

By Mr. Doherty of Boston, petition of Gerard F. Doherty that the Commissioner of Banks be authorized to regulate the rate of interest to be charged on certain small loans and for abolishing the Small Loans Regulatory Board. Banks and Banking.

The Commonwealth of Massachusetts

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

AN ACT AUTHORIZING THE COMMISSIONER OF BANKS TO REGULATE THE RATE OF INTEREST TO BE CHARGED ON CERTAIN SMALL LOANS AND ABOLISHING THE SMALL LOANS REGULATORY BOARD.

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 five A of chapter twenty-six of the General
2 Laws is hereby repealed.

1 SECTION 2. Chapter 140 of the General Laws is hereby
2 amended by striking out section 100, as most recently amended
3 by section 4 of chapter 689 of the acts of 1956. and inserting in
4 place thereof the following section: —

5 *Section 100.* The commissioner shall establish the rate of in-
6 terest to be collected, and in fixing said rate shall have due regard
7 to the amount of the loan, and the nature of the security, and the
8 time for which the loan is made; but the total amount to be
9 paid on any loan for interest and expenses shall not in the aggre-
10 gate exceed an amount equivalent to two per cent per month
11 on any part of the unpaid principal balance of a loan not exceed-
12 ing three hundred dollars; one and three fourths per cent per
13 month on that part of the unpaid principal balance exceeding
14 three hundred dollars but not exceeding seven hundred and fifty
15 dollars; one per cent per month on any part of the unpaid
16 principal balance exceeding seven hundred and fifty dollars
17 but not exceeding twelve hundred dollars; one half of one per
18 cent per month on any part of the unpaid principal balance
19 exceeding twelve hundred dollars but not exceeding fifteen
20 hundred dollars; on the amount actually received by the bor-

21 rower, computed on unpaid balances; and no licensee or com-
22 pany or association to which sections ninety-six to one hundred
23 and twelve, inclusive, apply shall charge or receive upon any
24 loan a greater rate of interest than that fixed by the commis-
25 sioner. The commissioner's authority to establish regulations
26 pursuant to section ninety-seven shall include the power to
27 authorize precomputation of the interest charge and such other
28 regulations applicable to refund or credit in the event of pre-
29 payment, and for extension and default charges in the event of
30 extension or default, such credits and charges to be computed
31 on the basis that the amount of the interest charge applicable
32 to any particular monthly period shall bear the same ratio to
33 the total precomputed interest charge as the balance scheduled
34 to be outstanding during that monthly period bears to the sum
35 of all monthly balances scheduled by the original contract of
36 loan. No charge, bonus, fee, expense or demand of any nature
37 whatsoever, except as above provided, shall be made upon loans
38 to which said sections relate, except lawful fees, if any, actually
39 and necessarily paid out by the licensee to any public officer for
40 filing, recording or releasing in any public office, any instrument
41 securing a loan which fees may be collected when the loan is
42 made or at any time thereafter.

1 SECTION 3. Until such time as the maximum rate of charge
2 established by the commissioner shall take effect as provided in
3 this act, the charges for interest, expenses and other considera-
4 tions on loans of three hundred dollars and less shall not exceed
5 the maximum monthly rate in effect on September first, nine-
6 teen hundred and fifty-nine.

1 SECTION 4. The provisions of this act shall not affect any
2 loan contract made prior to the effective date hereof.