

---

---

By Mr. Patterson of Worcester, petition of Charles W. Patterson for legislation relative to small loans. Banks and Banking.

---

---

## The Commonwealth of Massachusetts

---

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

---

### AN ACT RELATIVE TO 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 SECTION 1. Sections 96, 100 and 110 of chapter 140  
2 of the General Laws are hereby amended as follows:—  
3 *Section 1.* Section 96 of chapter 140 of the General  
4 Laws is hereby amended by striking out the words  
5 “three hundred” wherever they appear therein and  
6 inserting in place thereof the words:— one thousand, —  
7 so that said section will read as follows:— *Section 96.*  
8 No person shall directly or indirectly engage in the  
9 business of making loans of one thousand dollars or less,  
10 if the amount to be paid on any such loan for interest and  
11 expenses exceeds in the aggregate an amount equivalent  
12 to twelve per cent per annum upon the sum loaned,  
13 without first obtaining from the commissioner of banks,  
14 in sections ninety-six to one hundred and fourteen,  
15 inclusive, called the commissioner, a license to carry on  
16 the said business in the town where the business is to be  
17 transacted. When an application for a loan or for an  
18 endorsement or guarantee or for the purchase of a note  
19 is made by any person within this commonwealth, and  
20 the money is advanced or the endorsement or guarantee  
21 is made or furnished by any person without this com-  
22 monwealth, the transaction shall be deemed a loan made  
23 within this commonwealth, and such a loan and the par-

24 ties making it shall be subject to sections ninety-six to  
25 one hundred and thirteen, inclusive. The buying or  
26 endorsing of notes or the furnishing of guarantee or se-  
27 curity for compensation shall be considered to be engag-  
28 ing in the business of making small loans within said  
29 sections, but the foregoing provisions of this sentence  
30 shall not apply in the case of any transaction which  
31 involves any note or other instrument evidencing the  
32 indebtedness of a buyer to the seller of goods, services or  
33 insurance for a part or all of the purchase price. In  
34 prosecutions under said sections, the amount to be paid  
35 upon any loan of one thousand dollars or less for interest  
36 or expenses shall include all sums paid or to be paid by or  
37 on behalf of the borrower for interest, brokerage, record-  
38 ing fees, commissions, services, extension of loan, forbear-  
39 ance to enforce payment, and all other sums charged  
40 against or paid or to be paid by the borrower for making  
41 or securing directly or indirectly the loan, and shall  
42 include all such sums when paid by or on behalf of or  
43 charged against the borrower for or on account of making  
44 or securing the loan, directly or indirectly, to or by any  
45 person, other than the lender, if such payment or charge  
46 were known to the lender at the time of making the loan,  
47 or might have been ascertained by reasonable inquiry.  
48 Any person directly or indirectly engaging in the business  
49 of negotiating, arranging, aiding or assisting the borrower  
50 or lender in procuring or making loans of one thousand  
51 dollars or less, for which the amount paid or to be paid for  
52 interest and expenses, including all amounts paid or to  
53 be paid to any other party therefor, exceeds in the aggre-  
54 gate an amount equivalent to twelve per cent per annum,  
55 whether such loans are actually made by such person or  
56 by another party, shall be deemed to be engaged in the  
57 business of making small loans, and shall be subject to  
58 sections ninety-six to one hundred and twelve, inclusive.  
59 If, after all deductions or payments, whether on account  
60 of interest, expenses or principal made substantially con-  
61 temporaneously with the making of the loan, the amount  
62 retained by the borrower plus the sum of all other exist-



63 ing principal loan indebtedness owing by the borrower to  
64 the lender, be one thousand dollars or less, the transac-  
65 tion shall be deemed to be a loan in the amount of the  
66 aggregate of the sum so retained and so owing by the  
67 borrower after such deductions or payments notwith-  
68 standing that the loan be nominally for a greater sum.

1 SECTION 2. Section 100 of chapter 140 of the General  
2 Laws is hereby amended by striking out said section and  
3 inserting in place thereof the following section: —

4 *Section 100.* The total amount to be paid on any  
5 loan for interest and expenses shall not exceed an amount  
6 equivalent to two and one quarter per cent per month on  
7 any part of the unpaid principal balance of the loan not  
8 in excess of one hundred dollars, and one and three  
9 quarters per cent per month on any part of the unpaid  
10 principal balance of the loan not in excess of five hundred  
11 dollars, and one and one half per cent per month on any  
12 part of the unpaid principal balance of the loan in excess  
13 of five hundred dollars, but not in excess of one thousand  
14 dollars for a period terminating not later than one year  
15 after maturity and to six per cent per annum after the  
16 termination of said year, on the amount actually re-  
17 ceived by the borrower, computed on unpaid balances;  
18 and persons subject to this section shall be entitled to a  
19 minimum charge of six dollars for interest and expenses,  
20 except in cases where a loan has been renewed or re-  
21 financed; provided, however, that no such minimum  
22 charge shall be assessed against a borrower more than  
23 once in any consecutive twelve-month period; and no  
24 licensee or company or association to which sections  
25 ninety-six to one hundred and twelve, inclusive, apply  
26 shall charge or receive upon any loan a greater rate of  
27 interest than that established herein. No charge, bonus,  
28 fee, expense or demand of any nature whatsoever, except  
29 as above provided, shall be made upon loans to which  
30 said sections relate.

