

HOUSE No. 1052

By Messrs. Brown of Beverly and Ferguson of Lexington, petition of the Massachusetts Co-operative Bank League for legislation to provide for converting of co-operative form mortgages to direct reduction mortgages by agreement in co-operative banks. Banks and Banking.

The Commonwealth of Massachusetts

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

AN ACT PROVIDING FOR THE CONVERTING OF CO-OPERATIVE FORM MORTGAGES TO DIRECT REDUCTION FORM MORTGAGES BY AGREEMENT IN CO-OPERATIVE BANKS.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 Chapter one hundred and seventy of the General
2 Laws is hereby amended by inserting after section
3 thirty-five, as appearing in section one of chapter
4 two hundred and three of the acts of nineteen hundred
5 and thirty-four, the following new section:—

6 *Section 35A.* With the approval of the board of
7 directors, any shares pledged for a real estate loan
8 may, at the request of the owner thereof, be cancelled,
9 whereupon there shall be endorsed on the mortgage
10 note as a credit upon the amount of the loan the full
11 value of such shares, less all monthly instalments of
12 interest and fines in arrears, and, at the option of the

13 directors, unpaid taxes and an amount not in excess of
14 five hundred dollars to be expended for repairs, and
15 any other legal charges and such sum as will leave the
16 amount of the loan a multiple of fifty dollars. Such
17 cancellation and credit may be made even if the
18 amount of the loan will not thereby be reduced as to
19 principal. Thereupon an agreement, to be duly re-
20 corded in the registry of deeds for the county or dis-
21 trict in which the land to which it relates lies, shall be
22 executed, extending the terms of the mortgage so as
23 to correspond with and be subject to the provisions
24 of section thirty-six A and thereafter said loan shall
25 be subject to and governed by the provisions of sec-
26 tions thirty-six A, thirty-six B, thirty-six C and thirty-
27 six D.

28 Neither the note evidencing the loan nor the mort-
29 gage securing the same shall be prejudiced by the
30 application or any change of shares, notwithstanding
31 the fact that a provision for such application or
32 change was not originally made in the note or mort-
33 gage, and both the note and mortgage, as extended,
34 shall continue to be held by the corporation as good
35 and sufficient security for the balance remaining
36 unpaid.

37 No action under this section shall affect the rights
38 of the holder, other than the corporation granting the
39 accommodation, of any mortgage recorded prior to
40 May first, nineteen hundred and forty-five, unless the
41 written assent of such holder shall be obtained, nor
42 shall any such action affect the rights of an original
43 borrower whose note is dated prior to said date,
44 unless his written assent shall be obtained.