

SENATE No. 160.

Commonwealth of Massachusetts.

SENATE, March 19, 1894.

The committee on Banks and Banking, to whom was referred the bill relating to co-operative banks (taken from the files of last year), report that the same ought to pass, in a new draft, herewith submitted.

For the Committee,

E. A. BESSOM.

Commonwealth of Massachusetts.

In the Year One Thousand Eight Hundred and Ninety-four.

AN ACT

Relating to Loans by 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 SECTION 1. Section thirteen of chapter one hundred
2 and seventeen of the Public Statutes, as amended by
3 section one of chapter one hundred and fifty-nine of the
4 acts of the year eighteen hundred and eighty-nine, is
5 hereby further amended by striking out, in the first and
6 second lines, the words "secured by first mortgage of
7 real estate situated in this Commonwealth;" by inserting
8 in the third line, after the word "borrow," the words
9 "and secured by a mortgage of real estate situated in
10 this Commonwealth, unencumbered by any mortgage or
11 lien other than such as may be held by the bank making
12 the loan;" and by striking out in the third line the
13 word "share" and inserting in place thereof the word
14 "shares," so that as amended said section shall read:—
15 *Section 13.* For every loan made a note shall be
16 given, accompanied by a transfer and pledge of the

17 shares of the borrower, and secured by a mortgage of
18 real estate situated in this Commonwealth, unencumbered
19 by any mortgage or lien other than such as may be held
20 by the bank making the loan.

21 The shares so pledged shall be held by the corporation
22 as collateral security for the performance of the con-
23 ditions of said note and mortgage. Said note and
24 mortgage shall recite the number of shares pledged and
25 the amount of money advanced thereon, and shall be
26 conditioned for the payment, at the stated meetings of
27 the corporation, of the monthly dues on said shares, and
28 the interest and premium upon the loan, together with
29 all fines on payments in arrears until said shares reach
30 the ultimate value of two hundred dollars each, or said
31 loan is otherwise cancelled or discharged: *provided*,
32 that the shares, without other security, may, in the
33 discretion of the directors, be pledged as security for
34 loans, to an amount not exceeding their value as adjusted
35 at the last adjustment and valuation of shares before the
36 time of the loan. If the borrower neglects to offer
37 security satisfactory to the directors within the time
38 prescribed by the by-laws, his right to the loan shall be
39 forfeited, and he shall be charged with one month's
40 interest and one month's premium at the rate bid by him,
41 together with all expenses, if any, incurred; and the
42 money appropriated for such loan may be reloaned at
43 the next or any subsequent meeting.

1 SECT. 2. When a member of a co-operative bank
2 purchases money at a lower rate than that paid by him
3 on an existing loan, secured by a mortgage, for the pur-
4 pose by him declared of reducing the premium or rate
5 of interest upon said loan, no new mortgage shall be
6 required, but an agreement in writing for the reduction
7 of said premium or rate of interest, signed by said bor-

8 rowing member and the secretary of the bank, with the
9 written approval of the president, shall be valid, and
10 shall in no respect impair or affect the existing mortgage
11 contract, and thereafter said borrowing member shall
12 make the monthly payments on said loan in accordance
13 with the terms of said agreement, and the sum of money
14 so purchased by him may be resold at the same meeting.
15 The borrower shall be required to give notice to the
16 secretary before the sale if he intends to rebuy his
17 money.