

# MAINE STATE LEGISLATURE

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*Maine*  
REVISED STATUTES  
1964

*Prepared Under the Supervision  
of the  
Committee on Revision of Statutes*

Being the Tenth Revision of the  
Revised Statutes of the State  
of Maine, 1964

Volume 1  
CONSTITUTION

Titles 1 to 10



Boston, Mass.  
Boston Law Book Co.

Orford, N. H.  
Equity Publishing Corporation

St. Paul, Minn.  
West Publishing Co.

Text of Revised Statutes  
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by  
State of Maine

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<http://legislature.maine.gov/legis/statutes/>

## CHAPTER 149

## MEMBERSHIP, ACCOUNTS AND SHARES

Sec.

- 1701. Acts constituting membership.
- 1702. Types of shares and accounts.
- 1703. Limitation upon accounts.
- 1704. Minors.
- 1705. Payment of shares of deceased members.
- 1706. Shares and accounts as legal investments or security for bonds.
- 1707. Fiduciaries.
- 1708. Powers of attorney on accounts.
- 1709. Joint membership.
- 1710. Pledge of accounts in joint tenancy.
- 1711. Transfer of membership.
- 1712. Lost certificates and account books.
- 1713. Termination of membership.

**§ 1701. Acts constituting membership**

The members of an association shall be those in whose names accounts are established, and persons borrowing from or assuming or obligated upon a loan held by an association or purchasing property and assuming the secured loan held by an association. A joint and survivorship relationship and a successor relationship, whether investors or borrowers, shall constitute a single membership.

1961, c. 198, § 1; 1963, c. 85, § 2.

**§ 1702. Types of shares and accounts**

Membership in an association shall be evidenced by a share certificate, an account book or some other evidence of the account. An association may issue the following types of shares or accounts:

**1. Serial shares.** Serial shares having an ultimate value of \$200 may be issued quarterly, semiannually or annually, but no share of a prior series shall be issued after the opening of a new series.

**2. Full paid income shares or matured shares.** Full paid income shares or matured shares may be issued to members whose shares have reached maturity value.

**9 § 1702**      **BANKS—FINANCIAL INSTITUTIONS**      **Title 9**

**3. Permanent plan monthly installment shares.** Permanent plan monthly installment shares may be issued but shall have no maturity.

**4. Prepaid and investment shares and accounts.** Prepaid and investment shares and accounts may be issued in units of \$200 or multiples thereof.

**5. Savings shares and accounts.** Savings shares and accounts may be issued upon which payments and withdrawals may be made at the option of the members.

**6. Advance payment shares.** Advance payment shares which with the addition of dividends will mature them to the value of \$200.

1961, c. 198, § 1; 1963, c. 85, § 3.

**§ 1703.      Limitation upon accounts**

The board or any person duly authorized by it may refuse to accept any account and may limit the amount of payments which may be received on any account, except as otherwise provided.

By its bylaws or resolution of its board of directors, an association may limit the aggregate participation value of any member, provided that such limitation shall not apply:

**1. Pledged as security.** To an account which is pledged as security for the repayment of money due such association; or

**2. Exceeds limitation.** To an account which exceeds the aforesaid limitation at the time of enactment of this statute, but no additions other than dividends shall be made thereto; or

**3. How excess results.** When such excess results from the addition of dividends to any such account, or from the acquisition of an account by gift, will or inheritance; or from the acquisition of an account previously held as collateral security for the payment of an obligation; or from the acquisition by one association of the assets of another association; or

**4. Excess from reduction of capital.** When such excess results from a reduction in the capital of the association.

1961, c. 198, § 1.

**§ 1704.      Minors**

Minors may hold shares or accounts in associations and the value of such shares or accounts shall be paid to the person in

whose name the shares or accounts have been issued if such person is over the age of 15 years, and if not to his or her parent or guardian and the receipt or acquittance of such minor over 15 years of age or the parent or guardian of such minor less than 15 years of age shall be a valid and sufficient release and discharge of such association.

1961, c. 198, § 1.

### **§ 1705. Payment of shares of deceased members**

If any member shall die leaving in an association shares or accounts of a value not exceeding \$500 and no executor of his will or administrator of his estate has been appointed, the association may pay the balance of his or her shares or accounts to the surviving spouse, next of kin, funeral director or other preferred creditor or creditors who may appear entitled thereto. For any payment so made the association shall not be held liable to the decedent's executor or administrator thereafter appointed unless the payment shall have been made within 6 months after the decedent's death and an action to recover the amount shall have been commenced within one year after the date of payment.

1961, c. 198, § 1.

### **§ 1706. Shares and accounts as legal investments or security for bonds**

Subject to the application of the prudent man rule, administrators, executors, custodians, guardians, conservators, trustees and other fiduciaries of every kind and nature, insurance companies, business and manufacturing companies, banks, credit unions and all other types of financial institutions, charitable, educational, eleemosynary and public corporations and organizations, and municipalities and other public corporations and bodies, and public officials are specifically authorized and empowered to invest funds held by them in shares or accounts of any association operating pursuant to chapters 141 to 167. With respect to investments by custodians, associations hereby are deemed to be "banks" within the meaning of that term as used in the Uniform Gift to Minors Act of this State.

