

HOUSE No. 22

Accompanying the eighth recommendation of the Commissioner of Banks (House, No. 14). Banks and Banking.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Forty-Five.

AN ACT RELATIVE TO REAL ESTATE MORTGAGE LOANS IN 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 twenty-four of chapter one hundred and
2 seventy-one of the General Laws is hereby amended
3 by striking out subsection (B) as appearing in the
4 Tercentenary Edition thereof and inserting in place
5 thereof the following: —

6 B. *Loans Secured by Mortgages of Real Estate.*

7 A credit union having assets of less than seventy-
8 five thousand dollars may invest not more than fifty
9 per cent of the aggregate of its share capital, deposits
10 and guaranty fund, and a credit union having assets
11 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, but the total liability
14 of one member to it upon loans so secured shall not

15 exceed five per cent of the assets of the credit union,
16 nor shall it exceed eight thousand dollars; such
17 investments shall be made only as follows:

18 1. First mortgage loans upon improved real estate
19 may be made in an amount not in excess of sixty
20 per cent of the value of the property mortgaged, as
21 determined by the credit committee, payable upon
22 demand or not more than three years from the date
23 of the note.

24 2. First mortgage loans upon unimproved and
25 unproductive real estate may be made in an amount
26 not in excess of fifty per cent of the value of the
27 property mortgaged, as determined by the credit
28 committee, payable upon demand or not more than
29 three years after the date of the note.

30 3. First mortgage loans may be made upon im-
31 proved real estate in an amount not exceeding eighty
32 per cent, and second mortgage loans may be made
33 upon such real estate in amounts which in addition
34 to any first mortgage will not subject the property
35 mortgaged to liens aggregating more than eighty
36 per cent, of the value of the property mortgaged, as
37 determined by the credit committee, provided such
38 first mortgages, or such second mortgages and all
39 first mortgages upon the same properties, require
40 amortization of the indebtedness secured thereby
41 by weekly, monthly or quarterly payments, such
42 principal payments being at the rate of at least six
43 per cent per annum and to continue at least until
44 the balance or balances due thereon do not exceed
45 sixty per cent of the then value of the premises
46 mortgaged.