

MAINE STATE LEGISLATURE

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ONE - HUNDRETH LEGISLATURE

Legislative Document

No. 1386

S. P. 404

In Senate, February 8, 1961

Referred to Committee on Business Legislation. Sent down for concurrence and ordered printed.

CHESTER T. WINSLOW, Secretary

Presented by Senator Brown of Hancock.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SIXTY-ONE

AN ACT Revising the Savings and Loan Laws.

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

Sec. 1. R. S., c. 59, §§ 157-A - 157-Z-36, additional. Chapter 59 of the Revised Statutes, as amended, is further amended by adding 62 new sections, to be numbered 157-A to 157-Z-36, to read as follows:

'Savings and Loan Associations.

Definitions

Sec. 157-A. Definitions. The following words and phrases used in sections 157-A to 157-Z-36, unless a different meaning is plainly required by the context, shall have the following meaning:

I. Association. "Association" shall mean any savings and loan, loan and building, building and loan association or any corporation, however named, now or hereafter operating pursuant to sections 157-A to 157-Z-36.

II. Commissioner. "Commissioner" shall mean the Bank Commissioner of the State of Maine, or such other official as may hereafter be charged by law with the supervision of savings and loan associations.

III. Federal association. "Federal association" shall mean a savings and loan association organized pursuant to an Act of Congress approved June 30, 1933, entitled "Home Owners' Loan Act of 1933" or any subsequent Act of Congress.

IV. Surplus funds. "Surplus funds" shall mean the net assets of an association in excess of all liabilities and withdrawable accounts.

V. **Withdrawable account.** "Withdrawable account" shall mean the amount credited to a member's shares or accounts, less lawful deductions therefrom, as shown by the records of the association.

Organization and Incorporation.

Sec. 157-B. **Organization.** Any number of persons, not less than 20, all of whom shall be residents of this State, may associate themselves in organizing an association in accordance with sections 157-A to 157-Z-36 for the purpose of promoting thrift and home building and ownership. Associations formed in accordance with sections 157-A to 157-Z-36 shall be known as Savings and Loan Associations, and the name of every association so formed shall contain as part thereof the words "Savings and Loan" or "Loan and Building".

Sec. 157-C. **Incorporation.** Persons associating themselves as provided in section 157-B shall execute quadruplicate certificates, to be sent to the commissioner, in which shall be set forth:

- I. The name of the proposed association;
- II. The proposed location of such association;
- III. The names, residences and occupations of the proposed incorporators;
- IV. The reasons why such an association is needed in that location.

A notice of intention in form prescribed by the commissioner to organize such association, signed by all the incorporators, shall be published once a week for 3 consecutive weeks in some newspaper published in the municipality where said association is to be located, if any, otherwise in such newspaper as the commissioner may order. The commissioner shall cause such notice to be given to associations within the area to be served by such proposed association and to any other person or corporation as in his judgment may be necessary.

When any such certificate of incorporation, in proper form, shall have been filed with the commissioner and the sum of \$500 shall have been paid to the Treasurer of State for deposit for use of the Bank Department as provided in section 2, the commissioner shall thereupon ascertain, by such special investigation as he may deem necessary, with or without public hearing: whether the character, responsibility and general fitness of the persons named in such certificate are such as to command the confidence of the community and to warrant belief that the business of the proposed association will be honestly and efficiently conducted; that public convenience and advantage will be promoted by the organization of such association and that such association has reasonable promise of sufficient volume of business for successful operation.

After making such determination, the commissioner shall, within 6 months after the filing of the certificate of incorporation, endorse upon each certificate, over his official signature, the word "Approved" or "Disapproved" as the case may be, and shall forthwith notify the proposed incorporators. 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 register

of deeds in the county where the association will have its principal place of business and the 4th shall be returned to the incorporators, such certificate so returned shall constitute the authorization to commence business.

In case of disapproval, the application may be renewed in the manner provided above after the period of not less than one year.

As a condition precedent to the approval of any application the incorporators shall execute an agreement to subscribe to and upon the commencement of business pay into an account of the association to be known as the "capital reserve" such amount as the commissioner may require but not less than \$25,000. The form of such agreement shall be approved by the commissioner. Such capital reserve shall be subordinate to the shares and accounts of the members. It shall be used as a guarantee against the impairment of the capital of the association and to the extent that it may be necessary for that purpose, losses and expenses of the association shall be charged to it. The account shall not be released to the owners thereof in less than 3 years from the date upon which payment was made into the account. If, thereafter, the commissioner finds that the guaranty fund of the association exceeds the initial contribution or an amount equal to 5% of the association's withdrawable accounts, whichever is greater, he shall permit the excess to be released to the owners thereof as provided, proportionate to the holdings.

The amount paid in by each subscriber to the capital reserve, shall be recorded on the books of the association in his name, and shall be evidenced by a certificate in a form approved by the commissioner. The amount standing to the credit of any person in such account may be transferred to another person subject to the conditions of the account. Dividends may be declared upon the amounts standing to the credit of each owner of a proportionate interest in the capital reserve, in accordance with the terms of the association's aforementioned agreement, but not in excess of the maximum rate of dividends paid on members' shares or accounts in the association for the same period. Each owner of a proportionate interest in such capital reserve shall have one vote at any annual or special meeting of the association. Upon release, the amount released may be transferred to shares and accounts in the association in the name of the owner, who shall thereupon be entitled to all the rights and privileges and shall be subject to all of the duties and liabilities of membership.

Any association 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 an association, 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.

Sec. 157-D. Branch offices. No savings and loan association shall establish or operate a branch or agency until it shall have received a warrant to do so from the Bank Commissioner, who shall issue such warrant only when satisfied that public convenience and advantage will be promoted thereby. The com-

missioner may require such notice on an application for a branch or agency as he deems proper. No savings and loan association shall be permitted to establish or operate a branch or agency except within the county of its main office or a county adjoining that of its main office. This limitation shall not apply to branches or agencies to be established in Knox County. If granted, the commissioner shall issue his warrant in duplicate, one copy to be delivered to the association and the other to the Secretary of State for record. Within 10 days after opening a branch or agency, the association shall file with the commissioner a certificate thereof signed by its president or treasurer. The right to open a branch or agency shall lapse at the end of one year from the date of filing the commissioner's warrant with the Secretary of State, unless it shall have been opened and business actually begun in good faith. An application for permission to open a branch or agency shall not be acted upon until the petitioning association shall have paid to the Treasurer of State the sum of \$200, to be credited and used as provided in section 2. Any such branch or agency may be closed or discontinued with the consent of the commissioner after such public notice, as in his judgment, the public interest may require. This section shall not apply to branches or agencies authorized or in existence on the effective date of this act.

