

# HOUSE . . . . No. 2627

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## **The Commonwealth of Massachusetts**

HOUSE OF REPRESENTATIVES, February 21, 1956.

The committee on Banks and Banking, to whom was referred the petition (accompanied by bill, House, No. 779) of the Savings Banks Association of Massachusetts for legislation relative to periodic payments of principal on certain mortgages held by savings banks, report the accompanying bill (House, No. 2627).

For the committee,

PHILIP J. DURKIN.

## The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Fifty-Six.

### AN ACT RELATIVE TO PERIODIC PRINCIPAL PAYMENTS ON CERTAIN MORTGAGES HELD 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 1. Paragraph 4 of section 35 of chapter 168  
2 of the General Laws, as appearing in section 1 of chapter  
3 432 of the acts of 1955, is hereby amended by striking  
4 out the second sentence and inserting in place thereof  
5 the following sentence: — The terms of the note or mort-  
6 gage shall require payments on the loan to be made in  
7 periodic instalments, at intervals not exceeding three  
8 months, in amounts aggregating annually not less than  
9 three per cent of the original amount of the loan; except  
10 that in the case of any mortgage loan of this class of  
11 twenty-five thousand dollars or less or in the case of any  
12 mortgage loan of the class authorized in paragraph 5 of  
13 this section, the minimum annual principal payment may  
14 be less than three per cent of the original amount of the  
15 loan if the terms of the note or mortgage shall require  
16 periodic payments, at least each three months, in such  
17 amounts that the aggregate principal reduction at any  
18 time during the term of the loan shall be not less than  
19 that which would be required in the case of a note of  
20 like amount and interest rate providing for complete  
21 amortization by equal payments, at least each three  
22 months, over a period of twenty-five years, and such  
23 periodic payments shall be applied first to interest and  
24 the balance to principal and the interest on the loan  
25 shall be computed on the unpaid balance monthly or at  
26 such other time as the periodic payment is required.

1 SECTION 2. Paragraph 5 of said section 35, as so  
2 appearing, is hereby amended by inserting, in line 4,  
3 after the word "that" the words:—subject to the ex-  
4 ception contained in paragraph 4 of this section, — so  
5 that the first sentence will read as follows: — A mortgage  
6 loan not exceeding seventy-five per cent of the value of  
7 the real estate, payable not more than twenty-five years  
8 from the date of the note; provided, that, subject to  
9 the exception contained in paragraph 4 of this section,  
10 the terms of the note or mortgage shall require payments  
11 on the loan to be made in periodic instalments, at inter-  
12 vals not exceeding three months, in amounts aggregating  
13 annually not less than three per cent of the original  
14 amount of the loan.

