

SENATE No. 16

To accompany the petition of Robert R. Duncan, president, Massachusetts Bankers Association, for legislation relative to the limitations upon real estate loans in commercial departments, and upon deposits in savings departments of trust companies. Banks and Banking.

The Commonwealth of Massachusetts

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

AN ACT RELATIVE TO THE LIMITATIONS UPON REAL ESTATE LOANS IN COMMERCIAL DEPARTMENTS, AND UPON DEPOSITS IN SAVINGS DEPARTMENTS, OF TRUST COMPANIES.

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. Section 34 of chapter 172 of the
2 General Laws, as appearing in section 2 of chapter
3 244 of the acts of 1939, is hereby amended by striking
4 out in the fourteenth line, as so appearing, the words
5 "when the period may be five years" and by insert-
6 ing in place thereof the words:— or in the case of
7 loans upon other improved real estate which by their
8 terms require repayment of not less than two per cent
9 of principal per year, when the period may be for five
10 years., — so as to read as follows:— *Section 34.* No
11 such corporation in its commercial department shall
12 advance money or credits upon notes secured by deed

13 of trust or by mortgage, except notes secured by first
14 mortgages upon improved real estate, including im-
15 proved farm lands situated within the commonwealth
16 and within a radius of fifty miles of the main office of
17 such corporation, or within a radius of twenty-five
18 miles of the main office of such corporation without
19 regard to state boundaries. The amount of any such
20 mortgage shall not exceed sixty per cent of the value
21 of the improved real estate, or fifty per cent of the
22 value of improved farm lands, and shall not be made
23 for a period extending beyond three years from the
24 date of the note, except in the case of loans on improved
25 farm lands, or in the case of loans upon other im-
26 proved real estate which by their terms require re-
27 payment of not less than two per cent of principal per
28 year, when the period may be for five years. The
29 foregoing limitations as to time, locality and amount
30 shall not apply to (a) loans made prior to June first,
31 nineteen hundred and thirty-four; (b) mortgages
32 taken in good faith by way of security for debts to
33 such corporation previously contracted; (c) loans
34 made by such corporation to secure the payment of a
35 portion of the purchase price of real estate acquired
36 by such corporation by foreclosure, or otherwise;
37 provided, that any such loan made for a period ex-
38 tending beyond three years from the date of the note
39 shall contain terms requiring payments on the loan in
40 installments at intervals not exceeding one year in
41 amounts aggregating annually not less than two per
42 cent of the original amount of the loan commencing
43 not later than two years after date of the note. No
44 loan or mortgage shall be made except upon written
45 application showing the date, name of applicant,
46 amount asked for, security offered and assessed valu-

47 ation, nor except upon the report of a majority of the
48 executive committee or real estate committee, if any,
49 who shall certify on said application, according to
50 their best judgment, the value of the premises to be
51 mortgaged; and such application shall be filed and
52 preserved with the records of such corporation.

1 SECTION 2. The final sentence of section 60 of said
2 chapter 172, added by section 26 of chapter 349 of the
3 acts of 1939 is hereby amended by adding at the end
4 the following:— but this limitation shall not apply
5 to deposits by a religious or charitable corporation,
6 a labor union, credit union, fraternal benefit society,
7 in the name of a judge of probate, by order of any
8 court, on account of a sinking fund of a town in the
9 commonwealth, or of any trust fund held by a town
10 for public uses, or of the funds of any state, county or
11 municipal retirement or pension system or associ-
12 ation., — so that said final sentence will read as
13 follows:— No such corporation shall accept in its
14 savings department new deposit accounts in excess
15 of ten thousand dollars, and no account in such de-
16 partment shall be permitted to exceed ten thousand
17 dollars by additional deposits or credits, except by
18 accumulation of interest, but this limitation shall not
19 apply to deposits by a religious or charitable corpora-
20 tion, a labor union, credit union, fraternal benefit
21 society, in the name of a judge of probate, by order
22 of any court, on account of a sinking fund of a town
23 in the commonwealth, or of any trust fund held by a
24 town for public uses, or of the funds of any state,
25 county or municipal retirement or pension system or
26 association.

