

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

**This document is from the files of the Office of
the Maine Attorney General as transferred to
the Maine State Law and Legislative Reference
Library on January 19, 2022**

yes ✓

August 30, 1967

Irl E. Withee, Deputy Commissioner

Banks and Banking

George C. West, Deputy

Attorney General

Organizing Credit Union

FACTS:

Recently a group of people attempted to organize a credit union, using a town with population of approximately 5,000 as a community.

QUESTION:

Is a town or municipality a community as the word is used in 9 M.R.S.A. § 2601, 4?

ANSWER:

See opinion for answer.

OPINION:

The question here raised evolves around the definition of "Field of Membership" set in 9 M.R.S.A. § 2601, 4.

"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 bona fide fraternal, religious, co-operative, labor, rural, educational or similar organization; and members of the immediate family of such persons."

The legislature has stated that a credit union in its formation must be composed of "persons having a common bond of occupation or association." It then goes on and limits "occupation or association" by further definition. "Occupation" is limited to a "common employer."

"Association" encompasses a much greater area or field. In addition to membership in several stated types of organizations, it covers "residence within a well-defined neighborhood, community or rural district."

The determination of what constitutes a "community" under 9 M.R.S.A. § 2601 is to be made by the Commissioner. It is a question of fact to be resolved by him upon application for permission to incorporate.

"Municipal boundaries are not determinative as to what constitutes a 'community' within purview of Small Loan Law requirement that granting of license promote convenience and advantage of 'community' and what the precise geographical area should be is question of fact to be resolved in proceedings on application for license to engage in small loan business." Household Finance Corp. v. Gaffney, 90 A 2d 85 (N.J.)

The persons seeking to organize this credit union claim a town or municipality is a "community." In some contexts this may be true. In banking law we can find no cases which state that the word "community" must be held to mean a town or municipality.

"Community in its ordinary and popular meaning does not mean township or other political subdivision; it means an area in which there is a community of people or interests, such as in this case banking interests or banking facilities."

"A community within the meaning of the Banking Code is not necessarily limited by municipal lines and boundaries, but may denote an area having common residential, social, business, commercial or industrial interests."

Upper Darby National Bank v. Myers (Pa) 124 A 2d 116 @ 119.

The Commissioner is correct in his determination that a municipality of approximately 5,000 population is not a "community" as the word is used in 9 M.R.S.A. § 2601, 4.

George C. West
Deputy Attorney General

GCW:H