

By Mr. Jordan of Springfield, petition of Raymond A. Jordan, Jr., and another relative to loans to directors, officers and trustees of banks. Banks and Banking.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Ninety.

AN ACT RELATIVE TO LOANS TO DIRECTORS, OFFICERS AND TRUSTEES OF 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 SECTION 1. Section 19 of Chapter 168 of the General Laws,
2 as appearing in the 1986 Official Edition, is hereby amended by
3 striking out the first paragraph and inserting in place thereof the
4 following: —

5 No such corporation shall, except as hereinafter provided, make
6 any loan or extend credit in any other manner to any of its
7 operating officers or to any of its trustees, including a member
8 of its board of investment, and no such operating officer or such
9 trustee shall, except as hereinafter provided, borrow from or
10 otherwise become indebted to such corporation or be surety for
11 loans by it to others or, directly or indirectly, whether acting
12 individually or as trustee holding property in trust for another
13 person, be an obligor for money borrowed of the corporation;
14 provided, however, that such corporation may make a loan or
15 extend credit to such operating officer in an amount not exceeding
16 twenty thousand dollars on a loan or extension of credit, secured
17 or unsecured, and in an amount not exceeding seventy-five
18 thousand dollars on a loan or extension of credit intended or
19 secured for educational purposes, and in an amount not exceeding
20 two hundred and fifty thousand dollars on a loan secured by a
21 mortgage on real estate improved with a single family dwelling
22 which is, or is to be, occupied by such operating officer, or to such

23 trustee, who is not an operating officer of such corporation,
24 subject to the limitations contained in chapter one hundred and
25 sixty-seven E. Such corporation shall not give a preferential rate
26 of interest or other preferential terms on any such loan or
27 extension of credit to any such operating officer or to any such
28 trustee. Any loans or extensions of credit made hereunder shall
29 be subject to the provisions of section twenty.

1 SECTION 2. The said section 19, as so appearing, is hereby
2 further amended by striking out in line 30 the word "one" and
3 inserting in place thereof the word "two".

1 SECTION 3. Section 19 of Chapter 170 of the General Laws,
2 as most recently amended by chapter 140 of the acts of 1987, is
3 hereby amended by striking out the first paragraph and inserting
4 in place thereof the following: —

5 No officer or director of a bank shall, except as hereinafter
6 provided, borrow from or otherwise become indebted to the bank
7 of which he is an officer or director, and no bank shall, except
8 as hereinafter provided, make any loan or extend credit in any
9 manner to any of its own officers or directors; provided, however,
10 that a bank may make a loan or extend credit to any such officer
11 and such officer may become indebted to such bank:

12 (i) In an amount not exceeding twenty thousand dollars on a
13 loan or extension of credit, secured or unsecured;

14 (ii) In an amount not exceeding seventy-five thousand dollars
15 on a loan or extension of credit intended or secured for
16 educational purposes;

17 (iii) In an amount not exceeding two hundred and fifty
18 thousand dollars for a loan secured by a mortgage on real estate
19 improved with a single family dwelling which is, or is to be,
20 occupied by such officer; and

21 (iv) In any amount to the extent secured by a deposit account
22 in said bank.

23 A bank may make a loan or extend credit to any one of its
24 directors, who is not an officer thereof, subject to the limitations
25 contained in chapter one hundred and sixty-seven E of the General
26 Laws. Such bank shall not give a preferential rate of interest or

27 other preferential terms on any such loan or extension of credit
28 to any such officer or director.

1 SECTION 4. Section 18 of Chapter 172 of the General Laws,
2 as appearing in the 1986 Official Edition, is hereby amended by
3 striking out the first paragraph and inserting in place thereof the
4 following: —

5 No officer or director of a trust company shall, except as
6 hereinafter provided borrow from or otherwise become indebted
7 to a trust company of which he is an officer or director, and no
8 trust company shall, except as hereinafter provided, make any
9 loan or extend credit in any other manner to any of its own officers
10 or directors; provided, however, that a trust company may loan
11 or extend credit to any such officer and such officer may become
12 indebted to such trust company, in an amount not exceeding
13 twenty thousand dollars on a loan or extension of credit, secured
14 or unsecured, and in an amount not exceeding seventy-five
15 thousand dollars on a loan or extension of credit intended or
16 secured for educational purposes, and in an amount not exceeding
17 two hundred and fifty thousand dollars on a loan secured by a
18 mortgage on real estate improved with a single family dwelling
19 which is, or is to be, occupied by such officer, or to such director,
20 who is not an officer of such trust company, subject to the
21 limitations contained in chapter one hundred and sixty-seven E.
22 Such trust company shall not give a preferential rate of interest
23 or other preferential terms on any such loan or extension of credit
24 to any such officer or to any such director.

The first of these is the fact that the number of cases of influenza in the United States in 1894-5 was the largest since 1889-90. The second is that the disease was more fatal than in any other year since 1889-90. The third is that the disease was more prevalent in the South than in any other part of the country.

The fourth is that the disease was more prevalent in the West than in any other part of the country. The fifth is that the disease was more prevalent in the North than in any other part of the country. The sixth is that the disease was more prevalent in the East than in any other part of the country.

The seventh is that the disease was more prevalent in the Middle West than in any other part of the country. The eighth is that the disease was more prevalent in the South West than in any other part of the country. The ninth is that the disease was more prevalent in the North West than in any other part of the country.

The tenth is that the disease was more prevalent in the East than in any other part of the country. The eleventh is that the disease was more prevalent in the Middle West than in any other part of the country. The twelfth is that the disease was more prevalent in the South West than in any other part of the country.

The thirteenth is that the disease was more prevalent in the North West than in any other part of the country. The fourteenth is that the disease was more prevalent in the East than in any other part of the country. The fifteenth is that the disease was more prevalent in the Middle West than in any other part of the country.

The sixteenth is that the disease was more prevalent in the South West than in any other part of the country. The seventeenth is that the disease was more prevalent in the North West than in any other part of the country. The eighteenth is that the disease was more prevalent in the East than in any other part of the country.

The nineteenth is that the disease was more prevalent in the Middle West than in any other part of the country. The twentieth is that the disease was more prevalent in the South West than in any other part of the country. The twenty-first is that the disease was more prevalent in the North West than in any other part of the country.

The twenty-second is that the disease was more prevalent in the East than in any other part of the country. The twenty-third is that the disease was more prevalent in the Middle West than in any other part of the country. The twenty-fourth is that the disease was more prevalent in the South West than in any other part of the country.

The twenty-fifth is that the disease was more prevalent in the North West than in any other part of the country. The twenty-sixth is that the disease was more prevalent in the East than in any other part of the country. The twenty-seventh is that the disease was more prevalent in the Middle West than in any other part of the country.

The twenty-eighth is that the disease was more prevalent in the South West than in any other part of the country. The twenty-ninth is that the disease was more prevalent in the North West than in any other part of the country. The thirtieth is that the disease was more prevalent in the East than in any other part of the country.