Whenever, under the laws of this State or otherwise, a deposit of securities is required for any purpose, the securities made legal investments by this section shall be acceptable for such deposits, and whenever, under the laws of this State or otherwise a bond is required with security such bond may be furnished,

**9 § 1706**      **BANKS—FINANCIAL INSTITUTIONS**      **Title 9**

and the securities made legal investments by this section in the amount of such bond, when deposited therewith, shall be acceptable as security without other security.

This section is supplemental to any and all other laws relating to and declaring what shall be legal investments for the persons, corporations, organizations and officials referred to in this section and the laws relating to the deposit of securities and the making and filing of bonds for any purpose.

1961, c. 198, § 1.

**§ 1707. Fiduciaries**

Whenever shares or accounts are held by a person designated on the records of an association as a fiduciary, it shall be conclusively presumed, in all dealings between the association and the fiduciary or any other persons, with respect to such shares or accounts, that a fiduciary relationship in fact exists, and that such fiduciary has power to invest money in the association, and to withdraw the same or any part thereof, and to transfer his membership to any other person. The receipt or acquittance of such fiduciary shall fully exonerate and discharge the association from all liability to any person having any interest in such shares or accounts and the association shall not be under any duty to see to the proper application of the trust property.

Upon the death or disability of any fiduciary, the value of his shares or accounts may be paid, at the option of the association, either to the executor, administrator, conservator or guardian of such fiduciary, or to any substituted fiduciary, or to the person, if any, who is designated on the records of the association as the beneficiary of such shares or accounts, if of the age of 15 years or upwards, or to the guardian or parent or person standing in loci parentis to such person if under the age of 15 years. The receipt or acquittance of any such person shall fully exonerate and discharge the association from all liability to any person having any interest in such shares or accounts, and the association shall not be under any duty to see to the proper application of the trust property.

1961, c. 198, § 1.

**§ 1708. Powers of attorney on accounts**

Any association may continue to recognize the authority of an attorney authorized in writing to manage or to make withdrawals either in whole or in part from the account of a member

until it receives written notice of the revocation of his authority. For the purposes of this section, written notice of the death or adjudication of incompetency of such member shall constitute written notice of revocation of the authority of his attorney. No association shall be liable for damages by reason of any payment made pursuant to this section.

1961, c. 198, § 1.

### § 1709. Joint membership

A single membership in an association may be held by 2 or more persons and shall be subject to section 515, as now or hereafter may be amended, and shall apply to all types of shares and accounts authorized for savings and loan associations.

1961, c. 198, § 1.

### § 1710. Pledge of accounts in joint tenancy

The pledge of all or part of an account in joint tenancy signed by that person or those persons who are authorized in writing to make withdrawals from the account shall, unless the terms of the account provide specifically to the contrary, be a valid pledge and transfer of that part of the account pledged, and shall not operate to sever or terminate the joint and survivorship ownership of all or any part of the account.

1961, c. 198, § 1; 1963, c. 85, § 4.

### § 1711. Transfer of membership

A member may transfer, absolutely or conditionally, his membership to any other person, subject to chapters 141 to 167, by a written assignment on form approved by the association accompanied by delivery of the evidence of the account. The evidence of the account shall mean the membership certificate, share certificate, account book or any other evidence of the account which may have been issued in connection with such membership. Every such transfer of membership shall be deemed to include the account and the evidence of the account issued in connection therewith. No such absolute transfer shall be effective against an association until such written assignment and the accompanying evidence of the account shall be delivered to the association with a request that it complete such transfer upon its records. No such conditional transfer shall be effective against an association unless and until it actually receives notice thereof in writing.

1961, c. 198, § 1.

**§ 1712.      Lost certificates and account books**

If an association receives a notice in writing that an account book or certificate of shares is lost, together with a request that a duplicate account book or certificate be issued, such notice and request being signed by the appropriate person or persons as provided, the association at the expiration of a period of 10 days from the receipt of such notice, if the missing book or certificate is not sooner presented, may issue a duplicate book of deposit or certificate to the persons signing said notice and request, and the delivery of such duplicate book or certificate relieves the association from all liability on account of the missing original account book or certificate. Such notice and request shall be signed:

**1. If issued to member.** If the book or certificate was issued to a member, then by him, an officer in the event of a corporation, or by a guardian, conservator, trustee, executor or administrator;

**2. If issued to 2 or more members.** If the book or certificate was issued to 2 or more members, then by all such members then surviving, or by the last survivor of such members; provided that a guardian or conservator shall sign for any of the foregoing persons respecting whom he has been appointed.

1961, c. 198, § 1.

**§ 1713.      Termination of membership**

Membership shall terminate when the amount of a member's shares or accounts has been paid in full to him or when the transfer of his membership to another person has been recorded on the books of the association, or when his status as a borrower from the association terminates.

1961, c. 198, § 1.