

By Messrs. Adams of Westfield and Walsh of Boston, petition of the Savings Banks Association of Massachusetts, James A. Adams and Joseph B. Walsh relative to mortgage loans by savings banks. Banks and Banking.

**The Commonwealth of Massachusetts**

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

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 35 of chapter 168 of the General Laws is hereby  
2 amended by inserting after paragraph 6A the following para-  
3 graph: —

4 *6B. Ninety-Five Per Cent of the Value.* — A mortgage loan  
5 not exceeding ninety-five per cent of the value of the real  
6 estate, payable not more than twenty-five years from the date  
7 of the note; provided, that the loan shall be secured by a  
8 mortgage on real estate improved with a dwelling designed to  
9 be occupied by not more than four families and occupied or to  
10 be occupied in whole or in part by the mortgagor; and pro-  
11 vided further, that the terms of the note or mortgage shall  
12 require monthly payments in such amounts that the aggregate  
13 principal reduction at any time during the term of the loan  
14 shall be not less than that which would be required in the case  
15 of a note of like amount and interest rate providing for  
16 complete amortization by equal monthly payments over a  
17 period of twenty-five years; and provided further, that con-  
18 struction of the dwelling on the mortgaged property shall be  
19 completed prior to the making of any disbursement on the  
20 loan in excess of eighty percent of the value of the real estate,  
21 that the mortgagor shall furnish to the board of investment an  
22 affidavit that the mortgagor does not require junior financing,

23 and that the board of investment shall certify in writing that  
24 the dwelling has a useful life beyond the term said loan has to  
25 run; and provided further, that that portion of the unpaid  
26 balance of the loan which exceeds eighty percent of the value  
27 of the real estate shall be guaranteed or insured by a mortgage  
28 insurance company which has been determined to be a "quali-  
29 fied private insurer" by the Federal Home Loan Mortgage  
30 Corporation, established by title III of the act of Congress of  
31 July 24, 1970, public law 91-351, or has been approved by the  
32 commissioner as qualified to insure loans of this class. No loan  
33 of this class shall be made or acquired for a sum in excess of  
34 thirty-six thousand dollars.