Sec. 157-E. By-laws. Each association shall adopt such by-laws as may be required by sections 157-A to 157-Z-36 and as it may deem necessary or desirable for the regulation of its business and affairs and for the attainment of its purposes, consistent with sections 157-A to 157-Z-36 and may change the same from time to time. The original by-laws of any association hereafter incorporated shall be adopted by its board of directors or by its members and upon such notice and in such form as the by-laws shall provide. Within 10 days of the adoption of any by-laws or amendments thereto, the secretary shall file with the commissioner a copy thereof.

Sec. 157-F. Relocation of branch, agency or main office. No branch, agency or main office may be moved to a new location without the prior written consent of the commissioner who shall give such consent if he finds that the proposed move does not create hazardous competitive conditions for existing financial institutions.

Sec. 157-G. Change of name. An association may, with the approval of the commissioner, change its name by a vote of its members or by 2/3 vote of its board of directors if the by-laws of the association permit a change of by-laws by the directors. A certificate signed by the president and secretary setting forth the former name and the new name and that it was so adopted by a vote of the members or the board at a meeting held at a date specified in the certificate shall be filed with the commissioner, the Secretary of State and the register of deeds in the county where the principal office is located. The name so certified shall from the time of filing the certificate with the Secretary of State be the corporate title of the association. All deeds, mortgages, contracts, actions, judgments, transactions, proceedings and records made, received, entered into, carried on, or done by an association before the adoption of the certification of

a change of name, but wherein the association is called by the name so subsequently adopted, shall be as valid as if the association were called therein by the name set forth in its original certificate of incorporation.

Powers

Sec. 157-H. General powers. Every association now existing or hereafter created shall have all of the powers conferred by sections 157-A to 157-Z-36, both expressed and implied, and such others as are incidental thereto, and incidental or necessary to the operation of its business and the attainment of its purposes. Such powers shall be exercised in conformity with sections 157-A to 157-Z-36.

Sec. 157-I. Specific powers. Without in any way limiting the general powers provided in section 157-H, every association shall have power to:

I. Perpetual succession. Have perpetual succession by its corporate name unless otherwise limited by its certificate of incorporation.

II. Sue and be sued. Sue and be sued, complain and defend, in any court of law.

III. Seal. Adopt and use a common seal and alter the same.

IV. Hold property. Purchase and otherwise acquire, hold, manage, mortgage, pledge, lease, exchange, sell, convey and otherwise dispose of, any real and personal property, necessary or incidental to its operations and consistent with its powers and purposes.

V. Insurance. Insure its members' accounts with the Federal Savings and Loan Insurance Corporation or any other firm, association or corporation approved by the commissioner, and comply with conditions necessary to obtain such insurance.

VI. Member of Federal Home Loan Bank. Become a member of or a stockholder in a Federal Home Loan Bank and to that end comply with all conditions of membership therein.

VII. Cooperative league. Join any cooperative league organized for the purpose of protecting and promoting the welfare of associations and their members and comply with all conditions of membership therein.

VIII. Donations. Make donations for the public welfare or for charitable, scientific or educational purposes.

IX. Borrowing. Borrow money from any source in or out of the State, on the note, bond and mortgage or other obligation of the association upon such terms and conditions as the board of directors may from time to time prescribe by resolution adopted by at least a majority of all the members of the board and duly recorded on the minutes and to pledge, assign or transfer mortgages owned by the association and the obligations secured by such mortgages, together with the shares, if any pledged as collateral security therefor, or any real or other personal property, as security for the repayment of money so borrowed. No association, without the written consent of the com-

missioner, shall borrow any sum or sums the aggregate of which would exceed 25% of its withdrawable accounts, provided the said limitation shall not be applicable to borrowings from the Federal Home Loan Bank.

X. Expenses; service charge. Take from its members all expenses incurred in connection with the consummation of a loan and in addition thereto, a service charge, premium or fee for priority or privilege of loan or acquisition of real estate and no such expense, service charge, premium or fee so taken shall be deemed usurious.

XI. Fines. Impose fines or charges upon a member for failure to make any payment to the association when due, but such fine or charge shall not exceed 2% a month on each dollar in arrears. None of such charges shall be deemed usurious.

XII. Agent. Act as agent for any person where such agency will further the interests of the association and its members, subject to such limitations as may be prescribed by the commissioner.

XIII. Retirement benefits. Adopt, alter, contract for or rescind a plan or plans providing for the retirement of its officers, employees and their dependents the payment to them for life or for a period certain such retirement benefits as may be set forth in a plan or plans adopted by the board of directors.

XIV. Loans and investments. To make loans and investments as authorized in sections 157-A to 157-Z-36.

XV. Rate of interest. Determine the rate of interest to be charged on loans made by the association as authorized in sections 157-A to 157-Z-36.

XVI. Indemnify against judgments. Indemnify every officer, director or employee, his heirs, executors and administrators, against judgments resulting from and the expenses reasonably incurred by him in connection with any action to which he may be made a party by reason of his being an officer, director or employee, including any action based upon any alleged act or omission on his part as an officer, director or employee, except in relation to matters as to which he shall be finally adjudged in such action to be liable for his negligence or misconduct, and except that, in the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the association is advised by counsel that in the opinion of counsel the person to be indemnified was not liable for such negligence or misconduct. The foregoing right of indemnification shall not be exclusive of other rights to which such officers, directors or employees may be entitled.

Management

Sec. 157-J. Directors, number, powers. The business and affairs of every association shall be managed and directed by a board of directors. The board shall consist of such number as the by-laws provide, but no less than 6. Each director shall be a member, a resident of the State of Maine, and shall not be an officer or director of any other association. He shall have such other qualifications and meet such eligibility requirements, as sections 157-A to 157-Z-36 and the by-laws provide.

The board of directors shall hold regular meetings at least monthly, at a time fixed by the by-laws of the association, and shall cause full and complete records of their proceedings to be kept.

A quorum at any meeting of the board of directors shall consist of not less than a majority of the board, but less than a quorum shall have the power to adjourn from time to time until the next regular meeting.

The board may exercise any and all powers of an association not expressly reserved to the members of the association by sections 157-A to 157-Z-36 and the by-laws. If the by-laws so provide, and insofar as it is not inconsistent with the faithful performance of its duties, the board may delegate any of its powers to any committee composed of members of the board, and the board may employ or authorize any officer to employ any person necessary for the conduct of the business of the association.

