

MAINE STATE LEGISLATURE

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REVISED STATUTES
OF THE
STATE OF MAINE
1954

1963 CUMULATIVE SUPPLEMENT

ANNOTATED

IN FIVE VOLUMES

VOLUME 2

Discard Previous Supplement

THE MICHIE COMPANY
CHARLOTTESVILLE, VIRGINIA
1963

Proprietors of Lands and Wharves.

Sec. 25. Prosecution and defense of actions. — The proprietors may prosecute and defend civil actions by their agent, and the certificate of the proprietors' clerk is evidence of such agency. (R. S. c. 50, § 24. 1963, c. 414, § 38.)

Effect of amendment.—The 1963 amendment substituted "civil actions" for "suits."

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, sections 8 to 15. 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; c. 417, § 146.)

Effect of amendments.—The first 1961 8 to 15" for "section 8 and subsequent sec-
amendment rewrote this section. The sec- tions" at the end of the first sentence of
ond 1961 amendment substituted "sections subsection I.

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; c. 417, § 147.)

Effect of amendments.—Chapter 147, P. 147. Chapter 417, P. L. 1961, which re-
L. 1961, deleted the former first sentence ferred to both prior 1961 amendments,
of this section. Chapter 385, P. L. 1961, again deleted the former first sentence of
wrote this section without recognition of c. this section.

Sec. 4. Credit union banking.—No person, partnership or association and no corporation except one incorporated under the provisions of this chapter or the corresponding provisions of earlier laws shall receive payments on shares from its members and loan such payments on shares and transact business under any name or title containing the words "credit union." Whoever violates any provision of this section shall be punished by a fine of not more than \$1,000, and the superior court shall have jurisdiction to grant appropriate equitable relief to enforce this section. (R. S. c. 51. 1945, c. 273. 1963, c. 414, § 39.)

Effect of amendment.—The 1963 amend- p-riate equitable relief" for "in equity by
ment substituted "superior court" for "su- any appropriate process" in such sentence
preme judicial and superior courts" in the and also deleted "the provisions of" near
last sentence, substituted "to grant appro- the end of such sentence.

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 es-

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. Chapter 59, section 19-G, subsection V, with reference to joint accounts, payments of account of deceased persons and loss of passbooks, shall apply to credit unions. (R. S. c. 51. 1945, c. 273. 1955, c. 380, § 3. 1957, c. 34. 1963, c. 110, § 1.)

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.

The 1963 amendment inserted "payments of account of deceased persons and loss of passbooks" in the last sentence and made other minor changes in such sentence.

Sec. 13. Meetings.—The annual meeting of the corporation shall be held at such time and place as the by-laws prescribe, but not later than 60 days after the close of the fiscal year. Special meetings may be called at any time by a majority of the directors and shall be called by the clerk upon written application of 10 or more members entitled to vote. Notice of all meetings of the corporation and of all meetings of the board of directors and of committees shall be given in the manner prescribed in the by-laws. No member shall be entitled to vote by proxy, except in a vote for dissolution, or have more than one vote.

A fraternal organization, voluntary association, partnership or corporation, having membership in a credit union, may cast 1 vote at any of its meetings by a duly delegated agent.

The members at each annual meeting may fix the maximum amount to be loaned to any 1 member and, upon recommendation of the board of directors, may declare dividends in accordance with the provisions of section 24. (R. S. c. 51. 1945, c. 273. 1963, c. 110, § 2.)

Effect of amendment.—The 1963 amendment substituted "60" for "30" in the first sentence and inserted "except in a vote

for dissolution" in the fourth sentence of the first paragraph.

