-  
12 empt from making the monthly payments provided  
13 in the articles of association, upon the ground that  
14 by reason of losses or otherwise the association  
15 has continued longer than was originally antici-  
16 pated, whereby the payments made on such shares  
17 may amount to more than the amount originally  
18 advanced, with legal interest thereon, nor shall the  
19 imposition of fines for non-payment of dues or  
20 other fees, or other violation of the articles of  
21 association, nor shall the making of any monthly  
22 payments required by the articles of association,  
23 or of any premiums for loans made to members, be  
24 deemed a violation of the provisions of any statute  
25 against usury.

1    SECT. 8. No officer, trustee, attorney, agent  
2 or servant of any association hereby incorporated  
3 shall use or dispose of any part of the funds of  
4 such association, or assign, transfer, cancel or  
5 deliver up, or acknowledge satisfaction of any  
6 bond, mortgage or other written instrument be-  
7 longing to such association, unless duly author-  
8 ized, or be guilty of any fraud in the performance  
9 of his duties; and every person guilty of a viola-  
10 tion of this section shall be liable civilly to the  
11 party injured to the extent of the damage thereby  
12 incurred, and shall also be liable to an indictment  
13 for a misdemeanor, punishable by fine or imprison-  
14 ment, or both, in the discretion of the court by  
15 which he shall be tried.

1    SECT. 9. Each association formed under the  
2 provisions of this act shall at the close of the first  
3 year's operations, and annually at the same period  
4 in each year thereafter, publish in at least two  
5 newspapers published nearest such place, a con-  
6 cise statement, verified on the oaths of the presi-  
7 dent and secretary, showing the actual financial  
8 condition of the association, and the amount of its  
9 property and liabilities, specifying the same par-  
10 ticularly.

1    SECT. 10. All the shareholders of any associa-  
2 tion formed under this act shall be individually  
3 liable to the creditors of said association to an  
4 amount equal to the amount of stock held by them  
5 respectively, for all debts contracted by such asso-

6 ciation. The directors, or their officers, of every  
7 association formed under this act, shall be person-  
8 ally liable for any fraudulent use, disposition or  
9 investment of any moneys or property belonging  
10 to such association, or for any loss which shall be  
11 incurred by any investments made by such di-  
12 rector or other officers, other than such as are  
13 mentioned in and authorized by this act; but no  
14 director or other officer of any such association  
15 shall be liable as aforesaid except he authorized,  
16 sanctioned, approved or made such fraudulent use,  
17 disposition, or investment as aforesaid.

1 SECT. 11. No person holding stock in any  
2 such company, or executor, administrator, guar-  
3 dian or trustee, and no person holding such stock  
4 as collateral security, shall be personally subject  
5 to any liability as stockholder of such company,  
6 but the person pledging such stock shall be con-  
7 sidered as holding the same, and shall be liable as  
8 a stockholder accordingly; and the estate or funds  
9 of such executor, administrator, guardian or trus-  
10 tee shall be liable in like manner, and to the same  
11 extent as the testator or intestate, or the ward or  
12 person interested in such trust fund would have if  
13 he had been living and competent to act, and held  
14 the same stock in his own name.

1 SECT. 12. Every such executor, administrator,  
2 guardian or trustee, shall represent the shares of  
3 stock in his hands at all meetings of the company,  
4 and may vote accordingly as a stockholder, and

5 every person who shall pledge his stock as afore-  
6 said, may, nevertheless, represent the same at all  
7 such meetings, and may vote accordingly as a  
8 stockholder.

1    SECT. 13. In case it shall happen at any time  
2 that an election of officers shall not be made on the  
3 day designated by the by-laws of said company,  
4 when it ought to have been made, the company for  
5 that reason shall not be dissolved, but it shall be  
6 lawful on any other day to hold an election for  
7 trustees, in such manner as shall be provided for  
8 by the said by-laws; and all acts of trustees shall be  
9 valid and binding as against such company until  
10 their successors shall be elected.

1    SECT. 14. The legislature may at any time alter,  
2 amend or repeal this act, or may annul or repeal  
3 any corporation formed or created under this act;  
4 but such amendment or repeal shall not, nor shall  
5 the dissolution of any such company, take away or  
6 impair any remedy given against any such corpo-  
7 ration, its stockholders or officers, for any liability  
8 which shall have been previously incurred.

1    SECT. 15. Any company which may be formed  
2 under this act may increase or diminish its capital  
3 stock, by complying with the provisions of this act,  
4 to any amount which may be deemed sufficient and  
5 proper for the purposes of the corporation. But  
6 before any corporation shall be entitled to diminish  
7 the amount of its capital stock, if the amount of its

8 debts and liabilities exceed the amount of capital  
9 to which it is proposed to be reduced, such amount  
10 of debts and liabilities shall be satisfied and reduced  
11 so as not to exceed such diminished amount of  
12 capital.

1    SECT. 16. Whenever any company shall desire  
2 to call a meeting of the stockholders for the pur-  
3 pose of increasing or diminishing the amount of  
4 its capital stock, it shall be the duty of the trustees  
5 to publish a notice signed by at least a majority of  
6 them, in a newspaper in the county, if any shall be  
7 published therein, at least three successive weeks,  
8 and to deposit a written or printed copy thereof in  
9 the post-office, addressed to each stockholder at  
10 his usual place of residence, at least three weeks  
11 previous to the day fixed upon for holding such  
12 meeting, specifying the object of the meeting, the  
13 time and place when and where such meeting  
14 shall be held, and the amount to which it is pro-  
15 posed to increase or diminish the capital; and a  
16 vote of at least two-thirds of all the shares of  
17 stock shall be necessary to an increase or diminu-  
18 tion of its capital stock.

1    SECT. 17. If at any time and place specified  
2 in the notice provided for in the preceding section  
3 of this act, stockholders shall appear in person, or  
4 by proxy, in numbers representing not less than  
5 two-thirds of all the shares of stock of the corpo-  
6 ration, they shall organize by choosing one of the  
7 trustees chairman of the meeting, and also a suit-

8 able person for secretary, and proceed to a vote of  
9 those present, in person or by proxy, and if, on  
10 canvassing the votes, it shall appear that a suffi-  
11 cient number of votes has been given in favor of in-  
12 creasing or diminishing the amount of capital, a  
13 certificate of the proceeding, showing a compliance  
14 with the provisions of this act, the amount of  
15 capital actually paid in, the whole amount of debts  
16 and liabilities of the company, and the amount to  
17 which the capital stock shall be increased or di-  
18 minished, shall be made out, signed and verified by  
19 the affidavit of the chairman, and be countersigned  
20 by the secretary; and such certificate shall be  
21 acknowledged by the chairman, and filed as re-  
22 quired by the first section of this act, and when so  
23 filed the capital stock of such corporation is in-  
24 creased or diminished to the amount specified in  
25 such certificate.

1     SECT. 18. The shares held by the members of  
2 all associations incorporated under the provisions  
3 of this act shall be exempt from sale on execution,  
4 for debt, to an amount not exceeding six hundred  
5 dollars in such shares at their par value.

1     SECT. 19. No loan made by any such associa-  
2 tion to any of its members may exceed in amount  
3 the par value of the capital stock for which such  
4 members may have subscribed.

1     SECT. 20. The copy of any certificate of in-  
2 corporation filed in pursuance of this act, certified

3 by the county clerk or his deputy to be a true  
4 copy, and of the whole of such certificate, shall be  
5 received in all courts and places as presumptive  
6 legal evidence of the facts therein stated.

1 SECT. 21. This act shall take effect imme-  
2 diately.