Sec. 157-K. Directors, election, vacancies. The directors shall be elected by the members of the association by ballot at the annual meeting, for such term, not exceeding 3 years, as the by-laws provide. Where the term is for more than one year, the by-laws shall establish terms of office so that an equal number of directors, so far as possible, shall be elected each year. A vacancy in the board may be filled by the board until the next annual meeting of the association, when it shall be filled by the members of the association for the remainder of the unexpired term. Each director shall hold office for the term for which he is elected and until his successor shall be chosen and qualified.

Sec. 157-L. Officers. The officers of every association shall be a president, a secretary and a treasurer and such other officers as the by-laws may provide. They shall be elected by the board, unless otherwise provided for in the by-laws and shall serve for a term of not more than one year, but shall continue in office until the election and qualification of his successor. Any 2 offices, except the offices of president and vice-president, may be held by one person. A vacancy in any office may be filled by the board for the unexpired term. The compensation of the officers of an association shall be fixed by the board of directors. The compensation of the directors may be fixed by the members at any annual or special meeting thereof, or as may be fixed by the board of directors and approved by the commissioner in writing.

Sec. 157-M. Officers' powers. Each officer, in addition to such powers and duties as usually pertain to his office, shall have such powers and duties as the by-laws may provide or as may be delegated to him by the board.

Sec. 157-N. Oath of office of directors and officers. Each officer and director shall, before entering upon the duties of his office, take and subscribe the following oath of office.

Oath of Office
State of Maine

Personally appeared

of theSavings and Loan Association, and being duly sworn according to law made oath that he would faithfully and impartially perform the duties of his office.

Before me,

Notary Public

All oaths of office shall be filed with the secretary. If any officer or director shall fail within a reasonable time after his election to take and subscribe the oath required by this section, the board may declare his office vacant. If any officer or director shall violate the provisions of his oath, the board, after affording him an opportunity to be heard, may declare his office vacant by a vote of 2/3 of the directors present at any meeting of the board, of which meeting notice shall have been given to each director.

Sec. 157-O. Bonds of officers and employees. The board of directors of every association shall require security for the fidelity and faithful performance of duties of such of its officers, employees and agents and in such form and amount as the board shall deem necessary or the commissioner may require. Such security shall consist of a bond executed by one or more surety companies authorized to transact business in this State. The commissioner may direct an increase in such amount from time to time as circumstances may require. The expense of any bond or bonds shall be assumed by the association.

Membership, Accounts, Shares.

Sec. 157-P. Membership generally. 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 securing a loan held by an association. A joint and survivorship relationship and a successor relationship whether investors or borrowers, shall constitute a single membership.

Sec. 157-Q. Membership plans. Each association shall operate upon one of the following membership plans:

Plan I: The non-share plan.

Plan II. The share plan.

Plan III: Plan upon which it is operating on the date of the enactment of this act.

Any association may, at any time hereafter, change from the plan upon which it is then operating, to plan I or II, and may make such change in plan applicable only to those memberships established after such change, continuing, concurrently, to operate upon the plan upon which it previously operated with respect to memberships established prior to such change.

I. Non-share plan. An association operating pursuant to the non-share plan shall issue to each member an account book, a membership certificate, or some other evidence of the account.

II. The share plan. Membership in an association operating pursuant to the share plan shall be evidenced by a share certificate or an account book. Such associations may issue the following types of shares or accounts:

A. 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.

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

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

D. Prepaid or investment shares may be issued in units of \$200 or multiples thereof.

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

F. Advance payments shares which with the addition of dividends will mature them to the value of \$200.

Sec. 157-R. 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 by-laws 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:

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

II. 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

III. 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

IV. When such excess results from a reduction in the capital of the association.

Sec. 157-S. 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.

Sec. 157-T. 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.

Sec. 157-U. Security for bonds. 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, without any order of any court, in shares or accounts of any association operating pursuant to sections 157-A to 157-Z-36, and such investment shall be deemed and held to be legal investments for such funds. With respect to investments by custodians, associations hereby are deemed to be "banks" within the meaning of that term as used in the Uniform Gifts 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, 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.

The provisions of this section are 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.

Sec. 157-V. 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 associations 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 fidu-

ciary 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.

Sec. 157-W. 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.

Sec. 157-X. Joint membership. A single membership in an association may be held by 2 or more persons and shall be subject to the provisions of section 19-G, subsection V, as now or hereafter may be amended, and shall apply to all types of shares and accounts authorized for savings and loan associations.

Sec. 157-Y. Pledge to association accounts in joint tenancy. The pledge to any association 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 to the association 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.

Sec. 157-Z. Transfer of membership. A member may transfer, absolutely or conditionally, his membership to any other person, subject to sections 157-A to 157-Z-36, 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.

Sec. 157-Z-1. 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:

I. 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.

II. 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.

Sec. 157-Z-2. 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.

Sec. 157-Z-3. Withdrawals. Any member may at any time present a written application for withdrawal of all or any part of his shares or account. No member shall have on file in any one association more than one application at a time. Every application shall request immediate withdrawal of a stated amount in accordance with this section. Any member may cancel his application at any time in whole or in part by a writing. Every association shall pay or number, date and file in the order of actual receipt every withdrawal application. Withdrawals shall be made in the order of actual receipt of applications, except as provided in this section. Upon withdrawal, an association shall pay the value of any shares or accounts, as determined by the board of directors, but not in excess of the withdrawal value thereof. If an association so elects, it may at any time pay in full each and every application as presented. It shall not pay some in full, unless it pays every application on file in full, except by paying all applications on file on the rotation plan prescribed in this section. The board of directors shall have an absolute right to pay upon any application not exceeding \$200 to any member in any one month in any order. No association can obligate itself to pay withdrawals on any plan other than as provided in sections 157-A to 157-Z-36. Members who have filed written application for withdrawal shall remain members. No dividends shall be declared upon that portion of an account which has been noticed for withdrawal, which for dividend purposes is required to be deducted from the latest previous additions to such account, so

long as such application is on file. The rotation plan of payment of withdrawals is as follows: On the first day of each month, each application which has been on file since the first day of the preceding month and which is reached in order shall be paid \$1,000 on account, or in full if the amount noticed for withdrawal or the unpaid balance of such application is less than \$1,000. Each such application for more than \$1,000 so paid shall be deemed refiled as if filed on that day. Such limited payment on the first day of each month and such renumbering shall take place on the first day of each subsequent month as long as there are applications unpaid. At least $\frac{1}{3}$ of the receipts of an association from its members during the preceding calendar month shall be applied on the first day of each month to the payment of applications which have been on file since the first day of the preceding month. Any association may apply to withdrawals an amount larger than $\frac{1}{3}$ of such receipts, but cannot obligate itself to do so. When an application to withdraw is reached for payment as provided, a written notice shall be sent to the applicant by mail at his last address recorded on the books, and unless the applicant shall apply in person or in writing for such withdrawal within 30 days from the date of such notice, no payment on account of such application shall be made and such application shall be cancelled.