Sec. 16. Powers and duties of directors.—The board of directors shall have the general management of the affairs, funds and records of the credit union and shall meet as often as may be necessary, but not less than once each month. It shall be the special duty of the directors:

I. Application for membership. To act upon applications for membership; or to appoint an executive committee or a membership officer from among the members of the credit union, other than the treasurer, an assistant treasurer or loan officer, who may be authorized by the board to approve applications for membership under such conditions as the board may prescribe; except that such committee or membership officer so authorized shall submit to the board at each monthly meeting a list of approved or pending applications for membership received since the previous monthly meeting; together with such other related information as the bylaws or board may require;

II. Bond. To purchase a blanket bond in an amount which is not less than an amount recommended by the bank commissioner, which shall be required of the treasurer and of each other officer and other employee having the custody of funds or property;

III. Rate of interest. To determine from time to time the rate of interest consistent with this chapter which shall be charged on loans;

IV. Dividends. To declare dividends in the way and manner as provided in the bylaws;

V. Number of shares. To limit the number of shares which may be owned by one member and such limitation shall apply alike to all members;

VI. Supervisory committee. To appoint a supervisory committee of not less than 3 members and not more than one may be a director;

VII. Vacancies. To fill vacancies occurring between annual meetings in the board of directors and in the credit committee and supervisory committee until the election or appointment and qualification of their successors;

VIII. Loans. To fix from time to time the maximum amount, both secured and unsecured, which may be loaned to any one member;

IX. Investment of surplus funds. To have charge of the investment of surplus funds;

X. Employees. To authorize the employment of such person or persons as may be necessary to carry on the business of the credit union and to fix the compensation of such employees including the treasurer;

XI. Conveyance of property. To authorize the conveyance of property;

XII. Borrow money. To borrow money to carry on the functions of the credit union;

XIII. Other duties. To perform such other duties as the members may from time to time require;

XIV. Depository for funds. To designate a depository or depositories for the funds of the credit union;

XV. Suspension of members of committees. To suspend any or all members of the credit and supervisory committees for failure to perform their duties;

XVI. Loan officers. To establish and provide for compensation of loan officers appointed by the credit committee and of auditing assistance requested by the supervisory committee; and

XVII. Other action. To perform or authorize any action consistent with this chapter not specifically reserved by the bylaws for the members. (R. S. c. 51. 1945, c. 273. 1957, c. 33. 1963, c. 110, § 3.)

Effect of amendments. — The 1957 sentence of this section, now substantially amendment struck out the words “with contained in subsection XII. the approval of the commissioner” which The 1963 amendment rewrote this section appeared in the former next to the last tion.

Sec. 17. Powers and duties of supervisory committee. — The supervisory committee shall keep fully informed at all times as to the financial condition of the credit union, shall examine or cause to be examined carefully the cash and accounts of the credit union quarterly, and shall report to the board of directors its findings, together with its recommendations. It shall, under regulations prescribed by the bank commissioner, cause to be verified the passbooks or accounts of the members of the credit union at least once in every 3 years. It shall hold meetings at least once quarterly, shall keep records thereof and shall make an annual report at the annual meeting of the members. (R. S. c. 51. 1945, c. 273. 1963, c. 110, § 4.)

Effect of amendment.—The 1963 amendment related to the powers and duties of the ment rewrote this section, which formerly auditing committee.

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.

A credit union may invest in real estate by the purchase of improved or unimproved real estate and in the erection or improvement of buildings thereon together with fixtures and equipment for the purpose of providing offices for the transaction of its business. Such buildings may include space for rental purposes. The cost to the credit union of such lands, buildings, fixtures and equipment shall not exceed 75% of the sum of such credit union’s surplus funds at the time such investment is made, unless the bank commissioner shall, for good

cause shown, on application therefor approve an amount in excess of said amount subject to such conditions as the bank commissioner may approve.

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. 1963, c. 110, § 5.)

Effect of amendments. — The 1961 amendment added the second and third (now fourth) paragraphs to this section. The 1963 amendment inserted the pres-

ent third paragraph.

