

MAINE STATE LEGISLATURE

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SPECIAL SESSION

E I G H T Y - S I X T H L E G I S L A T U R E

Legislative Document

No. 7

S. P. 7

In Senate Nov. 14, 1933.

ROYDEN V. BROWN, Secretary.

Presented by Senator Viles of Kennebec.

S T A T E O F M A I N E

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND
THIRTY-THREE

AN ACT authorizing Loan and Building Associations to assign or exchange Home Mortgages for Bonds issued by Home Owners' Loan Corporation.

Emergency preamble. Whereas, the existing financial depression has resulted in greatly restricted credit for home mortgage financing, and

Whereas, many home owners throughout the state of Maine, are in distress with their mortgage indebtedness by reason of such depression, unemployment and other conditions beyond their control, and are thereby in immediate danger of losing their homes by foreclosure or other process of law, and

Whereas, Congress passed an Act approved June 13, 1933, entitled Home Owners' Loan Act of 1933, for the purpose of providing emergency relief with respect to home mortgage indebtedness, to refinance home mortgages, and to extend relief to the owners of homes who are unable to amortize their debt elsewhere, and

Whereas, loan and building associations appear to have no authority under the existing laws to accept in exchange for mortgages, bonds issued by the Home Owners' Loan Corporation created under authority of the Home Owners' Loan Act of 1933, and

Whereas, such lack of authority is impeding the progress of the work of the Home Owners' Loan Corporation in the state of Maine, and preventing the Home Owners' Loan Corporation from saving homes in accordance with the intent and purposes of the Home Owners' Loan Act of 1933, and

Whereas, in the judgment of the legislature, these facts create an

emergency under the meaning of section 16 of Article XXXI of the Constitution of Maine, and require the following legislation as immediately necessary for the preservation of the public peace, health and safety.

Now, therefore,

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

R. S. c. 57, § 111, amended. Section 111 of chapter 57 of the revised statutes is hereby amended to read as follows :

Sec. 111. Security for loans; condition of note and mortgage; shares alone may be pledged as security; if borrower fails to offer security, loan to be forfeited; notes and mortgages may be assigned in exchange for Home Owners' Loan Corporation bonds. For every loan made, a note secured by first mortgage of real estate shall be given, accompanied by a transfer and pledge of the shares of the borrower. The shares so pledged shall be held by the association as collateral security for the performance of the conditions of the note and mortgage. Said note and mortgage shall recite the number of shares pledged, and the amount of money advanced thereon, and shall be conditioned for the payment, at the stated meetings of the corporation, of the monthly dues on said shares, and the interest and premiums upon the loan, together with all fines on payments in arrears, until said loan has been repaid; provided, that the shares, without other security, may, in the discretion of the directors, be pledged as security for loans, to an amount not exceeding their value as adjusted in the last adjustment and valuation of shares before the time of the loan. If the borrower neglects to offer security, satisfactory to the directors, within the time prescribed by the by-laws, his right to the loan shall be forfeited, and he shall be charged with one month's interest and one month's premium at the rate bid by him, together with all expenses, if any, incurred, and the money appropriated for such loan may be relaned at the next or any subsequent meeting. **Any such note and mortgage taken by any loan and building association, in the discretion of the directors thereof, be assigned to the Home Owners' Loan Corporation as created by an Act of Congress known as the Home Owners' Loan Act of 1933, in exchange for bonds issued or to be issued by said Home Owners' Loan Corporation or said note and mortgage so taken by any loan and building association may, in the discretion of its directors, be exchanged for said bonds so issued or to be issued by the Home Owners' Loan Corporation under the provisions of said Act of Congress known as Home Owners' Loan Act of 1933, approved June 13, 1933.'**

Emergency clause. In view of the emergency as set forth in the above preamble, this act shall take effect when approved.