

HOUSE No. 1936

By Mr. McCarthy of Chelsea, petition of Edward A. McCarthy for legislation to regulate further the business of making small loans. Banks and Banking.

The Commonwealth of Massachusetts

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

AN ACT FURTHER REGULATING THE BUSINESS OF THE MAKING OF SMALL LOANS.

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

1 Chapter one hundred and forty of the General
2 Laws is hereby amended by striking out section ninety-
3 six, as amended by section two of chapter one hundred
4 and seventy-nine of the acts of nineteen hundred and
5 thirty-four, and inserting in place thereof the follow-
6 ing:—

7 *Section 96.* No person shall directly or indirectly
8 engage in the business of making loans of three hun-
9 dred dollars or less, if the amount to be paid on any
10 such loan for interest and expenses exceeds in the
11 aggregate an amount equivalent to twelve per cent
12 per annum upon the sum loaned, without first obtain-
13 ing from the commissioner of banks, in sections ninety-
14 six to one hundred and fourteen, inclusive, called the
15 commissioner, a license to carry on the said business

16 in the town where the business is to be transacted.
17 When an application for a loan or for an endorsement
18 or guarantee or for the purchase of a note is made by
19 any person within this commonwealth, and the money
20 is advanced or the endorsement or guarantee is made
21 or furnished by any person without this common-
22 wealth, the transaction shall be deemed a loan made
23 within this commonwealth, and such a loan and the
24 parties making it shall be subject to sections ninety-
25 six to one hundred and thirteen, inclusive. The
26 buying or endorsing of notes or the furnishing of
27 guarantee or security for compensation shall be
28 considered to be engaging in the business of making
29 small loans within said sections. In prosecutions
30 under said sections, the amount to be paid upon any
31 loan of three hundred dollars or less for interest or
32 expenses shall include all sums paid or to be paid by
33 or on behalf of the borrower for interest, brokerage,
34 recording fees, commissions, services, extension of loan,
35 forbearance to enforce payment, and all other sums
36 charged against or paid or to be paid by the borrower
37 for making or securing directly or indirectly the loan,
38 and shall include all such sums when paid by or on
39 behalf of or charge against the borrower for or on
40 account of making or securing the loan, directly or
41 indirectly, to or by any person other than the lender,
42 if such payment or charge was known to the lender
43 at the time of making the loan, or might have been
44 ascertained by reasonable inquiry. Any person
45 directly or indirectly engaging in the business of
46 negotiating, arranging, aiding or assisting the borrower
47 or lender in procuring or making loans of three hundred
48 dollars or less, for which the amount paid or to be
49 paid for interest and expenses, including all amounts

50 paid or to be paid to any other party therefor, exceeds
51 in the aggregate an amount equivalent to twelve per
52 cent per annum, whether such loans are actually
53 made by such person or by another party, shall be
54 deemed to be engaged in the business of making small
55 loans, and shall be subject to sections ninety-six to
56 one hundred and twelve, inclusive.

