

MAINE STATE LEGISLATURE

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FIFTY-FIRST LEGISLATURE.

SENATE.

No. 1.

AN ACT TO AMEND SECTION SIX, CHAPTER NINETY OF THE
REVISED STATUTES.

STATEMENT.

The law granting three years redemption on real estate, was originally a wise provision for protecting the rights and interests of men of small means, but the provision which was designed to benefit the poor man, has under the changed business conditions of the present day, become burdensome and oppressive in its operations. A large proportion of the securities so freely offered as collateral at the present time, were then unknown. Lenders of money made their own investments without the intervention of brokers. Safety and long investments was regarded as more important than high rates of interest, and by far the most popular security that could be offered was real estate. But this has in a great measure changed. Rates of interest are higher but they are less uniform. Higher rates of interest, and the spirit of speculation, has had a tendency to shorten credits and loans; and to meet this, corporation, municipal, state and national bonds, have been found more convenient for collaterals, than the conveyance of real estate with the restrictions now placed upon it; so that the security which was formerly the most desirable, has come to be the poorest and most difficult to negotiate. A large proportion of the capital at the present time finds its way into the savings banks. The rapid increase of deposits in these institutions for a few years past has no parallel in the history of our State. The large amount of capital gathered by these banks is all needed to develop the great interests of our State, especially that of manufactures. The proper investment of so large an amount involves no small

amount of care and responsibility. Real estate would furnish the best security for such institutions, and the one most easily furnished by borrowers, but owing to the absurd provisions of the present law in regard to redeeming mortgages, they can invest in them only to a limited extent; and for want of the right kind of securities, a large amount of these funds go abroad for investment, while the great material interests of our State are crippled and suffering for want of capital.

To give a simple illustration of the working of the present law: A man has money to loan for one year expecting that it will be required in his own business at the expiration of that time. With municipal, state or national bonds as collateral, he is willing to loan for seven per cent. But he refuses to do this on the security of real estate, for the reason, that the law gives the other party such an advantage if it does not suit his interest or convenience to pay when due, or else charges him ten per cent. interest, being three per cent. additional for taking this risk, so that the man of small means who wishes to complete the purchase of, or to improve his farm, or to establish a manufactory, with no security to offer but real estate, if he succeeds in negotiating a loan at all, must do so at a great disadvantage, because the present law discriminates against his security. The case supposed is neither impossible or improbable, but is of almost daily occurrence.

Can there be any good reason assigned, why a man should have unlimited control of all other kinds of property, to dispose of it when and in such manner as he pleases, but must be placed under restrictions in the management of his real estate. Can it be shown that any sacredness attaches to real estate more than to other kinds of property, or is there any justice in the law stepping in, and for three years preventing the payment of a just debt, simply because that debt has been secured by real estate, in the absence of such showing; therefore

Be it enacted by the Senate and House of Representatives in Legislature assembled:

SECTION 1. Section six of chapter ninety of the revised statutes is hereby amended, by striking out "three" in the second line and inserting 'one' instead, so that the section as amended shall read:

Sect. 6. The mortgager, or person claiming under him, may redeem the mortgaged premises within one year next after the first publication or the service of the notice mentioned in the pre-

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ceding section, and if not so redeemed his right of redemption shall be forever foreclosed.

SECT. 2. All acts and parts of acts inconsistent with this are hereby repealed.

SECT. 3. This amendment shall take effect when approved, but its provisions shall not apply to mortgages of a prior date.

STATE OF MAINE.

IN SENATE, January 3, 1872.

Presented by Mr. MORRIS of Cumberland, and on his motion
laid on the table and ordered to be printed.

SAMUEL W. LANE, *Secretary.*