Sec. 157-Z-4. Retirements. At any time after 4 years from the date of issue, the board of directors may, under rules made by them, retire unpledged shares or accounts by enforcing their withdrawal. The members whose shares or accounts are to be retired shall be determined by lot, and they shall be paid the full value of their shares or accounts less all fines, if any, and a proportionate part of any unadjusted profit or loss.

Sec. 157-Z-5. Application of withdrawal value to indebtedness. If a borrowing member of an association is in default on any indebtedness to such association, the board of directors may, after 30 days written notice of such intention sent by mail to such borrowing member at his last known address as shown on the books of said association, apply at the withdrawal value the whole or any part of any shares or sums credited on any account of such borrowing member to his indebtedness. Shares credited to the indebtedness of a borrowing member shall be cancelled and any balance remaining shall be held for his account.

If a non-borrowing member of an association is in default on any payment to such association for a period of 90 days or more, the board of directors may, after 30 days' written notice of such intention sent by mail to such member at his last known address as shown on the books of said association, forfeit the account of such member and the value thereof, after deducting all fines and legal charges, shall be transferred to the credit of the defaulting member to an account to be designated forfeited accounts. Said member shall be entitled upon 30 days' notice, to receive the balance so transferred without dividends or other accruals from the time of such transfer.

Nothing in this section shall prevent an association from applying and crediting at any time the full withdrawal value of any account pledged with it as security for the payment of any debt, toward the payment of such debt.

Sec. 157-Z-6. Inactive accounts. Every association shall on or before the first day of November each year beginning with the first day of November, 1963, cause to be published, in some newspaper published in the municipality where the principal office of the association is located, if any, otherwise in such newspaper as the commissioner may order, the amount standing to his credit the last known place of residence or post office address, and the fact of death, if known, of every member of the association who shall not have made an addition to or withdrawal from his account, or any part of the dividends thereon or brought his account book to the association to be verified or to have the dividends entered thereon, for a period of more than 20 years next preceding. This section shall not apply to the accounts of persons known to the association to be living or to an account which with the accumulations thereon shall be less than \$50.

Such publication, in addition to the above required information, shall state that 2 years after the date of publication, all moneys in such inactive accounts shall be paid into the State Treasury.

Said association shall also transmit a copy of such statement to the Bank Commissioner to be placed on file in his office for public inspection. Any association failing to comply with the provisions of this section shall be punished by a fine of \$50.

Two years after the date of such publication, all moneys in such inactive accounts shall be deemed presumptively abandoned and shall be paid into the State Treasury and credited to the General Fund for the use of the State, and there shall be paid into the State Treasury, and so credited at the end of 20 years after the last addition, all accounts inactive as aforesaid, which with accumulations thereon shall be less than \$50.

After payment into the State Treasury of such accounts, no action shall be maintained in any court in this State by any member or his heirs, successors or assigns against any association making such payments, provided that thereafter any lawful claimants may petition the Governor and Council for payment of such moneys to the claimants. In his petition the claimant shall state fully the facts showing the basis of his right, title and interest in such account. The Governor and Council, after a hearing, shall determine who are lawful claimants and shall authorize payment by the Treasurer of State from the General Fund to such claimants.

Members' Meetings and Voting Rights.

Sec. 157-Z-7. Meetings.

I. First. The certificate of incorporation issued by the commissioner for an association shall provide the method of calling the first meeting of the association.

II. Annual. The members shall meet at least once in each year as provided in the by-laws of the association, for the election of directors and the transaction of any other business which may properly be brought before such

meeting, upon not less than 7 days' notice, such notice to appear in a newspaper published in the municipality where the principal office of the association is located, it any, otherwise in such newspaper as the commissioner may order.

III. Special. Special meetings of the members may be called in the same manner as the calling of the annual meeting or as may be required in the by-laws and the notice of such meeting shall state the purposes for which it is called.

Sec. 157-Z-8. Quorum. The by-laws may prescribe the number of members which shall constitute a quorum at an annual or special meeting of the members. In the absence of any provision in the by-laws, any number of members, but not less than 6, present at any meeting shall constitute a quorum.

Sec. 157-Z-9. Meeting place. Members' meetings shall be held at the association's principal office or at such other place within the municipality where the association has its principal place of business as the board may designate.

Sec. 157-Z-10. Voting rights. Each member 21 years of age or over shall be entitled to one vote at any meeting of the association, regardless of the number of shares or accounts standing in his name, provided that only one vote shall be allowed on an account held by 2 or more persons; and no member shall vote by proxy at any meeting. The by-laws may prohibit voting by persons who have become members within 6 months of the date when the vote is cast. When accounts or shares are pledged, the pledgor may vote thereon.

Investments.

Sec. 157-Z-11. Investments authorized. The funds of every association shall be invested in accordance with sections 157-A to 157-Z-36.

Sec. 157-Z-12. Loans. Investments in loans may be made as follows:

I. Mortgage loans. In any loan evidenced by a note and secured by a mortgage which shall be a first lien on real estate, subject to the following limitations and requirements:

A. Prior to approval of any loan every association shall appraise or cause to be appraised each parcel of real estate in one or more of the following ways:

1. By an independent qualified appraiser designated by the board of directors; or
2. By the association's appraisal committee appointed by the board of directors; or
3. In the case of an insured or guaranteed loan, by an appraiser appointed by any lending, insuring or guaranteeing agency of the United States or the State of Maine, which shall insure or guarantee such loan, wholly or in part.

B. Each appraisal shall be in writing with a certificate signed by the appraiser or appraisers, which appraisal shall be filed and preserved by the association.

C. Direct reduction loans shall be repayable in weekly or monthly instalments. All payments made upon such loans shall be applied first to interest and other charges and the remainder to the reduction of the principal of the loan. Loans made under this subsection shall be subject to the following limitations or requirements:

1. To an amount not exceeding 80% of the appraised value of one to 4-family residential property or combination residential and business property, repayable in a period not exceeding 25 years;
2. To an amount not exceeding 70% of the appraised value of any other type of improved real estate, repayable in a period not exceeding 20 years;
3. Principal payments on any loan may be waived from time to time for good cause by an authorized officer whose action is confirmed by the board of directors.
4. Principal payments on construction loans, may be postponed for a maximum of one year from the date of the note, providing the final maturity date of the loan does not exceed the limits as established in subparagraphs 1 or 2.

