

MAINE STATE LEGISLATURE

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EIGHTY-THIRD LEGISLATURE

House Document

No. 115

H. P. 449

House of Representatives, Feb. 10, 1927.

Referred to Committee on Banks and Banking and 500 copies ordered printed. Sent up for concurrence.

CLYDE R. CHAPMAN, Clerk.

Presented by Mr. Aldrich of Topsham.

STATE OF MAINE

IN THE YEAR OF OUR LORD ONE THOUSAND NINE
HUNDRED AND TWENTY-SEVEN

AN ACT Legalizing the Guaranteed Mortgage Bond as an
Investment for the Savings Banks of Maine.

Be it enacted by the People of the State of Maine, as follows:

Section twenty-seven of chapter one hundred forty-four of
2 the public laws of nineteen hundred twenty-three, is hereby
3 amended by adding thereto the following subdivision to be
4 numbered XVII.

'XVII. GUARANTEED MORTGAGE BONDS.

In bonds or notes which are the obligations of a mortgage
2 company having a capital and surplus of not less than \$200,-
3 000 organized under the laws of any of the United States,
4 and engaged in the real estate mortgage business, within the
5 United States subject to the following conditions:

The total amount of such bonds or notes shall not exceed
2 fifteen times the combined capital and surplus of the mort-
3 gage company.

Such bonds or notes shall be guaranteed as to principal and
2 interest by endorsement on each bond or note by a banking
3 or surety company, organized either under the banking or
4 insurance laws of any of the United States (hereinafter
5 called the surety company), authorized to do business in
6 this state and having a combined capital and surplus not
7 less than \$10,000,000 and independent of the mortgage com-
8 pany.

Such bonds or notes shall be secured by deposit with a
2 bank or trust company as trustee of either (a) a closed first
3 mortgage or closed first mortgages on improved real estate
4 owned in fee, or (b) cash, obligations of the United States
5 or other securities legal for Maine Savings Banks. The
6 aggregate of the mortgages at face value, the cash and se-
7 curities at market value to be not less than 100 per cent. of
8 the principal amount of said bonds or notes outstanding.

The mortgages deposited as security to secure said bonds
2 or notes shall constitute a first closed mortgage on improved
3 real estate (improved real estate as herein defined, shall
4 consist of land and buildings actually constructed, but shall
5 not include farm property, churches, factories, clubs, busi-
6 ness garages, hotels, apartment houses, theaters or hospit-
7 als), and each mortgage deposited shall be in amount not
8 more than sixty per cent. of the market value of the proper-

9 ty upon which it is secured, such value to be established by
10 independent appraisers approved by the surety company.
11 The surety company shall inspect and approve each mort-
12 gage before it is deposited as security for said bonds or
13 notes.

The trustees shall be a bank or trust company in the United
2 States having a combined capital and surplus of not less
3 than \$1,000,000, and be independent of the mortgage or
4 surety company. The trustee shall approve of every change
5 and substitution in the collateral.

Policies of insurance adequately covering each mortgaged
2 building against damage by fire shall be deposited with the
3 trustee. Titles to the mortgaged properties shall be guaran-
4 teed by a title insurance company approved by the bank
5 commissioner of Maine.

Not more than 15 per cent. of the deposits of any one
2 bank shall be invested in the bonds or notes authorized by
3 this subdivision, and said bonds or notes, legalized here-
4 under, are subject to the provisions relating to certificates
5 of legality as set forth in subdivision sixteen of section
6 twenty-seven of chapter one hundred forty-four of the pub-
7 lic laws of nineteen hundred and twenty-three.'