

MAINE STATE LEGISLATURE

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N I N E T Y - F O U R T H L E G I S L A T U R E

Legislative Document

No. 1358

H. P. 1970

House of Representatives, March 15, 1949

Mr. Campbell of Augusta moved to refer to Committee on Banks and Banking. Tabled pending motion. On motion of Mr. Burgess of Limestone ordered printed.

HARVEY R. PEASE, Clerk

Presented by Mr. Campbell of Augusta.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
FORTY-NINE

AN ACT Creating the Development Credit Corporation of Maine.

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

Sec. 1. Corporators; corporate name; powers and privileges. Robert Braun, H. Nelson McDougall, E. Spencer Miller, Robert L. Getchell, Roland E. Irish, Arthur F. Maxwell, Frederick G. Payne, William B. Skelton, George W. Lane, Jr., William S. Newell, Russell B. Spear, Harold F. Schnurle, William F. Wyman, Frederick R. Knauff, Stewart J. Upton, George D. Everett, Curtis M. Hutchins, Robert N. Haskell, Andrew J. Beck, Harry E. Umphrey, James M. Pierce, Raymond W. Davis and Harold R. Stone, or such of them as may vote to accept this charter, with their associates, successors and assigns, are hereby made a body corporate to be known as "Development Credit Corporation of Maine," and as such shall have the power to enact suitable by-laws and regulations, not inconsistent with the general laws of the state, and elect such officers as it deems desirable to effect its corporate purposes and be possessed of all the powers, privileges and immunities conferred on corporations by the general laws relating to corporations.

Sec. 2. Principal office. The principal office and place of business in Maine is to be located in the city of Augusta, in the county of Kennebec,

or as fixed by the directors, and the corporation may establish branch offices.

Sec. 3. Purposes and general powers. The purposes of this corporation shall be to promote, aid and, through the united efforts of the institutions and corporations which shall from time to time become members thereof, develop and advance the industrial and business prosperity and welfare of the state of Maine; to encourage new industries; to stimulate and help to expand all kinds of business ventures which tend to promote the growth and thrift of the state; to act whenever and wherever deemed by it advisable in conjunction with other organizations, the objects of which are the promotion of industrial, agricultural or recreational developments within the state; and to furnish for approved and deserving applicants ready and required money for the carrying on and development of every kind of business or industrial undertaking whereby a medium of credit is established not otherwise readily available therefor; and in furtherance of such purposes, and in addition to the powers conferred by the general laws relating to corporations, this corporation shall, subject to the restrictions and limitations herein contained, have the following powers:

I. To borrow money from any bank, banking institution or insurance company within the state which shall be members of this corporation and to pledge bonds, notes and other securities as collateral therefor; provided, that in no case shall the amount so loaned by any member exceed the limit as hereinafter defined.

II. To lend money upon secured or unsecured applications; provided, that it shall not be the purpose hereof to take from the banking institutions within the state any such loans or commitments as may be desired by such institutions generally in the ordinary course of their business.

III. To establish and regulate the terms and conditions of any such loans and charges for interest or service connected therewith.

IV. To purchase, hold, lease and otherwise acquire and convey such real estate as may, from time to time, be acquired by it in satisfaction of debts or may be acquired by it in the foreclosure of mortgages thereon or upon judgments for debts or in settlements to secure debts.

Sec. 4. Capital stock. The capital stock of this corporation shall be \$50,000 divided into 500 shares of the par value of \$100. At least 25% of such capital stock shall be paid into the treasury of the corporation in cash before the corporation shall be authorized to transact any business other than such as relates to its organization.

Sec. 5. Directors. All the corporate powers of this corporation shall be exercised by a board of not less than 15 directors who shall be residents of this state. The chairman of the Maine development commission shall be, ex officio, a director with all the authority but without the liability as such, except for gross negligence or wilful misconduct. The number of directors and their term of office shall be determined by the stockholders at the 1st meeting held by the incorporators and at each annual meeting thereafter. In the first instance the directors shall be elected by the stockholders to serve until the 1st annual meeting. At the 1st annual meeting, and at each annual meeting thereafter, $\frac{1}{3}$ of the directors shall be elected by a vote of the stockholders and the remaining $\frac{2}{3}$ thereof shall be elected by members of the corporation herein provided for, each member having one vote and each member having a loan limit as herein defined of more than \$50,000 having one additional vote. The removal of any director from this state shall immediately vacate his office. If any vacancy occurs in the board of directors through death, resignation or otherwise, the remaining directors may elect a person to fill the vacancy until the next annual meeting of the corporation. The directors shall be annually sworn to the proper discharge of their duties and they shall hold office until others are elected or appointed and qualified in their stead.

Sec. 6. Members; limitation and apportionment of loans by members; withdrawal. The members of the corporation shall consist of such banks, banking institutions and insurance companies within the state as may make application to this corporation to lend funds to it upon call and up to the limit herein provided.

Each member shall lend funds to this corporation as and when called upon by it to do so, but the total amount on loan by any member at any one time shall not exceed the following limit, to be determined as of the time of its becoming a member: for commercial banks and trust companies, $2\frac{1}{2}\%$ of capital and surplus; for savings banks, $2\frac{1}{2}\%$ of reserve funds; for loan and building associations, $2\frac{1}{2}\%$ of guaranty funds; for insurance companies, 2% of invested assets; and comparable limits for other banking institutions.

All loans limits shall be established as the thousand dollar amount nearest to the amount computed on an actual basis.

All calls when made by this corporation shall be pro rated among the members in the same proportion that the maximum lending limit of each bears to the aggregate maximum lending limit of all members.

Upon notice given 5 years in advance a member of the corporation may

withdraw from membership in the corporation at the expiration date of such notice and from said expiration date shall be free from obligations hereunder except as to those accrued prior to said expiration date.

Sec. 7. Surplus. This corporation shall set apart as a surplus not less than 10% of its net earnings in each and every year until such surplus, with any unimpaired surplus paid in, shall amount to $\frac{1}{2}$ of the capital stock. The said surplus shall be kept to secure against losses and contingencies, and whenever the same becomes impaired it shall be reimbursed in the manner provided for its accumulation.

Sec. 8. Restrictions; forfeiture of charter. This corporation shall not deposit any of its funds in any banking institution unless such institution has been designated as a depository by a vote of a majority of the directors, exclusive of any director who is an officer or director of the depository so designated. This corporation shall not receive money on deposit. No loans shall be made directly or indirectly to any officer of the corporation or to any firm of which such officer is a member.

If this corporation shall fail to commence business within 2 years from the effective date hereof then this act shall become null and void.

Sec. 9. Supervision and control. This corporation shall be subject to the examination, supervision and control of the bank commissioner and shall make such report of its condition from time to time as the bank commissioner shall require.

Sec. 10. First meeting; how called. Any three of the incorporators named in this act may call the 1st meeting of the corporation by mailing a written notice signed by said 3 incorporators, postage prepaid, to each of the other incorporators, 5 days at least before the day of the meeting, naming the time, place and purpose of such meeting; and at such meeting the necessary officers may be chosen, by-laws adopted and other corporate business transacted; provided, that without such call all such incorporators may meet voluntarily at any time and effect their organization by electing officers, adopting by-laws and transacting other lawful business.