D. Non-amortizing real estate loans may be made subject to the following terms:

1. Interest must be payable at least semiannually.
2. No loan may have a maturity exceeding 5 years.
3. No loan may exceed 66 $\frac{2}{3}$ % of appraised value.

E. Loans written under paragraph 1, subparagraph 2 and paragraph D, together with loans on properties located more than 50 miles from an association's place of business and loans in excess of \$25,000 or 10% of surplus funds, whichever is larger, shall not in aggregate, exceed 20% of total assets.

F. No association shall make a loan secured by any one property which exceeds \$25,000 or 10% of surplus funds, whichever is the larger; nor shall the total loans to any one borrower or group of associated borrowers exceed \$35,000 or 20% of surplus funds, whichever is the larger.

G. After January 1, 1963 the aggregate total of all loans made by any association under this section shall not exceed 100% of withdrawable accounts and surplus funds as determined by the commissioner, unless the commissioner shall, for good cause shown, on application therefor approve an amount in excess of said amount subject to such conditions as the commissioner may approve.

H. Real estate loans may be made on the sinking fund plan in amounts not exceeding the limits hereinbefore specified in this section. Any shares

pledged for real estate loans, known as sinking fund shares, may be cancelled and the full amount of these shares, including dividend credit thereon, less all monthly installments of interest, fines, taxes and any other legal charges in arrears, may be endorsed on the mortgage note and future payments handled in the same manner as with direct reduction loans, with the written agreement of the borrower. When such agreement for transfer is entered into, a copy of the agreement shall be placed in the association files and copy given to the borrower.

II. Account loans. In loans secured by a pledge of a member's account no such loan shall exceed the withdrawal value of the pledged account, less interest thereon for a period of 6 months.

III. Guaranteed loans. In loans guaranteed or insured in whole or in part by the United States of America or the State of Maine, any instrumentality or agency of either of them, or for which a commitment to so guarantee or insure has been made, such loans shall not be subject to the restrictions of sections 157-A to 157-Z-36, but shall be made in accordance with the terms and conditions permitted by the agency guaranteeing or insuring such loans, notwithstanding any other provisions of law limiting interest or other charges or prescribing terms and conditions. Such loans shall include only those which are made for the purchase or improvement of real estate, or for the construction, alteration, repair or improvement of buildings erected thereon; or those which may be made for any other purpose provided they be secured by a mortgage on real estate.

IV. Real estate improvement loans. In real estate improvement loans to any member, evidenced by a note without the security of a real estate mortgage or pledge of collateral upon the following conditions:

A. To an amount not exceeding \$2,500, directly or indirectly, provided that the association is the holder of a first mortgage upon the property to be improved, that each such loan is evidenced by one or more negotiable notes, and that each loan is repayable in regular monthly installments within the period of 5 years;

B. To an amount within the discretion of the directors, providing the loan is eligible for insurance under the National Housing Act and seasonable application is made under Title I of that act;

C. The aggregate of all loans made under subsection IV, paragraph A, shall not exceed 5% of the withdrawable accounts of the association.

V. Open end mortgages. Any interest in real property which may be mortgaged to an association may be mortgaged to secure existing debts or obligations, to secure debts or obligations created simultaneously with the execution of the mortgage, to secure future advances necessary to protect the security and to secure future advances to be made as the option of the parties up to a total amount stated in the mortgage, and all such debts, obligations and future advances shall, from the time the mortgage is filed for record as provided by law, be secured by such mortgage equally with and have the same priority

over the rights of all persons who subsequent to the recording of such mortgage acquire any rights in or liens upon the mortgaged real estate, as the debts and obligations secured thereby at the time of the filing of the mortgage for record; except that:

A. The mortgagor or his successor in title is authorized to file for record, and the same shall be recorded in the same recording office as the original mortgage, notice limiting the amount of optional future advances secured by such mortgage to not less than the amount actually advanced at the time of such filing, provided a copy of such filing is also filed with the mortgagee, and

B. The priority of such debts, obligations and future advances shall not include any future optional advances secured by such mortgage made by such association after such person, in addition to acquiring such subsequent right or lien, sends the association by certified mail or delivers to an office of the association and secures a receipt therefor express written notice stating that any such optional advances thereafter made will be junior to such person's mortgage or lien upon or rights in such real estate.

C. "Future advances" referred to in this subsection shall include only those made to recipients designated in the mortgage.

VI. Minority of borrower. The disability of minority of any person otherwise eligible for a loan, or guaranty or insurance of a loan, pursuant to the act of the Congress of the United States entitled the Servicemen's Readjustment Act of 1944, 58 Stat. 284, as heretofore or hereafter amended, 38 U. S. C. 693 et seq., and of the minor spouse of any eligible veteran, in connection with any transaction entered into pursuant to said act of the Congress of the United States, as heretofore or hereafter amended, shall not affect the binding effect of any obligation incurred by such eligible person or spouse as an incident to any such transaction, including incurring of indebtedness and acquiring, encumbering, selling, releasing or conveying property, or any interest therein, if all or part of any such obligation be guaranteed or insured for the government by the administrator of veterans' affairs pursuant to said act and amendments thereto; or if the administrator be the creditor, by reason of a loan or a sale pursuant to said act and amendments. This section shall not create or render enforceable any other or greater rights or liabilities than would exist if neither such person nor such spouse were a minor.

Sec. 157-Z-13. Repayment of loan. A borrower from an association may repay a loan at any time upon application to the association, whereupon, on settlement of his account, he shall be charged with the full amount of the original loan, together with all monthly installments of interest, premium and fines in arrears, and shall be given credit for the withdrawing value of any account pledged and transferred as security and all other sums credited to said loan, and the balance shall be received by the association in full satisfaction and discharge of said loan.

Sec. 157-Z-14. Other investments. An association may invest as follows:

I. Obligations of the United States. In obligations of or guaranteed as to principal and interest by the United States of America or the State of Maine.

II. Federal Home Loan Bank obligations. In bonds, notes, debentures, or other securities or time deposits or obligations issued by any Federal Home Loan Bank of the United States or by the Federal Home Loan Bank System.

