

HOUSE No. 789

By Mr. Costello of Boston, petition of the Massachusetts Cuna Association Inc. for legislation to further regulate loans secured by mortgages of real estate by credit unions. Banks and Banking.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Fifty-Two.

AN ACT TO FURTHER REGULATE LOANS SECURED BY
MORTGAGES OF REAL ESTATE BY CREDIT UNIONS.

*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 24 of chapter 171 of the General Laws is
2 hereby amended by striking out subdivision (B), as
3 most recently amended by chapter 178 of the acts of
4 1947, and inserting in place thereof the following:—

5 (B) LOANS SECURED BY MORTGAGES OF REAL
6 ESTATE.

7 A credit union having assets of not more than
8 seventy-five thousand dollars may invest not more
9 than fifty per cent of the aggregate of its shares, de-
10 posits and guaranty fund, and a credit union having
11 assets of more than seventy-five thousand dollars may
12 invest not more than seventy per cent of said aggre-
13 gate in real estate mortgages. No such mortgage loan
14 upon any one parcel of real estate shall exceed twelve
15 thousand dollars, and the total liability of any one

16 member as borrower upon loans so secured shall not
17 exceed five per cent of the assets of the credit union, or
18 twenty-five thousand dollars, whichever is the lesser.
19 Such investments shall be made only as follows:—

20 1. First mortgage loans upon improved real estate
21 may be made in amounts not in excess of sixty per cent
22 of the value of the property mortgaged, as determined
23 by the credit committee. Every such loan shall be
24 evidenced by a note payable upon demand or not more
25 than three years from the date thereof.

26 2. First mortgage loans upon unimproved and un-
27 productive real estate may be made in amounts not
28 in excess of fifty per cent of the value of the property
29 mortgaged, as determined by the credit committee.
30 Every such loan shall be evidenced by a note payable
31 upon demand or not more than three years after the
32 date thereof.

33 3. First mortgage loans upon improved real estate
34 may be made in amounts not in excess of eighty per
35 cent of the value of the property mortgaged, as de-
36 termined by the credit committee; provided, that
37 every such mortgage requires amortization of the in-
38 debtedness thereby secured by weekly, monthly or
39 quarterly payments, such payments being at the rate
40 of at least six per cent per annum and containing at
41 least until the balance due thereon amounts to sixty
42 per cent or less of the value of the property mortgaged.

43 4. Second mortgage loans upon improved real estate
44 may be made in amounts which, together with the
45 amount of the first mortgage upon the same property,
46 will aggregate not more than eighty per cent of the
47 value of the property mortgaged, as determined by the
48 credit committee, or twelve thousand dollars, which-
49 ever is the lesser; provided, that every such second

50 mortgage and the first mortgage upon the same prop-
51 erty require amortization of the indebtedness thereby
52 secured by weekly, monthly or quarterly payments,
53 at a rate equalling at least six per cent per annum of
54 the principal of each indebtedness, and continuing at
55 least until the total balances due thereon amount to
56 sixty per cent or less of the value of the property
57 mortgaged.

50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100