

MAINE STATE LEGISLATURE

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REVISED STATUTES

OF THE

STATE OF MAINE

1954

1961 CUMULATIVE SUPPLEMENT

ANNOTATED

IN FIVE VOLUMES

VOLUME 2

Discard Previous Pocket Part Supplement

THE MICHIE COMPANY
CHARLOTTESVILLE, VIRGINIA
1961

first paragraph, inserted the references to educational television or radio stations in the first paragraph and made other minor changes in that paragraph.

The general plan established by the legislature in the enabling act is not altered by chapter 430. See *Martin v. Maine Savings Bank*, 154 Me. 259, 147 A. (2d) 131.

Chapter 430 of P. L. 1957 supplements the M. I. B. A. Enabling Act P. L. 1957, chapter 421 in matters of detail and has no life or purpose apart from the enabling act. *Martin v. Maine Savings Bank*, 154 Me. 259, 147 A. (2d) 131.

Chapter 55.

Credit Unions.

Sec. 1. Definitions.—The following words and phrases used in this chapter, unless a different meaning is plainly required by the context, shall have the following meanings:

I. Commissioner. “Commissioner” means the bank commissioner.

II. Credit union. “Credit union” means a corporation organized under this chapter or corresponding provisions of earlier laws.

III. Department. “Department” or “banking department” means the department of banks and banking.

IV. Field of membership. “Field of membership” means those persons having a common bond of occupation or association; residence within a well-defined neighborhood, community or rural district; employment of a common employer; membership in a bonafide fraternal, religious, cooperative, labor, rural, educational, or similar organization; and members of the immediate family of such persons. (R. S. c. 51. 1945, c. 273. 1961, c. 147, § 1.)

Effect of amendment.—The 1961 amendment rewrote this section.

Sec. 2. Incorporation, organization, etc. — Ten or more resident persons of the State may apply to the commissioner for permission to organize a credit union for the purposes of promoting thrift among its members and creating a source of credit for them at legitimate rates of interest, for provident and productive purposes.

A credit union shall be organized in the following manner:

I. Organization; fee. Other than as provided herein, credit unions shall be organized under chapter 53, section 8 and subsequent sections. The fee for filing and recording the articles of organization, including the issuing by the Secretary of State of the certificate of incorporation, shall be \$25.

II. Certificate of organization. The applicants shall execute in quadruplicate a certificate of organization by the terms of which they agree to be bound. The certificate shall state:

A. the name of the proposed credit union, which shall include the words “credit union,” and its location;

B. the names and addresses of the subscribers to the certificate and the number of shares subscribed for by each;

C. the proposed field of membership.

III. By-laws. They shall next prepare and adopt by-laws, consistent with this chapter, for the general supervision of the credit union and execute the same in duplicate.

IV. Duty of commissioner. When any such certificate of organization and by-laws, in proper form, shall have been filed with the commissioner, and prior to approval of such certificate, he shall ascertain, by such investigation as he may deem necessary, that:

- A. the organization certificate and by-laws conform to this chapter;
- B. the character, responsibility and general fitness of the persons named in such certificate are such as to reasonably assure the proper conduct of the affairs and operation of a credit union.
- C. the proposed field of membership provides a common bond of interest and a potential membership such as will reasonably assure success of the credit union;
- D. the proposed credit union will not materially jeopardize the financial stability of any existing credit union.

V. Approval or disapproval. After making such investigation, the commissioner shall, within 90 days after the filing of the certificate of organization, endorse upon each certificate, over his official signature, the word "Approved" or "Disapproved" as the case may be, and shall forthwith notify the proposed organizers. In the case of approval, one of the quadruplicate certificates shall be filed by the commissioner in his own office, the 2nd with the secretary of state, the 3rd with the attorney general and the 4th shall be returned to the organizers. Such certificate so returned shall constitute the authorization to commence business. In case of disapproval, the reasons therefor shall be set forth.

VI. Commence business within 6 months. Any credit union which shall not commence business within 6 months after the date on which its approved certificate of organization is issued shall forfeit its rights and privileges as a credit union and its corporate powers shall cease, which fact the commissioner shall certify to the secretary of state, provided that the commissioner may, for satisfactory cause to him shown, extend by order for not more than one year the time within which business may be commenced, such order to be so certified and filed as in the case of the organization certificate. (R. S. c. 51. 1945, c. 273. 1961, c. 147, § 2.)

Effect of amendment.—The 1961 amendment rewrote this section.

Sec. 3. Supervision and examination.—Credit unions shall be under the supervision of the commissioner and chapter 59, sections 1-D, H, I, J and K, shall be applicable to credit unions in the same manner that they apply to financial institutions. Semiannual assessments required by section 1-D shall be computed in the manner prescribed therein for loan and building associations. (R. S. c. 51. 1945, c. 273. 1961, c. 147, § 3; c. 385, § 15.)

Effect of amendments.—Chapter 147, P. L. 1961, deleted the former first sentence of this section. Chapter 385, P. L. 1961, rewrote this section without recognition of c. 147. As far as possible effect has been given to both amendments in the section as set out above.

Sec. 10. Capital.—The capital of a credit union shall be unlimited in amount and shall consist of shares which may be subscribed for and paid for in such manner as the by-laws shall prescribe. The par value of the shares shall be \$5. The maximum amount of shares which may be held by any one member shall be established from time to time by resolution of the board of directors. A credit union may require from a member 90 days' notice of his intention to withdraw any funds which he may have in the said credit union. Subsection V of section 19-G of chapter 59, with reference to joint accounts, shall apply to credit unions. (R. S. c. 51. 1945, c. 273. 1955, c. 380, § 3. 1957, c. 34.)

