

MAINE STATE LEGISLATURE

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EIGHTY - SEVENTH LEGISLATURE

Legislative Document

No. 14

S. P. 86

In Senate, January 9, 1935.

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

ROYDEN V. BROWN, Secretary.

Presented by Senator Pinansky of Cumberland.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
THIRTY-FIVE

AN ACT to Amend the Law Relating to Savings Banks Investments.

Emergency preamble. Whereas, Congress passed an Act, approved June 27, 1934, entitled the "National Housing Act," for the purpose of improving housing standards and conditions, providing a system of mutual home mortgage insurance and authorizing the establishment of national mortgage associations, in order to facilitate home ownership, to create a sound mortgage market, and to establish a sound credit system; and

Whereas, savings banks and institutions for savings in this state have not sufficient authority under the existing laws to make insured mortgage loans pursuant to Title II of the National Housing Act, or to invest in such mortgages or in bonds of national mortgage associations; and

Whereas, the absence of statutory provision expressly authorizing savings banks and institutions for savings to invest in said bonds is detrimental to the operation of the Federal Housing Administration in the state in its above efforts; and

Whereas, savings banks and institutions for savings in this state have not sufficient authority under the existing laws to make insured personal loans for the purpose of financing alterations, repairs, and improvements upon real property pursuant to Title I of the National Housing Act; 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:

Sec. 1. R. S., c. 57, § 27, ¶ XIV, amended. Paragraph XIV of section 27 of chapter 57 of the revised statutes is hereby amended to read as follows:

'XIV. Mortgage loans. In notes or bonds secured by first mortgages of real estate in Maine, New Hampshire, Massachusetts, Rhode Island, Connecticut, and Vermont, to an amount not exceeding 60% of the market value of such real estate, or in notes or bonds secured by first mortgages which the Federal Housing Administrator has insured or has made a commitment to insure under the provisions of Title II of the National Housing Act, approved June 27, 1934. No bank shall have more than 60% of its deposits invested in such mortgages.'

Sec. 2. R. S., c. 57, § 27, additional. Section 27 of chapter 57 of the revised statutes is hereby amended by adding thereto a new paragraph to read as follows:

'XXIII. National mortgage associations. In the bonds or other interest-bearing obligations of national mortgage associations or similar credit institutions now or hereafter organized under the provisions of Title II of the National Housing Act, approved June 27, 1934.'

Sec. 3. R. S., c. 57, § 27, ¶ XIX, amended. Paragraph XIX of section 27 of chapter 57 of the revised statutes is hereby amended to read as follows:

'XIX. Personal loans. In a note or notes of a responsible individual borrower with 2 substantial sureties or endorsers, approved by the board of trustees, in an amount not exceeding \$1,000 directly or indirectly for any one individual, or in a note or notes of a responsible individual borrower that are eligible for insurance under the National Housing Act and on which reasonable application for insurance is made under the provisions of Title I of the National Housing Act, approved June 27, 1934. The aggregate of such loans shall not exceed 5% of its deposits.'

Emergency clause. In view of the emergency cited in the preamble, this act shall take effect when approved.