

SENATE No. 403

The Commonwealth of Massachusetts

SENATE, March 16, 1931.

The committee on Bills in the Third Reading, to which was referred the Senate Bill regulating the granting of special privileges by co-operative banks to borrowers in military service and to certain dependents of such borrowers (Senate, No. 181), reports recommending that the same be amended by substituting therefor a new draft entitled "An Act regulating the Temporary Suspension by Co-operative Banks, in Certain Cases, of Payments on Shares pledged for Real Estate Loans" (Senate, No. 403), and that, when so amended, the same will be correctly drawn.

For the committee,

NEWLAND H. HOLMES.

The Commonwealth of Massachusetts

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

An Act regulating the Temporary Suspension by Co-operative Banks, in Certain Cases, of Payments on Shares pledged for Real Estate 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. Chapter one hundred and seventy
2 of the General Laws is hereby amended by strik-
3 ing out section thirty-three and inserting in place
4 thereof the following: —

5 *Section 33.* For the accommodation of any
6 owner of shares pledged for a real estate loan who
7 is actually engaged in the military or naval service
8 of the United States, or who is the wife or a
9 dependent member of the family of a person so
10 engaged, and also for the accommodation of any
11 owner of shares so pledged who is temporarily
12 unable to make payments due a corporation on
13 account of his loan because of unemployment or
14 other emergency, the directors may cause to be
15 endorsed on the mortgage note held by the corpo-
16 ration the full value of the shares pledged to secure
17 the same, less such sum as will leave the amount
18 of the balance due thereon a multiple of fifty
19 dollars, and thereupon such shares shall be can-

20 celled and further payments and fines thereon
21 waived, and the note and mortgage shall there-
22 upon become a note and mortgage for such balance
23 due, payable, except as provided in section thirty-
24 four, at the termination of the period of accommo-
25 dation, with interest payable monthly at the rate
26 current from time to time and subject to such fine
27 as may be prescribed by the by-laws of the bank
28 for default by shareholders in payment of interest
29 and to foreclosure or other remedy provided by
30 law, in case of default; provided, that the person
31 seeking such accommodation, or any person in his
32 behalf, shall sign a written request therefor, stat-
33 ing his reasons and agreeing in consideration
34 thereof to abide fully by the terms of this and the
35 following section and also all requirements of the
36 directors, who shall be the sole judges of the time
37 when such accommodation shall be terminated;
38 and provided, further, that no suspension of pay-
39 ments as aforesaid for any cause other than that
40 the accommodated party is engaged in the mili-
41 tary or naval service of the United States or is the
42 wife or a dependent member of the family of a
43 person so engaged shall extend for a period longer
44 than two years.

1 SECTION 2. Said chapter one hundred and
2 seventy is hereby further amended by striking out
3 section thirty-four and inserting in place thereof
4 the following: —

5 *Section 34.* At any time after the expiration of
6 the said military or naval service, or upon the

7 alienation of the mortgaged estate, or when the
8 emergency on account of which accommodation
9 has been granted under the preceding section has
10 ceased or when such accommodation has been
11 terminated as therein provided, the person thus
12 accommodated, or his successors in title, shall, at
13 the request of the directors, execute and deliver to
14 the bank, in substitution for the note then held
15 by it, but without affecting the title of the bank
16 to the mortgage security or its prior rights therein,
17 a new note for the balance due on the loan, and
18 subscribe to and pledge as security therefor one
19 new share in the current series issued by the bank
20 for each two hundred dollars or fraction thereof of
21 said balance. Failure to execute and deliver such
22 new note and to subscribe to and pledge such
23 shares, when so requested, or to make payments
24 thereon in accordance with law or the by-laws of
25 the bank, shall render said balance immediately
26 due and payable, and payment thereof may be
27 enforced against the security by foreclosure pro-
28 ceedings or by any other remedy provided by law
29 for the collection of debts.