

HOUSE No. 989

By Mr. Weinberg of Boston, petition of the Massachusetts CUNA Credit Union Association, Inc., for legislation to regulate further loans made by credit unions for improvements in real property. Banks and Banking.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Seventy.

AN ACT FURTHER REGULATING LOANS MADE BY CREDIT UNIONS FOR IMPROVEMENT OF REAL ESTATE.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 Paragraph D of section 24 of chapter 171, as most recently
2 amended, is hereby further amended by striking out said
3 paragraph and inserting in place thereof the following new
4 paragraph:—

5 (D) *Loans for the Improvement of Improved Real Es-*
6 *state.*—A credit union may make loans to the owner of
7 improved real estate for the purpose of financing the im-
8 provement, repair, alteration or rehabilitation of such real
9 estate or the purchase and installation of fixtures to be affixed
10 thereto. Such loan shall not exceed five thousand dollars,
11 exclusive of interest or discount from the date of the note,
12 with respect to any one parcel of such real estate. The loan
13 shall be payable within seven years from the date of the note.
14 The terms of the note or mortgage shall require that, com-
15 mencing not later than two months after the date of the note,
16 (a) payments shall be made on account of the principal in
17 equal monthly installments in amounts which, at the
18 maturity of the note, shall equal the original amount of the
19 loan, or (b) fixed monthly payments shall be made in
20 approximately the same amount during the term of the loan,
21 which payments shall first be applied to interest and the
22 balance to principal. The aggregate balance of principal

23 outstanding at any one time on loans of this class shall not
 24 exceed fifteen per cent of the deposits and shares of such
 25 corporation. Loans made under this paragraph may be
 26 secured by a security agreement or financing statement to be
 27 recorded in the appropriate registry of deeds.

The Constitution of the State of New York

Article XXII, Section 1

1. The State shall not contract any debt or liability in excess of the amount provided by law.

2. The State shall not contract any debt or liability in excess of the amount provided by law, except for the purpose of providing for the interest on any debt or liability contracted by the State.

3. Paragraph 2 of section 1 of chapter 111 of the laws of 1967, as amended, is hereby further amended by striking out and inserting in place thereof the following paragraph:

4. (a) Loans for the improvement of property shall be made only on the security of the property to be improved and shall be repaid by the owner of the property to be improved. The State shall not contract any debt or liability in excess of the amount provided by law for the purpose of providing for the interest on any debt or liability contracted by the State.

5. The State shall not contract any debt or liability in excess of the amount provided by law, except for the purpose of providing for the interest on any debt or liability contracted by the State.

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