

HOUSE No. 1321

Bill accompanying the petition of M. Frank Cronin relative to rates of interest upon unsecured loans. Legal Affairs. January 18.

The Commonwealth of Massachusetts.

In the Year One Thousand Nine Hundred and Seventeen.

AN ACT

Relating to the Regulation of making Small Loans.

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 seven hundred and twenty-seven
2 of the acts of the year nineteen hundred and eleven, as
3 amended by chapter two hundred and twenty-four of
4 the General Acts of the year nineteen hundred and six-
5 teen, is hereby amended by striking out section seven
6 and inserting in place thereof the following: — *Section 7.*
7 The supervisor shall establish the rates of interest to be
8 charged upon secured and unsecured loans respectively.
9 The rate so established upon unsecured loans shall be
10 sufficient to allow to the person, partnership, corporation
11 or association making such loans a net profit not exceed-
12 ing six per cent per annum of the total amount of money
13 actually loaned without security by such person, partner-
14 ship, corporation or association at the date of the estab-

15 lishment of such rate, and due allowance shall be made
16 therein for the reasonable cost of carrying on the business
17 and for losses caused by default in the repayment of
18 money loaned or of interest thereon. In fixing the rate
19 for secured loans the supervisor shall have due regard
20 to the amount of the loan and the nature of the security
21 and the time for which the loan is made; but the total
22 amount to be paid on any secured loan for interest and
23 expenses shall not in the aggregate exceed an amount
24 equivalent to three per cent a month on the amount
25 actually received by the borrower, computed on unpaid
26 balances; and no person, partnership, corporation or
27 association subject to the provisions of this act shall
28 charge or receive upon any loan a greater rate of interest
29 than that fixed by the supervisor. No charge, bonus,
30 fee, expense or demand of any nature whatsoever, except
31 as above provided, shall be made upon loans to which
32 this act relates.

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

