

SENATE No. 191

To accompany the petition of the Massachusetts Co-operative Bank League, by William F. Desmond, chairman, for legislation relative to the form of co-operative bank real estate mortgages. Banks and Banking.

The Commonwealth of Massachusetts

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

An Act relative to the Form of Co-operative Bank
Real Estate Mortgages.

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 thirty-six of chapter one hundred and
2 seventy of the General Laws is hereby amended
3 by striking out, in the eighth line, the word
4 “, premium”, — and by striking out, in the
5 twelfth and thirteenth lines, the words “, includ-
6 ing premium, if any”, — so as to read as follows:
7 — *Section 36.* Any such corporation may insert
8 in its form of real estate mortgage a clause pro-
9 viding that in case of any loss by fire on the
10 mortgaged property in respect to which the fire
11 insurance companies shall deny liability as to the
12 insured the bank may at its option assign the
13 debt and note for which the mortgage was given,

14 and also the mortgage, to the insurance com-
15 panies, upon payment to the bank by such
16 companies of the amount due upon the mortgage
17 loan at the time of the fire, together with the
18 unpaid interest and fines, if any, accrued thereon
19 at the date of the assignment less the value of
20 the forfeited shares as hereinafter provided,
21 whereupon the note and mortgage shall forth-
22 with become a note and mortgage for such total
23 balance due, payable upon demand with interest
24 semi-annually at the same rate as therein stated,
25 the first payment of interest to be due six months
26 after the date of the assignment, and any shares
27 of the bank pledged as security for the note and
28 mortgage loan shall be forfeited by the bank
29 immediately before the execution and delivery
30 to the insurance companies of such assignment,
31 and the withdrawal value of shares so forfeited
32 shall, at the time of the assignment, be credited
33 as a part payment on said mortgage loan, the
34 balance thereof being the balance of the loan due
35 at the time of the assignment to the insurance
36 companies as aforesaid. Any mortgage note
37 taken under this section shall contain proper
38 reference thereto.

