

Accompanying the second recommendation of the Commissioner of Banks (House, No. 18). Banks and Banking.

The Commonwealth of Massachusetts

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

AN ACT RELATIVE TO CERTAIN AGGREGATE LOAN AND INVESTMENT LIMITATIONS APPLICABLE TO A BANK OR CREDIT UNION.

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. Paragraph 1 of subsection A of section 14 of
2 chapter 167E of the General Laws, as appearing in the 1984
3 Official Edition, is hereby amended by striking out clause (e).

1 SECTION 2. Paragraph 1 of subsection B of said section 14 of
2 said chapter 167E, as so appearing, is hereby amended by striking
3 out clause (d).

1 SECTION 3. Subsection C of said section 14 of said chapter
2 167E, as so appearing, is hereby amended by striking out para-
3 graph 7.

1 SECTION 4. Said section 14 of said chapter 167E is hereby
2 further amended by striking out subsection D, as appearing in the
3 1984 Official Edition, and inserting in place thereof the following
4 subsection: —

5 (D) A mortgage loan secured by a first lien on real estate
6 improved with a dwelling to be occupied by not more than four
7 families and occupied or to be occupied in whole or in part by the
8 borrower shall not be calculated against the total obligations of
9 such borrower for the purposes of the limitations set out in subsec-
10 tion A or subsection B.

1 SECTION 5. Section 2 of chapter 167F of the General Laws is
2 hereby amended by striking out paragraph 4, as so appearing, and

3 inserting in place thereof the following paragraph: —

4 4. To invest in the capital stock of any bank, national banking
5 association, federal savings bank, federal or state savings and loan
6 association or bank holding company; provided, however, that the
7 aggregate amount of any such investment in any such bank, asso-
8 ciation or company shall not exceed twenty per cent of its capital
9 stock, surplus account and undivided profits for a stock corpora-
10 tion or not exceeding twenty per cent of its surplus account for a
11 thrift institution; and provided, further, that such limitations shall
12 not apply to any such investment in the capital stock of any such
13 bank, association or company located in the commonwealth or in
14 one of the states of Connecticut, Maine, New Hampshire, Rhode
15 Island or Vermont or of any such bank, association or company
16 the stock of which such corporation or institution may purchase or
17 acquire under applicable provisions of chapters one hundred and
18 sixty-eight, one hundred and seventy or one hundred and seventy-
19 two.

1 SECTION 6. Section 24A of chapter 171 of the General Laws,
2 as appearing in the 1984 Official Edition, is hereby amended by
3 striking out the second sentence and inserting in place thereof the
4 following sentence: —

5 In computing the total liability of a member hereunder, there
6 shall be included the direct liability of the member and his liability
7 as endorser, guarantor or surety on the obligations of others which
8 are held by the credit union; provided, however, there shall be
9 excluded from such computation the amount of any mortgage
10 loan secured by a first lien on real estate improved with a dwelling
11 to be occupied by not more than four families and occupied or to
12 be occupied, in whole or in part, by such member.

1 SECTION 7. Section 4 of this act shall not be construed to
2 affect or alter the validity of any investment or any amount loaned
3 or invested under the provisions of any applicable chapters of the
4 General Laws in effect prior to the effective date of this act or any
5 written commitment for such a loan or investment entered into,
6 executed or contracted for prior to such effective date.