

# SENATE . . . . No. 163

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To accompany the petition of Harry P. McAllister for legislation to authorize the board of bank incorporation to limit the earnings of small loan licensees and to establish the rate schedule of interest and charges to be collected on certain loans. Banks and Banking.

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## The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Fifty.

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AN ACT TO AUTHORIZE THE BOARD OF BANK INCORPORATION TO LIMIT THE EARNINGS OF SMALL LOAN LICENSEES AND TO ESTABLISH THE RATE OR SCHEDULE OF INTEREST AND CHARGES TO BE COLLECTED ON CERTAIN LOANS.

1 *Whereas*, The deferred operation of this act would  
2 tend to defeat its purpose, which is to provide that  
3 the board of bank incorporation limit the earnings of  
4 small loan licensees and establish a just and reason-  
5 able rate or schedule of interest and charges to be  
6 collected on small loans, therefore, it is hereby de-  
7 clared to be an emergency law necessary for the  
8 immediate preservation of the public convenience.

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

1 SECTION 1. Chapter 140 of the General Laws is  
2 hereby amended by striking out section 100, as most  
3 recently amended by chapter 174 of the acts of 1946,

4 and inserting in place thereof the following section: —  
5 *Section 100.* The board of bank incorporation,  
6 hereinafter called the board, shall establish the rate or  
7 schedule of interest and charges to be collected by  
8 licensees, companies, or associations, to which sections  
9 ninety-six to one hundred and twelve, inclusive, apply,  
10 and in fixing said rate and charges, shall have due  
11 regard to the amount of the loan, and the nature of  
12 security and the time for which the loan is made. The  
13 rate or schedule of interest and charges so established  
14 by said board shall be just and reasonable, and shall  
15 limit the earnings of small loan licensees, computed  
16 upon the total assets used and useful in the small loan  
17 business as determined by a composite annual state-  
18 ment of the financial condition of all licensees engaged  
19 in said business, to a return of net profit of six per  
20 cent per annum. No such licensee, or company, or  
21 association, shall charge or receive upon any loan a  
22 greater rate of interest and charges, or the equiva-  
23 lent thereof, than that fixed by said board. No  
24 charge, bonus, fee, expense or demand of any nature  
25 whatsoever, except as above provided, shall be made  
26 upon the loans to which said sections relate. The  
27 board shall within ninety days after this act becomes  
28 effective establish the rate or schedule of interest and  
29 charges to be collected, and may from time to time  
30 thereafter, upon the basis of changed conditions or  
31 facts, redetermine and refix any such maximum rate  
32 or charge, but before determining or redetermining  
33 any such maximum rate or charge, the board shall  
34 give reasonable notice of its intention to consider doing  
35 so to all licensees and a reasonable opportunity to be  
36 heard and introduce evidence with respect thereto.  
37 Any and all orders which the board may make re-

38 specting rates or charges shall fix and contain the  
39 effective date thereof, which effective date shall not  
40 be earlier than thirty days after notice given by mail  
41 to each licensee. The supreme judicial court or  
42 superior court shall have jurisdiction in equity on  
43 petition of any party interested to compel the ob-  
44 servance of and to restrain the violation of all laws  
45 which govern said licensees, and of all orders made in  
46 accordance with the provisions of this section, and to  
47 review, annul, modify or amend the orders of said  
48 board as law and justice may require. Until such  
49 time as a different rate or schedule of interest and  
50 charges is fixed by the board in accordance with this  
51 section, the total amount to be paid on any loan for  
52 interest and expenses shall not, in the aggregate,  
53 exceed an amount equivalent to the rate of interest  
54 in effect upon the date of the passage of this act.

1 SECTION 2. This act shall take effect upon its  
2 passage.

