

By Mr. Saltmarsh of Winchester, petition of Sherman W. Saltmarsh, Jr., relative to mortgages held in Massachusetts thrift institutions. Banks and Banking.

The Commonwealth of Massachusetts

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

AN ACT RELATIVE TO MORTGAGES HELD BY MASSACHUSETTS THRIFT INSTITUTIONS.

1 *Whereas*, The deferred operation of this act would tend to
2 defeat its purpose, which is to increase the abilities of Massachu-
3 setts thrift institutions to make loans to promote commercial
4 enterprises in the Commonwealth, therefore it is hereby declared to
5 be an emergency law, necessary for the immediate preservation of
6 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. Section 34 of Chapter 23A of the Massachusetts
2 General Laws, as most recently amended, is hereby further amend-
3 ed by adding the following at the end thereof.

4 “Section 34A. Powers and Duties --- Mortgage Purchases”.

5 (a) The agency is empowered: —

6 (1) To purchase promissory notes secured by first mortgages on
7 real property located in the commonwealth and legally held by
8 savings banks, cooperative banks or credit unions established
9 under the laws of the commonwealth or federal savings and loan
10 institutions having their principal place of business in the common-
11 wealth (hereafter referred to, individually and collectively, as
12 “thrift institutions”) provided, however, that the agency shall not
13 hold mortgages and notes purchased from any one thrift institu-
14 tion with an aggregate purchase price in excess of fifteen percent of

15 the book value of said thrift institution's total mortgage portfolio
16 as of the time immediately prior to any such purchase.

17 (2) to pledge notes so purchased and the related mortgages as
18 security for bonds issued by the agency to provide funds for such
19 purchases;

20 (3) to enter into agreements with respect to such purchases and
21 such issuances of bonds;

22 (4) to issue bonds as provided in Section 34B; and

23 (5) to exercise such other powers as are necessary or incidental to
24 the foregoing.

25 (b) The board shall not approve the purchase of any notes or
26 related mortgages unless it makes the following findings: —

27 (1) that the bonds are to be issued for the purchase of said notes
28 and mortgages will be adequately secured by a pledge of the notes
29 and mortgages for the benefit of the purchases of said bonds;

30 (2) that the bonds to be issued for the purchase of said notes and
31 mortgages will be repaid in full from the principal and interest
32 payments to be made with respect to said notes;

33 (3) that the thrift institution selling the notes and mortgages to
34 the agency is a responsible party which intends to use the proceeds
35 received by it from the sale of the notes and mortgages for commer-
36 cial loans which will provide or retain employment in the common-
37 wealth having a reasonable relationship to the principal amount of
38 the notes and mortgages being purchased;

39 (4) that the size and scope of the projects intended to be financed
40 by the thrift institution selling the notes and mortgages is such that
41 a definite benefit to the economy of the commonwealth may reason-
42 ably be expected to result from the construction or improve-
43 ment thereof; and the employment created shall be substantially
44 primary employment; and

45 (5) that the public interest is adequately protected by the terms of
46 the trust agreement securing repayment of the bonds.

47 *Section 34B. Issuance of Bonds and Notes.*

48 The agency shall have the power and is hereby authorized from
49 time to time to issue its negotiable bonds and notes in such princi-
50 pal amount as, in the opinion of the agency, shall be necessary to
51 provide sufficient funds for achieving its corporate banks, and
52 credit unions established under the laws of the commonwealth and
53 from federal savings and loan associations having their principal
54 place of business in the commonwealth, the payment of interest on

55 bonds and notes of the agency, the establishment of reserves to
56 secure such bonds, and notes, and all other expenditures of the
57 agency incident to and necessary or convenient to carry out its
58 corporate purposes and powers. The agency shall have power,
59 from time to time, to issue renewal notes, to issue bonds to pay
60 notes and whenever it deems refunding expedient to refund any
61 bonds by the issuance of new bonds whether the bonds to be
62 refunded have or have not matured, and to issue bonds partly to
63 refund bonds then outstanding and partly to refund bonds then
64 outstanding and partly for any other purpose. The refunding
65 bonds shall be sold and the proceeds applied to the purchase,
66 redemption or payment of the bonds to be refunded.

67 The notes and bonds shall be authorized by resolution of the
68 agency, shall bear such date or dates, and shall mature at such time
69 or times as such resolutions may provide, except that no bond shall
70 mature more than fifty years from the date of its issue. The bonds
71 may be issued as serial bonds payable in annual installments or as
72 term bonds or as a combination thereof. The notes and bonds shall
73 bear interest at such rate or rates, be in such denominations, be in
74 such form, either coupon or registered, carry such registration
75 privileges, contain such terms and provisions relating to, but not
76 limited to, pledges of the agency's assets, setting aside of reserves,
77 limitations on additional notes and bonds, and such other matters
78 as may affect the security or protection of the notes and bonds, be
79 executed in such manner, be payable in such medium of payment,
80 at such place or places and be subject to such terms of redemption
81 as such resolutions may provide.