III. Participation in mortgage loans. In the investment in participating interests in mortgage loans. The mortgage which secures payment of any such participating interest shall be a first lien upon real estate and shall conform with the limitations, conditions and requirements set forth in sections 157-A to 157-Z-36. Such participating interest shall entitle the association to share all money and other benefits derived from such mortgage loan, or incidental thereto, pro rata with, or with preference and priority over, the holder of any other participating interests therein. The total amount invested in such participating interests by any association shall not exceed 10% of its withdrawable accounts at the time any such investment is made.

IV. Accounts of other associations. In accounts of any insured association of this State and of any federal association whose principal office is located in this State, provided that no such investment in any association shall be in excess of the amount insured by the Federal Savings and Loan Insurance Corporation.

V. Investments. In securities which are or may hereafter be made legal for savings banks of Maine and within the limits permissible for such banks, and such other investments as are or which shall hereafter be authorized by any law of this State for associations regulated by sections 157-A to 157-Z-36.

Sec. 157-Z-15. Real estate. Investments may be made in real estate as follows:

I. Office building for transaction of association business. In 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 an association's business. Such buildings may also include space for rental purposes. The cost to the association of such lands, buildings, fixtures and equipment shall not exceed 50% of the sum of such association's surplus funds at the time such investment is made, unless the commissioner shall, for good cause shown, on application therefor approve an amount in excess of said amount subject to such conditions as the commissioner may approve.

II. Other real estate. In the acquisition by purchase or otherwise of any real estate upon which the association may have a mortgage, judgment, lien or other encumbrance, or in which it may have an interest for the purpose of protecting and conserving such interest. The association may sell, convey, contract to sell, lease or mortgage at pleasure, the real estate so acquired, to any person or persons whatsoever. Any real estate so acquired may be sold and such association in the discretion of its board of directors may accept the

note of the purchasers, secured by a first mortgage, upon such terms and conditions as the directors may determine.

Sec. 157-Z-16. Restrictions on investments. No association shall make any of the investments authorized by sections 157-A to 157-Z-36, except those authorized by section 157-Z-12, subsection II, and section 157-Z-14, subsections I and II, if and so long as the sum of its cash on hand and in banks and the market value of its investments in obligations of the United States of America is less than 5% of its withdrawable accounts.

No association shall make any of the investments authorized by sections 157-A to 157-Z-36 except investments authorized by section 157-Z-14, subsections I and II, at any time when any application for withdrawal remains unpaid in whole or in part, 6 months after the date of the filing thereof.

Sec. 157-Z-17. Dividend participation.

I. Rate of dividend. At least annually and after determination of the next income for the dividend period and the establishment of reserves required or permitted by law, the board of each association shall determine by resolution the rate or rates of dividend, if any, which shall be declared for each class of shares or accounts. Such dividends shall be taken only from the net income, or from other surplus funds not otherwise restricted by law.

II. Exclusion from dividends. Notwithstanding any other provisions of sections 157-A to 157-Z-36, an association may, if its by-laws so provide, exclude from dividends, either or both of the following classes of shares or accounts:

A. Those having a participation value of less than \$50;

B. Those which are issued under a plan whereby they will be withdrawn within 24 months from the date upon which they are issued, or it may credit dividends to such shares or accounts according to a schedule which it may establish, provided that such schedule shall not result in the crediting of dividends to any of such shares or accounts at a rate greater than that applicable to any class of shares or accounts, other than those described in subsection II.

Sec. 157-Z-18. Guaranty fund. Every association shall establish and maintain a guaranty fund as hereinafter set forth. Before declaring dividends, the board of directors shall set aside a sum at a rate not less than 10% per year of the net income accruing since the last dividend declaration, until such guaranty fund amounts to 5% of the association's withdrawable accounts and thereafter such sums as from time to time shall be voted by the board of directors. The funds shall be kept constantly on hand as a security against losses and contingencies, except that any portion of the guaranty fund in excess of 5% of the association's withdrawable accounts shall be available and may be used for dividends or such other purposes as the directors deem appropriate. Should this fund become impaired and fall below 5% of the association's withdrawable accounts, it shall be restored by setting aside from current net income an amount

which together with other amounts so set aside for this purpose during the year shall be equal to at least $\frac{1}{2}$ of 1% of its withdrawable accounts, until the fund is restored to the required amount.

An association insured with the Federal Savings and Loan Insurance Corporation may designate its guaranty fund as its federal insurance reserve account.

Merger.

Sec. 157-Z-19. Merger. Any 2 or more associations organized under the laws of this State may consolidate into one association, or any savings and loan association may transfer its engagements, funds and property to any other such association, under such terms as shall be mutually agreed upon by the directors of such associations when approved by $\frac{2}{3}$ of all the members of each association, after notice of such intention shall have been sent by mail to each member of the associations involved to his, her or its last known address, as shown on the books of each association, and after such notice shall have been published once a week for 3 consecutive weeks in one of the newspapers published in the municipalities where the associations' principal offices are located, if any, otherwise in such newspapers as the commissioner may order, the last notice published and the notices by mail to be sent at least 14 days prior to the date of the meeting named in the call. Any shareholder not present at the meeting in person shall be regarded as having voted for the transfer or consolidation and shall be counted as being among the required $\frac{2}{3}$ affirmative vote, provided notice of this fact shall be contained in the notices so mailed and in the publications so published; but such transfer or consolidation shall not prejudice the right of any creditor of any association to have payment of his debt out of the assets thereof, nor shall any creditor be thereby deprived of, or prejudiced in any right of action then existing against the officers or directors of said association for any neglect or misconduct. The reorganized association shall be liable for all obligations of the associations existing prior to such consolidation, and no consolidation or transfer as provided shall take effect until the terms and conditions have been approved by the commissioner, and until a copy of the resolution, certified by a majority of the board of directors of each association, shall be filed with the commissioner.

Business of Savings and Loan Associations Restricted.

Sec. 157-Z-20. Business of savings and loan associations restricted. No person, association or corporation shall carry on the business of accumulating and loaning or investing the savings of its members or of other persons in the manner of savings and loan associations, or carry on any business similar thereto within this State unless incorporated under the laws thereof for such purposes, but this section shall not prevent such association, corporation or institution incorporated under the laws of another state from loaning money upon mortgages of real estate located within this State.

Federal savings and loan associations, incorporated pursuant to the Home Owners' Loan Act of 1933, as now or hereafter amended, shall not be deemed foreign corporations under this section. Insofar as sections 157-A to 157-Z-36

are not inconsistent with federal law, such sections shall apply to federal savings and loan associations whose home offices are located in this State, and to the members thereof.

This action may on complaint of the commissioner be enforced by injunction, and any violation thereof may be punished by a fine of not more than \$1,000.

