

SENATE No. 1821

The Commonwealth of Massachusetts

SENATE, APRIL 25, 1979.

The committee on Banks and Banking, to whom was referred the petition (accompanied by bill, Senate, No. 44) of Savings Banks Association of Massachusetts, by Elliott G. Carr, executive vice president, Joseph J. Semensi and Joseph B. Walsh for legislation relative to mortgage loans by savings banks; reports the accompanying new draft (Senate, No. 1821).

For the Committee,

JOHN A. BRENNAN, JR.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Seventy-nine.

AN ACT RELATIVE TO MORTGAGE LOANS BY SAVINGS 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 35 of chapter 168 of the General Laws
2 is hereby amended by striking out paragraph 11, as most re-
3 cently amended by chapter 301 of the acts of 1963, and insert-
4 ing in place thereof the following paragraph: —

5 11. *Loans Outside the Commonwealth.* — Any such corpo-
6 ration, subject to regulations made by the commissioner, may
7 make or acquire mortgage loans (a) on real estate located
8 outside of the commonwealth, on which the notes have been
9 endorsed for insurance by the federal housing administrator,
10 or combined with secondary mortgages guaranteed in full by
11 the United States of America under the Servicemen's Re-
12 adjustment Act of nineteen hundred and forty-four, as
13 amended, (b) on real estate located outside of the common-
14 wealth, on which the notes have been guaranteed in part by
15 the Administrator of Veterans' Affairs as provided by chap-
16 ter forty-six of the acts of nineteen hundred and forty-five,
17 as amended, and (c) on real estate located outside of its lend-
18 ing area as defined in paragraph 2 of section thirty-four,
19 which loans are of the several classes specified in paragraphs
20 1-9, inclusive, of this section.

21 The aggregate balance of principal, outstanding at any one
22 time, in mortgage loans authorized by this paragraph shall
23 not exceed the total of the aggregate book value of loans
24 secured by mortgages on real estate located in the common-
25 wealth and in states contiguous to the commonwealth within
26 fifty miles from the town in which the main office of such
27 corporation is located or thirty percent of the deposits of
28 such corporation, whichever is the lesser; provided, how-
29 ever, that not more than ten percent of the deposits of such
30 corporation shall be invested in mortgage loans authorized
31 by clause (c); and provided further, that no investment
32 shall be made under this paragraph if at the time such corpo-

33 ration is refusing to allow, receive, or consider applications
34 regarding mortgage loans on real estate located within the
35 commonwealth, except that this prohibition shall not be
36 deemed to affect any investment which such corporation has
37 entered into a written commitment, but only to the extent
38 of such commitment.

39 Such mortgage loans may be made or acquired notwith-
40 standing the restrictions contained in paragraph 2 of sec-
41 tion thirty-four and section fifty-one of chapter one hundred
42 and sixty-seven; provided, that the maximum aggregate in-
43 vestment in mortgages of real estate shall not exceed the
44 limitations prescribed by paragraph three of section thirty-
45 four.

1 SECTION 2. Section 55 of chapter 172 of the General Laws,
2 as most recently amended by section 4 of chapter 28 of the
3 acts of 1977, is hereby further amended by striking out sub-
4 section B and inserting in place thereof the following sub-
5 section: —

6 B. Any such corporation may, subject to the limitations
7 of section fifty-six, make, acquire by purchase, participate
8 in or service first mortgage real estate loans in accordance
9 with the provisions of section thirty-four, paragraphs 1-10A,
10 inclusive, clauses (a) and (b) of paragraph 11, and para-
11 graphs 12, 13 and 14 of section thirty-five and section thirty-
12 six all of chapter one hundred and sixty-eight; provided,
13 however, that the limitations on amounts which may be in-
14 vested in the classes of mortgage loans referred to in para-
15 graphs 1, 2, 3 and 8 of section thirty-five of chapter one
16 hundred and sixty-eight and that part of paragraph 4 of
17 said section thirty-five which provides that the aggregate
18 balance of principal outstanding at any one time on mort-
19 gage loans of this class as are in excess of one half of one
20 percent of deposits shall not exceed seven and one-half per-
21 cent of the deposits of such corporation, and the limitations
22 on the liabilities of one person referred to in paragraph 8
23 of section thirty-six of said chapter shall not apply.

1 SECTION 3. The commissioner of banks shall consider the
2 amount of investment made pursuant to paragraph 11 of sec-
3 tion thirty-five of chapter one hundred and sixty-eight, as

4 amended by section one of this act, in assessing whether a
5 savings bank is satisfying its continuing and affirmative
6 obligation to help meet the credit needs of its local com-
7 munity or communities delineated in accordance with ap-
8 plicable law and regulations, provided further the com-
9 missioner shall also consider activities and investments
10 made by a savings bank which contribute to the economic
11 development of the commonwealth in general and the effect
12 the investments made pursuant to said paragraph 11 of said
13 section thirty-five may have on these other activities and in-
14 vestments.

15 In connection with its annual examination of a savings
16 bank, the commissioner of banks shall perform the assess-
17 ment required by this section, and such assessment shall be
18 considered, and may be the basis for denial for an applica-
19 tion for the establishment of a branch office, the relocation
20 of a main office or a branch office, or a merger or consolida-
21 tion, of such savings bank.

1 SECTION 4. Annually, on or before the first Wednesday in
2 February, the commissioner of banks should communicate
3 to the general court a report of the investments made pur-
4 suant to paragraph 11 of section thirty-five of chapter one
5 hundred and sixty-eight as amended, by section one of this
6 act of each savings bank.

7 Said report shall consist of, but not be limited to the
8 following: (a) the amount and location by state of such in-
9 vestments as of the last business day of its fiscal year with
10 comparative figures as of the end of the previous fiscal year;
11 (b) the amount of investment in mortgages of real estate
12 located in this commonwealth; (c) the amount of invest-
13 ments in mortgages of real estate located in this common-
14 wealth representing loans sold but continued to be serviced
15 by such corporation; and (d) any legislative recommenda-
16 tion deemed necessary or appropriate if the commissioner
17 finds, or has reason to believe that the availability of mort-
18 gage credit for real estate located within the commonwealth
19 has been adversely affected by investments made pursuant to
20 said paragraph 11.