82 The notes and bonds of the agency may be sold at public or
83 private sale, at such price or prices as the agency nor any person
84 executing the notes or bonds shall be liable personally on the notes
85 or bonds or be subject to any personal liability or accountability by
86 reason of the issuance thereof.

87 *Section 34C.* Credit of Commonwealth or any subdivision
88 thereof not pledged.

89 Bonds and notes issued under the provisions of this act shall not
90 be deemed to constitute a debt of the commonwealth or of any
91 political subdivision thereof or a pledge of the faith and credit of
92 the commonwealth or of any such political subdivision, but such

93 bonds and notes shall be payable solely from the principal and
94 interest payments received on the notes and mortgages pledged to
95 secure such bonds and from any guaranties with respect to such
96 payments which may be issued by the savings banks, cooperative
97 banks, credit unions or federal savings and loan associations which
98 sold such notes and mortgages to the agency. All such bonds and
99 notes shall contain on the face thereof a statement to the effect that
100 neither the agency nor the commonwealth nor any political subdi-
101 vision thereof shall be obligated to pay the same or the interest
102 thereon except from such proceeds, and that neither the faith and
103 credit nor the taxing power of the commonwealth or any political
104 subdivision thereof is pledged to the payment of the principal or
105 the interest on such bonds.

106 *Section 34D. Trust Agreement.*

107 In the discretion of the agency, bonds and notes issued by it
108 pursuant to Section 34B shall be secured by a trust agreement by
109 and between the agency and a trustee, which may be any trust
110 company or bank within the commonwealth having the powers of
111 a trust company. Either the resolution providing for the issuance of
112 bonds and notes or such trust agreements may contain such provi-
113 sions for protecting and enforcing the rights and remedies of the
114 bondholders as may be reasonable and proper and not in violation
115 of law, including covenants setting forth the duties of the agency in
116 relation to the custody, safeguarding and application of all monies.

117 It shall be lawful for any bank or trust company incorporated
118 under the laws of the commonwealth to act as depository of the
119 proceeds of bonds and notes or of revenues and to furnish such
120 indemnifying bonds or to pledge such securities as may be required
121 by the agency. Such trust agreement may set forth the rights and
122 remedies of the bondholders and noteholders and of the trustee,
123 and may restrict the individual right of action by bondholders and
124 noteholders. In addition to the foregoing, such agreement may
125 contain such other provisions as the agency may deem reasonable
126 and proper for the security of the bondholders.

127 *Section 34E. Bonds and Notes Tax Exempt.*

128 The creation of the agency is in all respects for the benefit of the
129 people of the commonwealth and for the improvement of their
130 "health, safety, welfare, comfort and security, and its purposes are

131 public purposes and the agency shall be performing an essential
132 governmental function. The commonwealth covenants with the
133 purchasers and all subsequent holders and transferees of the notes
134 and bonds issued by the agency pursuant to Section 34B, in consid-
135 eration of the acceptance of any payment for the notes and bonds,
136 that the notes and bonds of the agency issued pursuant to Section
137 34B and the income therefrom shall at all times be free from
138 taxation.”

1 SECTION 2. Section 36 of Chapter 23A of the Massachusetts
2 General Laws, as most recently amended, is hereby further amend-
3 ed by deleting “sections thirty-three and thirty-four” from the first
4 sentence thereof and inserting in lieu thereof “thirty-three, thirty-
5 four, and thirty-four B.”

The first thing that I did was to go to the
 office and see what was going on. I found
 that the work was very much behind
 and that the people were very much
 dissatisfied. I then went to the
 factory and saw the workmen. They
 were very much dissatisfied with
 their work and their wages. I then
 went to the school and saw the
 children. They were very much
 dissatisfied with their school and
 their teachers. I then went to the
 church and saw the people. They
 were very much dissatisfied with
 their church and their ministers.

I then went to the court and saw
 the judges. They were very much
 dissatisfied with their court and
 their laws. I then went to the
 parliament and saw the members.
 They were very much dissatisfied
 with their parliament and their
 government. I then went to the
 army and saw the soldiers. They
 were very much dissatisfied with
 their army and their officers.

I then went to the navy and saw
 the sailors. They were very much
 dissatisfied with their navy and
 their officers. I then went to the
 colonies and saw the people. They
 were very much dissatisfied with
 their colonies and their government.
 I then went to the islands and saw
 the people. They were very much
 dissatisfied with their islands and
 their government.

I then went to the mountains and
 saw the people. They were very
 much dissatisfied with their
 mountains and their government. I
 then went to the valleys and saw
 the people. They were very much
 dissatisfied with their valleys and
 their government. I then went to
 the plains and saw the people. They
 were very much dissatisfied with
 their plains and their government.

I then went to the rivers and saw
 the people. They were very much
 dissatisfied with their rivers and
 their government. I then went to
 the lakes and saw the people. They
 were very much dissatisfied with
 their lakes and their government.