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.—Annually or semiannually, as the bylaws may provide, and after provision for the required reserves, the board of directors may declare a dividend to be paid from the remaining net earnings or from accumulated undivided profits. Such dividends shall be paid on all paid-up shares outstanding at the end of the period for which the dividend is declared. Shares which become fully paid up during such dividend period and are outstanding at the close of the period shall be entitled to a proportional part of such dividend. Dividend credit for a month may be accrued on shares which are or become fully paid up during the first 10 days of that month. Dividends due to a member shall, at the discretion of the board of directors, be paid to him in cash or be credited to his account in shares. No dividend shall be authorized or paid at a rate in excess of 6% per year. (R. S. c. 51, 1945, c. 273. 1961, c. 147, § 8. 1963, c. 110, § 6.)

Effect of amendments. — The 1961 amendment rewrote the former first paragraph of this section. The 1963 amendment rewrote this section, which formerly consisted of two paragraphs.

Sec. 28. Power to borrow.—A credit union may borrow, from any source, in an amount not exceeding 50% of its paid in and unimpaired capital and surplus. (R. S. c. 51, 1945, c. 273. 1963, c. 110, § 7.)

Effect of amendment.—The 1963 amendment substituted “in an amount not exceeding 50% of its paid in and unimpaired capital and surplus” for “in total sum which shall not exceed 50% of its assets” at the end of this section.

Sec. 31. Dissolution.—

I. Voluntary. At a meeting especially called to consider the matter, a majority of the entire membership may vote to dissolve the credit union, provided a copy of the notice was mailed to the bank commissioner at least 10 days prior thereto. A member may cast his vote by proxy on forms prepared by the directors and mailed with the notice. The credit union shall thereupon immediately cease to do business except for the purposes of liquidation, and the president and secretary shall, within 5 days following such meeting, notify the bank commissioner of intention to liquidate and shall include a list of the names of the directors and officers of the credit union together with their addresses.

II. Involuntary. If it shall appear that any credit union is insolvent, or that it has violated any of the provisions of this chapter, the bank commissioner may, after holding a hearing or giving adequate opportunity for a hearing, order such credit union to correct such condition and shall grant it not less than 60 days within which to comply, and failure to do so shall afford the bank commissioner grounds for revocation of the certificate of organization and charter and for applying to the superior court of the county in which such credit union is located for the appointment of a receiver to close up the affairs of such credit union.

III. Liquidating procedure. The credit union shall continue in existence for the purpose of discharging its debts, collecting and distributing its assets and doing all the acts required in order to wind up its business and may sue and be sued for the purpose of enforcing such debts and obligations until its affairs are fully adjusted. The board of directors or receiver may sell or transfer the assets of the credit union to any other credit union, corporation, credit union league fund or other purchaser upon the written approval of the bank commissioner or court having jurisdiction in this matter. The board of di-

rectors or, in the case of involuntary dissolution, the receiver shall use the assets of the credit union to pay: First, expenses incidental to liquidation including any surety bond that may be required; 2nd, any liability due non-members; 3rd, savings club accounts. Assets then remaining, if any, shall be distributed to the members proportionately to the shareholders held by each member as of the date dissolution was voted.

As soon as the board of directors or the receiver determines that all assets from which there is a reasonable expectancy of realization have been liquidated and distributed as set forth in this section, they shall execute a certificate of dissolution on a form prescribed by the bank commissioner and file same with the secretary of state and the registry of deeds where the original certificate of organization is recorded. After recording, the board of directors shall forward it to the bank commissioner, whereupon such credit union shall be dissolved. (1963, c. 110, § 8.)

Chapter 56.

Consumer's Cooperative Act.

Voting.

Sec. 7. One member—One vote.

No voting agreement or other device to evade the one-member-one-vote rule shall be enforceable by a civil action. (R. S. c. 52, § 7. 1963, c. 414, § 40.)

Effect of amendment.—The 1963 amend- second paragraph.
ment substituted "by a civil action" for As the first paragraph was not affected
"at law or in equity" at the end of the 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 through cooperation; to eliminate speculation and waste; to make the distribution of fish and fishery products between producer and consumer as direct as can be efficiently done; and to stabilize the marketing of fish and fishery products. (1959, c. 74.)

Sec. 2. Definitions.—As used in this chapter:

I. "Association" means any corporation organized under this chapter.