Insurance of Accounts by Federal Savings and Loan Insurance Corporations.

Sec. 157-Z-21. Insurance of accounts. With Federal Savings and Loan Insurance Corporation.

I. An association may insure accounts with the Federal Savings and Loan Insurance Corporation or any successor or assigns of said Federal Savings and Loan Insurance Corporation or any other firm, association or corporation approved by the commissioner. Each association which applies for the insurance of its accounts by the Federal Savings and Loan Insurance Corporation shall file with the commissioner within one week after its adoption, a certified copy of the resolution applying for such insurance adopted by its board or its members, and shall, within one week of the receipt of notice of acceptance or rejection by such corporation of such application, file a statement of such acceptance or rejection with the commissioner.

II. Termination. No association shall terminate such insurance except after 30 days' prior written notice thereof to the commissioner, unless the commissioner shall have waived such notice in writing.

III. Application. Nothing contained in this section shall be construed as repealing, modifying or impairing any powers, duties, rights or responsibilities of the commissioner in respect to any association organized under sections 157-A to 157-Z-36.

Conversion into Federal or State Savings and Loan Associations.

Sec. 157-Z-22. Conversion into federal savings and loan associations.

I. Conversion authorized. Any association may convert itself into a federal association in accordance with section 5 of the Federal Home Owners' Loan Act of 1933, as now or hereafter amended, upon a vote of 51% or more of the votes of the members present and voting at an annual meeting or at a special meeting called to consider such action. Notice of such meeting to vote on conversion shall be mailed at least 20 and not more than 30 days prior to the date of the meeting to each member of record at his last known address as shown on the books of the association. A copy of the minutes of the proceedings of such meeting of the members, verified by the affidavit of the secretary or an assistant secretary, shall be filed in the office of the commissioner within 10 days after the date of such meeting. Such certified copy of the proceedings of such meeting, when so filed, shall be presumptive evidence of the holding and action of such meeting. Within 3 months after the date of such meeting, the association shall take such action in the manner prescribed and authorized by the laws of the United States as shall make it a federal savings and loan association.

II. Filing of charter. There shall be filed with the commissioner a copy of the charter issued to such federal savings and loan association by the Federal Home Loan Bank Board or a certificate showing the organization of such association as a federal association, certified by the secretary or assistant secretary of the Federal Home Loan Bank Board. A copy of the charter, or of such certificate, shall be filed by the association with the commissioner and the Secretary of State. Any failure to file any such instruments as aforesaid shall not affect the validity of such conversion. Upon the grant to any association of a charter by the Federal Home Loan Bank Board, the association receiving such charter shall cease to be an association incorporated under sections 157-A to 157-Z-36 and shall no longer be subject to the supervision and control of the commissioner.

III. Corporate existence continued. Upon the conversion of any association into a federal association, the corporate existence of such association shall not terminate, but such federal association shall be deemed to be a continuation of the entity of the association so converted and all property of the converted association, including its rights, titles, and interests in and to all property of whatsoever kind, whether real, personal or mixed, and things in action, and every right, privilege, interest and asset of any conceivable value or benefit then existing, or pertaining to it or which would inure to it, shall immediately by act of law and without any conveyance or transfer and without any further act or deed remain and be vested in and continue and be the property of such federal association into which the state association has converted itself and such federal association shall have, hold and enjoy the same in its own right as fully and to the same extent as the same was possessed, held and enjoyed by the converting association, and such federal association as of the time of the taking effect of such conversion shall continue to have and succeed to all the rights, obligations and relations of the converting association. All pending actions and other judicial proceedings to which the converting state association is a party shall not be deemed to have been abated or to have been discontinued by reason of such conversion, but may be prosecuted to final judgment, order or decree in the same manner as if such conversion into such federal association had not been made and such federal association resulting from such conversion may continue such action in its corporate name as a federal association, and any judgment, order or decree may be rendered for or against it, which might have been rendered for or against the converting state association theretofore involved in such judicial proceedings.

Sec. 157-Z-23. Conversion into state associations.

I. Conversion into state associations. Any federal savings and loan association may convert itself into a savings and loan association under sections 157-A to 157-Z-36 upon a vote of 51% or more votes of members of such federal savings and loan association present and voting at an annual meeting or at any special meeting called to consider such action provided the approval of the commissioner is obtained thereafter. Notice of such meeting to vote on conversion shall be mailed at least 20 and not more than 30 days prior to the date of the meeting to each member of record at his last address as shown on the books of the association. Before giving his approval, the commissioner

shall ascertain by such investigation as he shall deem necessary, with or without a public hearing, that public convenience and advantage will be promoted by conversion into a state association.

II. Filing of minutes. Copies of the minutes of the proceedings of such meeting of members verified by the affidavit of the secretary or any assistant secretary and copies of the approval of the commissioner shall be filed in the office of the commissioner and mailed to the Federal Home Loan Bank Board, Washington, D. C., within 10 days after such approval. Such verified copies of the proceedings of the meeting when so filed shall be presumptive evidence of the holding and action of such meeting. At the meeting at which conversion is voted upon, the members shall vote upon the directors who shall be the directors of the state-chartered association after conversion takes effect. Such directors shall then execute 4 copies of a certificate of incorporation upon which the commissioner shall endorse his approval and the certificate will be distributed as provided for in section 157-C. The directors chosen for the association shall all sign and acknowledge the articles of agreement as subscribers thereto.

III. Applicability of statute to converted association. Sections 157-A to 157-Z-36 shall, so far as applicable, apply to such conversion.

IV. Regulations. The commissioner may provide, by regulation, for the procedure to be followed by any such federal savings and loan association converting into a state savings and loan association.

V. Federal conversion. Upon the conversion of a federal savings and loan association into a state association, the corporate existence of such association shall not terminate, but such state association shall be deemed to be a continuation of the entity of the association so converted and all property of the converted association, including its rights, titles and interests in and to all property of whatsoever kind, whether real, personal or mixed, and things in action, and every right, privilege, interest and asset of any conceivable value or benefit then existing or pertaining to it, or which would inure to it, shall immediately by act of law and without any conveyance or transfer and without any further act or deed remain and be vested in and continue and be the property of such state association into which the federal association has converted itself and such state association shall have, hold and enjoy the same in its own right as fully and to the same extent as the same was possessed, held and enjoyed by the converting association, and such state association as of the time of the taking effect of such conversion shall continue to have and succeed to all the rights, obligations and relations of the converting association. All pending actions and other judicial proceedings to which the converting federal association is a party shall not be deemed to have been abated or to have been discontinued by reason of such conversion, but may be prosecuted to final judgment, order or decree in the same manner as if such conversion had not been made and such state association resulting from such conversion may continue such action in its corporate name as a state association, and any judgment, order or decree may be rendered for or against it, which might have been rendered for or against the converting federal association theretofore involved in such judicial proceedings.

