

HOUSE . . . . . No. 5564

---

---

**The Commonwealth of Massachusetts**

---

HOUSE OF REPRESENTATIVES, April 28, 1986.

The committee on Banks and Banking, to whom was referred the petition (accompanied by bill, House, No. 1251) of Kevin W. Fitzgerald and Michael F. Flaherty relative to borrowing by officers of trust companies, reports recommending that the accompanying bill (House, No. 5564) ought to pass.

For the committee,

THOMAS M. FINNERAN.

## The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Eighty-Six.

AN ACT RELATIVE TO BORROWING BY OFFICERS OF TRUST COMPANIES.

*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 18 of Chapter 172 of the General Laws,  
2 as appearing in the 1984 Official Edition, is hereby amended by  
3 striking out the first paragraph and inserting in place thereof the  
4 following paragraph: —

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 with the prior approval of  
11 a majority of the entire board of directors, excluding any member  
12 thereof involved in the loan or extension of credit, a trust company  
13 may loan or extend credit to any such officer and such officer may  
14 become indebted to such trust company in an amount not  
15 exceeding twenty thousand dollars on a loan or extension of  
16 credit, secured or unsecured, and in the amount not exceeding  
17 sixty thousand dollars on a loan or extension of credit intended  
18 or secured for educational purposes, and in an amount not  
19 exceeding one hundred and fifty thousand dollars on a loan  
20 secured by a mortgage on real estate improved with a single family  
21 dwelling which is, or is to be, occupied by such officer, or to such  
22 director, who is not an officer of such trust company, subject to  
23 the limitations contained in Chapter 167E. Such trust company  
24 shall not give a preferential rate of interest or other preferential  
25 terms on any such loan or extension of credit to any such officer  
26 or to any such director.