HOUSE . . . . . No. 72

Accompanying the tenth recommendation of the Consumers' Council (House, No. 62). Banks and Banking.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Sixty-Nine.

AN ACT ABOLISHING THE SMALL LOANS REGULATORY BOARD AND ESTABLISHING THE MAXIMUM CHARGES ON LOANS OF FIVE THOUSAND DOLLARS OR LESS.

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 five A of chapter twenty-six of the Gen-
2 eral Laws is hereby repealed.

1 SECTION 2. Chapter 140 of the General Laws is hereby
2 amended by striking out section 95, as amended by section 1 of
3 chapter 689 of the acts of 1956, and inserting in place thereof
4 the following section: —
5 *Section 95.* Sections ninety to ninety-four, inclusive, shall
6 not apply to any loan of fifteen hundred dollars or less made by
7 a person who holds a license under sections ninety-six to one
8 hundred and thirteen, inclusive, or by an institution specified
9 in section one hundred and fourteen A nor affect section seventy-
10 two of this chapter.

1 SECTION 3. Section 96 of chapter 140 of the General Laws is
2 hereby amended by striking out, wherever they appear therein,
3 the words "three thousand" and inserting in place thereof the
4 words: — Five thousand, — and by striking out the last para-
5 graph and inserting in place thereof the following paragraph: —
6 The provisions of this section shall not apply to loans which
7 are subject to the provisions of section ninety A or to a loan to
8 a corporation, for the purposes of its business, in excess of fif-
9 teen hundred dollars.

SECTION 4. Said chapter 140 is hereby amended by striking out section 100, as amended by section 4 of chapter 689 of the acts of 1956, and inserting in place thereof the following section: —

Section 100. As used in this section the term "licensee" shall mean all persons licensed under sections ninety-six to one hundred and thirteen, inclusive.

The commissioner may establish a rate of interest to be collected on any loan of five thousand dollars or less by a licensee, which rate shall include all expenses and other considerations but shall not in the aggregate exceed an amount equivalent to the maximum monthly rate of charge, hereinafter set forth, computed on the unpaid principal balances of the amount actually received by the borrower except that the lawful fees actually paid out by the lender to a public officer for filing, recording, releasing or discharging any instrument securing the loan may be charged to and collected from the borrower when the loan is made or at any time thereafter and shall not be included in the maximum rate of charge. In the absence of the establishment of a rate by the commissioner, the maximum rate of interest that may be collected shall be the maximum rate of charge hereinafter set forth.

The maximum rate of charge shall not exceed two and one half per cent per month on any part of the unpaid principal balance of a loan not exceeding two hundred dollars; two per cent per month on any part of the unpaid principal balance of a loan exceeding two hundred dollars but not exceeding six hundred dollars; one and three fourths per cent per month on any part of the unpaid principal balance of a loan exceeding six hundred dollars but not exceeding one thousand dollars; three fourths of one per cent per month on any part of the unpaid principal of a loan exceeding one thousand dollars but not exceeding ten thousand dollars and six per centum per annum after the termination of one year after maturity on the amount actually received by the borrower computed on the unpaid principal balance.

The commissioner may, if the public interest so requires, by order permit licensees to precompute the montly rate of interest, and in so doing shall provide for a refund or credit to the borrower in the event of prepayment of a loan and for extension or default charges in the event of an extension or default.

42 No licensee shall willfully permit any person, or any husband
43 and wife jointly or severally, to be obligated, either directly or
44 contingently to such licensee, under more than one contract of
45 loan at the same time for the purpose of obtaining a higher rate
46 of charge than would otherwise be permitted by this section on
47 a single loan contract. No licensee or company or association
48 to which sections ninety-six to one hundred and thirteen, in-
49 clusive, apply shall charge or receive upon any loan more than
50 the maximum rate of charge permitted by this section. No
51 charge, bonus, fee, expense or demand of any nature whatsoever,
52 except as hereinafter provided, shall be made upon loans to
53 which said sections relate.

1 SECTION 5. Section 110 of chapter 140 of the General Laws
2 is hereby amended by striking out in the third sentence the
3 words "three thousand" and inserting in place thereof the
4 words: — five thousand.

1 SECTION 6. Section 114A of chapter 140 of the General Laws
2 is hereby amended by striking out the word "three" in the first
3 and second sentences and inserting in place thereof the word: —
4 five.