

By Mrs. Gray of Framingham, petition of Barbara E. Gray relative to the granting of loans by banking institutions to certain elderly persons. Banks and Banking.

## The Commonwealth of Massachusetts

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

AN ACT RELATIVE TO LOANS AND ELDERLY PERSONS.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1 Chapter 167 of the General Laws is hereby amended by inserting  
2 after section 68 the following section: —

3 Section 69. Loans to Elderly Persons, Eighty Per Cent of  
4 Value, Unamortized.

5 1. Notwithstanding the provisions of any law to the contrary,  
6 a bank may make first mortgage loans on real estate improved  
7 with a dwelling designed to be occupied by not more than four  
8 families, to the owner or owners of such real estate, in an amount  
9 not exceeding 80 percent of the value of the mortgaged real estate;  
10 provided that each such owner shall be at least 65 years of age  
11 and shall occupy the mortgaged real estate in whole or in part.  
12 The terms of the note or mortgage shall require payments of  
13 interest on the loan to be made in periodic installments at intervals  
14 not exceeding three months and shall require payment of  
15 outstanding principal either upon the sale or other transfer of the  
16 mortgaged property or upon the death of all owners, whichever  
17 occurs earlier. No mortgage loan of this class shall be made or  
18 acquired for a sum in excess of the limitation on amount provided  
19 in paragraph 4 of section thirty-five of chapter one hundred and  
20 sixty-eight; and said loans shall be subject to any restrictions  
21 governing the maximum aggregate investment in real estate  
22 mortgage loans permitted savings banks as contained in chapter  
23 one hundred and sixty-eight; co-operative banks as contained in

24 chapter one hundred and seventy; credit unions as contained in  
25 chapter one hundred and seventy-one; trust companies as  
26 contained in chapter one hundred and seventy-two; or banking  
27 companies as contained in chapter one hundred and seventy-  
28 two A.

29 2. Said mortgage loans may be further secured by the collateral  
30 assignment of an annuity contract issued by a life insurance  
31 company qualified to do business under the laws of this  
32 commonwealth or a savings and insurance bank, which contract  
33 provides for fixed monthly payments to be paid to the owner or  
34 owner of the mortgaged real estate.

35 3. The commissioner of banks may promulgate rules and  
36 regulations to implement the provisions of this section.