

MAINE STATE LEGISLATURE

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(New Draft of S.P. 825, L.D. 1928)
SECOND REGULAR SESSION

ONE HUNDRED AND TENTH LEGISLATURE

Legislative Document

No. 2083

S. P. 942 In Senate, March 19, 1982
Reported by Senator Sutton of Oxford from the Committee on Business Legislation. Printed under Joint Rules No. 2.
MAY M. ROSS, Secretary of the Senate

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND EIGHTY-TWO

AN ACT to Amend the Banking Code
Regarding the Investment and Lending
Powers of Thrift Institutions and
Regarding Service Corporations.

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

Sec. 1. 9-B MRSA §131, sub-§37, as amended by PL 1981, c. 352, §1, is further amended to read:

37. Service corporation. "Service corporation" means a corporation substantially all the activities of which consist of originating, purchasing, selling and servicing loans and participation interests therein; or clerical, bookkeeping, accounting and statistical or similar functions related to a financial institution or real estate activities; or management, personnel, marketing or investment counseling related to a financial institution or real estate activities; or establishing or operating one or more satellite facilities; or any activity authorized by the superintendent by regulation which activity has been authorized under fed-

1 eral law for service corporations owned or controlled by
2 federally-chartered savings and loan associations or
3 federally-chartered savings banks. The purpose of authoriz-
4 ing any such activity is to maintain competitive equality
5 between federally-chartered and state-chartered insti-
6 tutions.

7 Sec. 2. 9-B MRSA §534-A is enacted to read:

8 §534-A. Commercial loans

9 1. Authorization. A savings bank may make commercial
10 loans.

11 2. Limitations. Loans to any one borrower pursuant to
12 this section shall not exceed 1% of the bank's deposits.
13 The aggregate amount of these loans shall not exceed 10% of
14 the deposits of the bank, except as provided in section 537.

15 Sec. 3. 9-B MRSA §535, as amended by PL 1977, c. 152,
16 §5-A, is further amended to read:

17 §535. Loan participations

18 1. Authorization. A savings bank may purchase a
19 participation interest in any loan, other than a real estate
20 mortgage loan, originated by a commercial bank authorized to
21 do business in this State, subject to the restrictions set
22 forth in subsections 2 and 3. Participations in real estate
23 mortgage loans shall be pursuant to section 434.

24 2. Conditions. A participation interest purchased
25 pursuant to this section shall meet the following condi-
26 tions:

27 A. It shall not exceed 75% of the amount of the loan,
28 and the selling bank seller shall maintain at all times
29 a minimum participation of 25% of the outstanding loan
30 balance;

31 B. It shall be evidenced by a participation certifi-
32 cate signed by the selling bank seller;

33 C. It shall be subject to a specific repayment sched-
34 ule;

35 D. If the loan in which the participation interest is
36 sold is a commercial loan, the selling bank seller
37 shall prepare and supply to the purchasing savings bank
38 a comprehensive analysis of balance sheets, earnings

1 statements and surplus reconciliations covering the
2 most recent 5 years of the borrower's operations, or
3 for the number of years in operation if less than 5
4 years; and

5 E. The selling bank seller shall annually supply to
6 the savings bank a report of the loan, its security, if
7 any, and the financial status of the borrower.

8 3. Limitations. Total participations in loans to any
9 one borrower shall not exceed 1% of the bank's deposits; and
10 the aggregate amount of such loans shall not exceed 10% of
11 the deposits of the bank, except as provided in section 537.

12 Sec. 4. 9-B MRSA §537, sub-§2, as enacted by PL 1975,
13 c. 500, §1, is amended to read:

14 2. Change in loan limitations. The superintendent may
15 by regulation adjust the percentage limitations contained in
16 sections 534, 534-A, 535 and 536; provided that at no time
17 shall may the total loans outstanding under sections 534,
18 534-A, 535 and 536 exceed 30% 40% of the deposits of a
19 savings bank.

20 Sec. 5. 9-B MRSA §542, sub-§1, as amended by PL 1979,
21 c. 663, §45, is further amended to read:

22 1. Limitations. In addition to real estate owned for
23 offices and facilities pursuant to section 337, a savings
24 bank may ~~invest in or otherwise hold real estate located~~
25 ~~anywhere within the State the book value of which, acquire~~
26 ~~real estate or interests in real estate which is located~~
27 ~~within the State by mortgage foreclosure, purchase or by any~~
28 ~~other means, and may hold the real estate or interests in~~
29 ~~real estate for investment purposes and may improve,~~
30 ~~develop, lease, contract, convey and otherwise deal with the~~
31 ~~real estate or interests in real estate, so long as the book~~
32 ~~value of the real estate, together with real estate invested~~
33 ~~in pursuant to section 337, shall not exceed 60% of its~~
34 ~~total capital and reserves in the case of a bank organized~~
35 ~~pursuant to chapter 31, or 60% of its surplus account in a~~
36 ~~bank organized pursuant to chapter 32; provided that the~~
37 ~~superintendent may approve in writing an additional percent-~~
38 ~~age. The percentage limitations in this subsection are~~
39 ~~cumulative to the percentage limitations in section 445,~~
40 ~~subsection 2.~~

