

HOUSE No. 2438

The Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES, April 4, 1950.

The committee on Banks and Banking, to whom was referred the petition (accompanied by bill, Senate, No. 163) of Harry P. McAllister for legislation to authorize the board of bank incorporation to limit the earnings of small loan licensees and to establish the rate schedule of interest and charges to be collected on certain loans, report the accompanying bill (House, No. 2438).

For the committee,

MICHAEL PAUL FEENEY.

Representatives SKERRY of Medford, BRESNAHAN of Lawrence and FITZPATRICK of Medford dissenting.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Fifty.

AN ACT TO AUTHORIZE THE BOARD OF BANK INCORPORATION TO LIMIT THE EARNINGS OF SMALL LOAN LICENSEES AND TO ESTABLISH THE RATE OF INTEREST OR SCHEDULE OF CHARGES TO BE COLLECTED ON CERTAIN LOANS.

1 *Whereas*, The deferred operation of this act would
2 tend to defeat its purposes, which is to provide that
3 the Board of Bank Incorporation limit the earnings
4 of small loan licensees and establish a just and reason-
5 able rate of interest or schedule of charges to be
6 collected on small loans, therefore, it is hereby de-
7 clared to be an emergency law necessary for the im-
8 mediate preservation of the public convenience.

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. Chapter 140 of the General Laws is
2 hereby amended by striking out section 100, as most
3 recently amended by chapter 174 of the acts of 1946,
4 and inserting in place thereof the following section: —
5 *Section 100. Rate of Interest or Schedule of Charges.*
6 — The board of bank incorporation, hereinafter called
7 the board, shall establish the rate of interest or sched-
8 ule of charges to be collected by licensees, qualified
9 under and doing business as permitted by sections

10 ninety-six to one hundred and twelve, inclusive. In
11 fixing said rate or schedule of charges, the board shall
12 have due regard to the amount of the loan and the
13 nature of security and the time for which the loan is
14 made. The rate of interest or schedule of charges so
15 established by said board shall be fair, just and
16 reasonable to both borrower and lender, and after
17 taxes shall limit the earnings of small loan licensees,
18 when computed upon the total assets used and useful
19 in the small loan business, to a fair and reasonable
20 return.

21 No such licensee, shall charge or receive upon any
22 loan a greater rate of interest or schedule of charges,
23 or the equivalent thereof, than that fixed by said
24 board. No charge, bonus, fee, expense or demand of
25 any nature whatsoever, except as above provided,
26 shall be made upon the loans to which said sections
27 relate. The board shall annually review the earnings
28 of small loan licensees as a composite group in respect
29 to the small loan business and within ninety days
30 after this act becomes effective, establish or continue,
31 as the facts shall warrant, for the coming year, the
32 rate of interest or schedule of charges to be collected,
33 and may from time to time thereafter, redetermine and
34 refix any such maximum rate of interest or schedule
35 of charges, but before determining or redetermining
36 any such permissible maximum interest or charge,
37 the board shall give reasonable notice of its intention
38 to consider doing so to all licensees and a reasonable
39 opportunity to be heard and to introduce evidence
40 with respect thereto. Any and all orders which the
41 board may make respecting interest or charges shall
42 fix and contain the effective date thereof, which effec-
43 tive date shall not be earlier than thirty days after

44 notice given by mail to each licensee. The supreme
45 judicial court or superior court shall have jurisdiction
46 in equity on petition of any party aggrieved to compel
47 the observance of and to restrain the violation of all
48 laws which govern said licensees, and of all orders
49 made in accordance with the provisions of this section,
50 and to review, annul, modify or amend the orders
51 of said board as law and justice may require. Until
52 such time as a different rate of interest or schedule
53 of charges is determined and fixed by the board in
54 accordance with this section, the total amount to be
55 paid on any loan for interest and charges, shall not
56 exceed the interest or charges in effect prior to such
57 determination or redetermination and fixing or refix-
58 ing of the interest or charges which is declared in
59 violation of this section.

1 SECTION 2. This act shall take effect upon its
2 passage.