31 Notwithstanding the foregoing maximum rates the  
32 commissioner of banks may increase or decrease such

33 maximum rates on a per annum basis from time to time  
34 but no oftener than once each six months by an amount  
35 up to but not exceeding such amount as the federal re-  
36 serve discount rate effective in Massachusetts is increased  
37 above or decreased from the federal reserve discount rate  
38 in force in Massachusetts at the time this act becomes  
39 effective.

40 In fixing any such increase or decrease the commis-  
41 sioner shall have due regard solely to changes in the  
42 cost of borrowing by lenders licensed under section  
43 ninety-six of chapter one hundred and forty attributable  
44 solely to changes in said federal reserve discount rate.

1 SECTION 3. Section 110 of chapter 140 of the General  
2 Laws is hereby amended by striking out the words "three  
3 hundred" wherever they appear therein and inserting  
4 in place thereof the words:— one thousand, — so that  
5 said section will read as follows:— *Section 110.* Who-  
6 ever, not being duly licensed as provided in section  
7 ninety-six, on his own account or on account of any  
8 other person not so licensed, engages in or carries on,  
9 directly or indirectly, either separately or in connection  
10 with or as a part of any other business, the business of  
11 making loans or buying notes or furnishing endorsements  
12 or guarantees, to which sections ninety-six to one hundred  
13 and eleven, inclusive, apply, shall be punished by a fine  
14 of not more than five hundred dollars or by imprisonment  
15 for not more than two months, or both. Any loan made  
16 or note purchased or endorsement or guarantee furnished  
17 by an unlicensed person in violation of said sections shall  
18 be void. In prosecutions under said sections the fact  
19 that the defendant has made or assisted in the making of  
20 two or more loans of one thousand dollars or less, upon  
21 which there has directly or indirectly been paid or  
22 charged, for interest, brokerage, recording fees, commis-  
23 sions, services, extension of loan, forbearance to enforce  
24 payment or other expenses, a sum which exceeds in the  
25 aggregate an amount equivalent to twelve per cent per  
26 annum upon the amount actually received by the bor-

27 rower, whether such sum has been paid to or charged  
28 by the defendant or paid to or charged by any other  
29 person, shall be prima facie evidence that the defendant  
30 has engaged in and carried on the business of making  
31 loans to which sections ninety-six to one hundred and  
32 twelve, inclusive, apply.

1 SECTION 4. Chapter 140 of the General Laws is hereby  
2 amended by adding after section 114 the following new  
3 section:—

4 *Section 114A.* Trust companies, savings banks, co-  
5 operative banks, savings and loan associations, credit  
6 unions, national banking associations and federal savings  
7 and loan associations shall not be subject to the provisions  
8 of sections ninety-six to ninety-nine, inclusive, or sections  
9 one hundred and one to one hundred and fourteen, inclu-  
10 sive, of this chapter. Loans made by trust companies,  
11 savings banks, co-operative banks, savings and loan asso-  
12 ciations, credit unions, national banking associations and  
13 federal savings and loan associations in violation of sec-  
14 tion one hundred of this chapter, or any regulations made  
15 thereunder, may be declared void by the supreme judicial  
16 or superior court in equity upon petition by the person  
17 to whom the loan was made, and any person violating  
18 any provision of said section one hundred, or any regula-  
19 tion made thereunder, shall be subject to a fine of not  
20 more than five hundred dollars.

1 SECTION 5. Clause Ninth (*a*) of section 54 of chapter  
2 168 of the General Laws, as most recently amended by  
3 chapter 365 of the acts of 1950, is hereby amended by  
4 striking out the last sentence.

The first part of the report deals with the general situation of the country and the progress of the war. It is followed by a detailed account of the military operations in the various theatres of war. The author then discusses the political and economic conditions of the different countries, and finally gives his own views on the future of the world.

The second part of the report is devoted to a detailed account of the military operations in the various theatres of war. It begins with the operations in the West, and then goes on to describe the operations in the East, the operations in the South, and the operations in the North. The author gives a very full and interesting account of the various campaigns, and of the tactics and strategy employed by the different armies. He also discusses the progress of the war in each of these theatres, and gives his own views on the chances of success for each of the belligerent powers.

The third part of the report is devoted to a discussion of the political and economic conditions of the different countries. It begins with a discussion of the political situation in Europe, and then goes on to discuss the political situation in Asia, Africa, and America. The author discusses the various political movements and parties, and gives his own views on the chances of success for each of them. He also discusses the economic conditions of the different countries, and gives his own views on the progress of the war in each of these countries.





