

MAINE STATE LEGISLATURE

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DECEMBER 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. 98

S. P. 20

In Senate, Dec. 6, 1933.

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

ROYDEN V. BROWN, Secretary.

Presented by Senator Robie of Cumberland.

STATE OF MAINE

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

AN ACT Limiting Loans and Investments by Trust Companies on Mortgages on Real Property.

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

R. S., c. 57, amended. Chapter 57 of the revised statutes is hereby amended by adding thereto a new section to be numbered 61-A and to read as follows:

'Sec. 61-A. Limitations on loans or investments by trust companies based upon real property mortgages. A trust company may lend upon or invest in the security of mortgages upon real property as (1) are first liens on unencumbered improved real property, including improved farm land, situated within the state, and (2) do not exceed 60% of the actual value of such real property, and (3) become due within 10 years after the making of such loan or investment, unless amortized in equal annual instalments over a period not exceeding 15 years after the making of such loan or investment. Any building which is upon, and is included in the valuation of, such real property shall be insured against loss by fire, to the benefit of such trust company, by the borrower or mortgagor during the term of the mortgage, in a company which is authorized to do business in Maine and is approved by the trust company making the investment. It shall be lawful for a trust company to renew such policies, at the expense of the borrower or mortgagor, from year to year, or for a longer or a shorter period,

not, however, exceeding the term of the obligation, in case he shall fail to do so. All necessary charges and expenses paid by such trust company for such renewals shall be paid by such borrower or mortgagor. In case such borrower or mortgagor shall refuse, upon demand, to pay such charges and expenses, they shall be added to the amount secured by the mortgage, and shall, together with interest from the date of the payment of such charges and expenses, constitute a lien upon the property so mortgaged. All expenses of searches, examinations, certificates of title, or appraisal of actual value, and all expenses of drawing and recording of papers, shall be paid by such mortgagor or borrower. The actual value of the real property shall be determined by 2 reputable persons, especially familiar with real property values in the vicinity of the particular property to be appraised, selected from or approved by the board of directors. They shall inspect the property, and shall state, in writing, that the actual value of the real property inspected, to the best of their judgment, is as stated. Such report shall be filed and preserved among the records of the trust company. The restrictions imposed by this section shall not apply to public utility, railroad, or industrial bonds, or other securities, commonly known as investment securities, although such bonds may be secured in whole or in part by a mortgage upon real property.'