Effect of amendments. — The 1955 amendment substituted, in the last sentence, the reference to subsection V of § 19-G of chapter 59 for a reference to § 40 of chapter 59. The 1957 amendment deleted a former clause which provided that at no time shall the amount held by any one member exceed \$2,500 in shares.

Sec. 16. Powers and duties of directors.—The board of directors shall have the general direction of the affairs of the corporation and shall meet as often as may be necessary, but not less than once each month. It shall act upon all applications for membership and upon the expulsion of members; determine the rate of interest on loans subject to the limitations contained in this chapter; shall decide on all applications for real estate mortgage loans after receipt of the certification by the credit committee of the application in the manner hereinafter provided; shall fill vacancies in the board of directors and committees until the next annual election. It shall make recommendations to the members of the credit union relative to the maximum amount to be loaned to any 1 member; the advisability of declaring a dividend and the amount to be declared; the need of amendments to the by-laws and other matters upon which, in its opinion, the members should act at any regular or special meeting. The board of directors may borrow money for and in behalf of the credit union. It may by a 2/3 vote remove from office for cause any officer. (R. S. c. 51. 1945, c. 273. 1957, c. 33.)

Effect of amendment.—The 1957 amendment struck out the words “with the approval of the commissioner” which appeared in the next to the last sentence of this section.

Sec. 20. Investment of funds.

Subject to the approval of the board of directors, the capital and surplus may be invested in loans to other credit unions located in this state, provided that loans outstanding at any one time to any one credit union shall not exceed 10% of the share capital of the lending credit union.

Credit unions organized under private and special laws shall have the authority granted by this section, in addition to such other investment authority as they now possess. (R. S. c. 51. 1945, c. 273. 1961, c. 147, § 4.)

Effect of amendment.—The 1961 amendment added the second and third paragraphs to this section. As the first paragraph of the section was not affected by the amendment, it is not set out.

Sec. 21. Powers and duties of credit committee.

V. Loan officers. When so provided by the by-laws, the credit committee may appoint one or more loan officers who may receive such compensation as may be provided by the board of directors. The credit committee may delegate to the loan officer or officers such authority, as is within the limits set for the committee by the board of directors, as they may vote. The authority granted to any loan officer shall be reported to and included in the minutes of the meetings of the board of directors. No loan officer shall disapprove any loan application, but shall refer such applications to the full committee. All loan officers shall furnish to the credit committee a record of each application acted upon by him at the next meeting of said committee after the date of the filing of the application therefor. No loan officer shall have authority to disburse funds of the credit union for any loan approved by him in his capacity as loan officer.

No personal loan, other than those approved by loan officers, shall be made unless all of the members of the credit committee who are present when the application is considered, which number shall constitute at least $\frac{2}{3}$ of the members of said committee, approve said loan. No such loan shall be granted unless the members of said committee are satisfied that the loan promises to be of benefit to the borrower. (R. S. c. 51. 1945, c. 273. 1961, c. 147, §§ 5, 6.)

Effect of amendment.—The 1961 amendment added subsection V to this section, added “other than those approved by loan officers” following “no personal loan” at the beginning of the last paragraph, and added “such” following “no” at the beginning of the second sentence of such last paragraph. As the rest of the section was not affected by the amendment, it is not set out.

Sec. 23. Loans.—A credit union may make loans to members, subject to the following limitations:

I. Unsecured loans. Unsecured loans may be made up to \$200 or 10% of share capital, whichever is greater, but in no event in excess of \$750.

II. Secured loans. Secured loans may be made up to \$200 or 10% of share capital, whichever is greater, provided that the loan is adequately secured by a chattel mortgage or conditional sales contract on personal property or by the endorsement or guaranty of a responsible surety. Loans fully secured by a pledge of shares of the credit union may be made without limitation as to amount.

III. Secured by first mortgage on real estate. Loans secured by a first mortgage on real estate within the state may be made subject to the following restrictions:

A. The total liability of any member upon loans of this class shall not exceed 10% of the share capital of the credit union, nor shall it exceed \$15,000;

B. No such loan shall exceed 66 $\frac{2}{3}$ % of the value of the property mortgaged, as determined by the credit committee, except that this provision shall not apply to real estate loans insured by the federal housing administration.

C. The total amount which a credit union may invest in loans secured by first mortgages of real estate shall not exceed 25% of its share capital. (R. S. c. 51, 1945, c. 273. 1961, c. 147, § 7.)

Effect of amendment.—The 1961 amendment rewrote this section.

Sec. 24. Dividends.—A dividend may be declared by the board of directors from the earnings which have been earned during the dividend period next preceding such directors' meeting and which remain after the deduction of all expenses and the amounts required to be set apart to the guaranty fund, or such dividend may be declared in whole or in part from the undivided earnings of preceding years remaining after the aforesaid deductions for said years. (1961, c. 147, § 8.)

Effect of amendment.—The 1961 amendment rewrote the first paragraph of this section.

As the rest of the section was not affected by the amendment, it is not set out.

Chapter 56-A.

Fish Marketing Act.

Effective date. — The act adding this chapter became effective on its approval, May 19, 1959.

Sections 1- 8. General Provisions and Definitions.

Sections 9-26. Formation, Articles and Bylaws.

Sections 27-35. Officers.

Sections 36-40. Members.

Sections 41-47. Stock.

Sections 48-58. Powers.

Sections 59-65. Marketing Contracts.

Section 66. Title.

General Provisions and Definitions.

Sec. 1. Purposes.—This chapter is enacted in order to promote, foster and encourage the intelligent and orderly marketing of fish and fishery products