41 Sec. 6. 9-B MRSA §554, sub-§2, as amended by PL 1975,
42 c. 666, §24, is further amended to read:

1 2. Limitations. An institution shall not acquire or
2 hold stock and obligations described in subsection 1 both by
3 way of investment and as security for loans in excess of 10%
4 30% of its deposits; nor shall it acquire or hold stock and
5 obligations of any one bank or holding company not operating
6 in this State in excess of 1% 5% of its deposits; nor shall
7 it acquire or hold such stock in excess of 10% of the capi-
8 tal stock of any one bank or holding company; provided, ~~how-~~
9 ~~ever,~~ that nothing in this section shall may be construed to
10 prohibit the acquisition or holding of shares pursuant to
11 chapters 35 and 101.

12 **Sec. 7.** 9-B MRSA §556, as enacted by PL 1975, c. 500,
13 §1, is amended by adding at the end the following new sen-
14 tence:

15 This section does not limit the authority of savings banks
16 and savings and loan associations to invest in securities
17 specifically regulated by this chapter; rather, this section
18 gives additional authority to invest 10% in any type of pru-
19 dent security.

20 **Sec. 8.** 9-B MRSA §641, as enacted by PL 1975, c. 500,
21 §1, is repealed and the following enacted in its place:

22 §641. Real and personal property

23 In addition to real estate owned for offices and facil-
24 ities pursuant to section 337, a trust company may acquire
25 all property, real, personal and mixed, by mortgage foreclo-
26 sure, purchase or by any other means, and may hold the prop-
27 erty for investment purposes and may improve, develop,
28 lease, contract, convey and otherwise deal with the prop-
29 erty.

30 **Sec. 9.** 9-B MRSA §734-A is enacted to read:

31 §734-A. Commercial loans

32 1. Authorization. A savings and loan association may
33 make commercial loans.

34 2. Limitations. Loans made to any one borrower pur-
35 suant to this section shall not exceed 1% of the associa-
36 tion's deposits. The aggregate amount of these loans shall
37 not exceed 10% of the deposits of the association, except as
38 provided in section 737.

39 **Sec. 10.** 9-B MRSA §735, as enacted by PL 1975, c.
40 500, §1, is amended to read:

1 §735. Loan participations

2 1. Authorization. A savings and loan association may
3 purchase a participation interest in any loan originated by
4 a commercial bank authorized to do business in this State,
5 subject to the restrictions set forth in subsections 2 and
6 3.

7 2. Conditions. A participation interest purchased
8 pursuant to this section shall meet the following condi-
9 tions:

10 A. It shall not exceed 75% of the amount of the loan
11 and the selling bank seller shall maintain at all times
12 a minimum participation of 25% of the outstanding loan
13 balance;

14 B. It shall be evidenced by a participation certifi-
15 cate signed by the selling bank seller;

16 C. It shall be subject to a specific repayment sched-
17 ule;

18 D. If the loan in which the participation interest is
19 sold is a commercial loan, the selling bank seller
20 shall prepare and supply to the purchasing association
21 a comprehensive analysis of balance sheets, earnings
22 statements and surplus reconciliations covering the
23 most recent 5 years of the borrower's operations, or
24 for the number of years in operation if less than 5
25 years; and

26 E. The selling bank seller shall annually supply to
27 the association a report of the loan, its security, if
28 any, and the financial status of the borrower.

29 3. Limitations. Total participations in loans to any
30 one borrower shall not exceed 1% of the association's depos-
31 its; and the aggregate amount of such loans shall not exceed
32 10% of the deposits of the association, except as provided
33 in section 737.

34 Sec. 11. 9-B MRSA §737, sub-§2, as enacted by PL 1975,
35 c. 500, §1, is amended to read:

36 2. Change in loan limitations. The superintendent may
37 by regulation adjust the percentage limitations contained in
38 sections 734, 734-A, 735 and 736; provided that at no time
39 ~~shall~~ may the total loans outstanding under sections 734,
40 734-A, 735 and 736 exceed 30% 40% of the deposits of a
41 savings and loan association.

