

By Mr. Bocko of Billerica, petition of Robert F. Qua relative to loans insured by mortgage guarantee insurance companies licensed to transact business in the Commonwealth. Banks and Banking.

The Commonwealth of Massachusetts

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

AN ACT TO PERMIT NINETY PER CENT MORTGAGE LOANS WHERE SUCH LOANS ARE INSURED BY A MORTGAGE GUARANTEE INSURANCE COMPANY LICENSED TO TRANSACT BUSINESS IN THE COMMONWEALTH.

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 167 of the General Laws, as most recently amended
2 by chapter 607 of the acts of 1961 is hereby further amended by
3 the addition of the following new section:—

4 *Section 60.* Provided that the loans hereinafter described are
5 insured against loss by a mortgage guarantee insurance com-
6 pany licensed to transact business in the commonwealth of
7 Massachusetts, and subject to such regulations as the commis-
8 sioner of banks deems necessary or desirable, any trust com-
9 pany, savings bank, co-operative bank, banking company or
10 credit union organized under the laws of the commonwealth is
11 authorized to make a loan of not more than ninety per cent of
12 the value of the mortgaged property securing such loan, as cer-
13 tified by the investment, security or other appropriate com-
14 mittee; provided that (a) a loan made under this section shall
15 not exceed twenty thousand dollars; (b) said loan shall be
16 secured by a first mortgage on a single family residence occu-
17 pied or to be occupied by the mortgagor; (v) the investment,
18 security or other appropriate committee has certified in writing
19 (1) that the mortgagor does not require junior financing; (2) that
20 the building has a useful life beyond the term said loan has to
21 run and (3) that the building will be completed prior to the mak-
22 ing of any disbursement on the loan; (d) the terms of the note

23 or mortgage require monthly payments in such amounts that
24 the aggregate principal reduction at any time during the term of
25 the loan shall not be less than that which would be required in
26 the case of a note of like amount and interest rate providing for
27 complete amortization by equal monthly payments over a
28 period of thirty years which payment shall be first applied to
29 interest and the balance thereafter remaining applied to prin-
30 cipal. Interest upon each such loan shall be computed monthly
31 on the unpaid balance thereof. A note or mortgage taken under
32 this section shall contain a provision requiring the payment
33 each month of a proportionate part of the estimated real estate
34 taxes and betterment assessments. The aggregate amount of
35 loans outstanding hereunder shall not at any one time exceed
36 ten per cent of the deposits of the corporation.