Liquidation, Conservatorship, Receivership.

Sec. 157-Z-24. Voluntary liquidation. Whenever in the opinion of the commissioner and a majority of the directors of any association, it is inexpedient for any reason for that savings and loan association to continue the further prosecution of its business, the directors may join with the commissioner in an application to the Superior Court for the liquidation of the affairs of such association. If, after notice and hearing on such application, the justice of such court is of the opinion that it is inexpedient for that savings and loan association to continue the further prosecution of its business, he may make such orders and decrees in the premises as seem proper for liquidating the affairs of that association, the distribution of its assets and the protection of its members.

Sec. 157-Z-25. Conservatorship.

I. Commissioner may order association to discontinue any unsafe or illegal practice. If the commissioner, as a result of any examination or from any report made to him, shall find that any association is violating the provisions of its certificate of incorporation, by-laws or the laws of this State or of the United States, or any lawful order of the commissioner, he shall, by a formal written order delivered to the association as aforesaid, state any alleged violation therein, together with a statement of the facts alleged to be such violation, and direct discontinuance of such violation and conformance with all requirements of law.

II. Conservator. If within a reasonable time satisfactory corrective action has not been taken pursuant to subsection I, the commissioner, if he believes that the public interest may be served by the appointment of a conservator, is authorized, acting through the Attorney General, to apply to the Superior Court in the county where such association has its principal office for the appointment of a conservator. Such court is authorized to appoint a conservator if it finds that such association is in an impaired condition; is in substantial violation of any valid and applicable law or regulation; or is concealing any of its assets, books or records. The commissioner or his deputy or another person may be appointed by the court as conservator, and a certified copy of the order of the court making such appointment shall be evidence thereof, and such conservator shall have the power and authority provided in sections 157-A to 157-Z-36 and such other power and authority as may be expressed in the order of the court. Such conservator shall endeavor promptly to remedy the situations complained of in the petition for his appointment. Within 6 months of the date of such appointment, or within 12 months if the court shall extend such 6 months' period, such association shall be returned to its board of directors and thereafter shall be managed and operated as if no conservator had been appointed, or a receiver shall be appointed as hereinafter provided. If the commissioner or his deputy is appointed conservator, he shall receive no additional compensation, but if another person is appointed, then the compensation of the conservator, as determined by the court, shall be paid by the association. A certified copy of the order of the court discharging such conservator and returning such association to its directors shall be sufficient evidence thereof.

III. Conservator possesses all powers of directors, officers and members. Any conservator appointed shall have all the rights, powers and privileges possessed by the officers, board of directors and members of the association.

IV. Conservator, with approval of court, may remove any officer or director. The directors and officers shall remain in office and the employees shall remain in their respective positions, but the conservator may remove any director, officer or employee, provided the order of removal of a director or officer shall be approved in writing by the court.

V. Under conservator, association may be operated as a "going concern." While the association is in the charge of a conservator, members of such association shall continue to make payments to the association in accordance with the terms and conditions of their contracts, and the conservator, in his discretion, may permit shareholders to withdraw their accounts from the association pursuant to sections 157-A to 157-Z-36 or under and subject to such rules and regulations as the commissioner may prescribe. The conservator shall have power to accept share accounts, but any such amounts received by the conservator may be segregated if the commissioner shall so order in writing. If so ordered, such amounts shall not be subject to offset and shall not be used to liquidate any indebtedness of such association existing at the time the conservator was appointed for it or any subsequent indebtedness incurred for the purposes of liquidating the indebtedness of any such association existing at the time such conservator was appointed. All expenses of the association during such conservatorship shall be paid by the association.

Sec. 157-Z-26. Receivership. If irregularities complained of in an order of the commissioner are not corrected, or if any irregularities complained of in a petition for the appointment of a conservator are not corrected, or in the case of any emergency, the commissioner may, if in his judgment the public interest requires it, acting through the Attorney General, apply to the Superior Court in the county of the principal office of any association for the appointment of a receiver. Such court is authorized to appoint a receiver if it finds that such association is in an impaired condition; is in substantial violation of any valid and applicable law or regulation; or is concealing any of its assets, books or records. The commissioner or his deputy or other person may be appointed by the court as receiver, and a certified copy of the order of the court making such appointment shall be evidence thereof, and such receiver shall have the power and authority provided in sections 157-A to 157-Z-36 and such other power and authority as may be expressed in the order of the court. If the commissioner or his deputy is appointed receiver, he shall receive no additional compensation, but if another person is appointed, then the compensation of the receiver, as determined by the court, shall be paid from the assets of the association.

Sec. 157-Z-27. Correction of wrongdoings by solvent institution. No conservator or receiver shall be appointed, or private property seized, with respect to an association which is solvent in that its assets are equal to or more than its obligations to its creditors, including the members and others, if the alleged wrongdoing can be otherwise corrected as is provided in sections 157-A to 157-Z-36 or otherwise as provided by law.

Sec. 157-Z-28. Members' shares and accounts. The owners of all classes of shares and accounts shall have the same status as to the assets of the association, and in the case of liquidation, one class of shares or accounts shall not have preference over any other class of shares or accounts.

Reports, Audits and Examinations.

Sec. 157-Z-29. Reports to members. Every association shall make available to its members annually a report of its financial condition by publishing a statement of its assets and liabilities as determined by its annual examination in form prescribed by the commissioner at least once in some newspaper published in the municipality where the principal office of the association is located, if any, otherwise in such newspaper as the commissioner may order.

Sec. 157-Z-30. Audits. The directors of each association shall at least annually employ an independent public accountant or accountants, who shall examine and analyze the books, accounts, notes, mortgages, securities and operating systems of the association, in such manner as in their judgment is necessary and appropriate in accordance with generally accepted accounting standards for the protection of members and the efficient operation of the association, and shall make written report of the condition of the association to the president, for the board, in such manner and to such extent as said accountant or accountants may deem necessary or proper.

The commissioner, in the course of his regular official examination of the association shall, and at such other times as he deems advisable may, investigate the work of such accountant or accountants to determine its adequacy for the purposes set forth, and in case he deems it inadequate he shall forthwith report his findings, with recommendations, in writing to the directors, who shall, within 30 days thereafter, give full consideration to such findings and recommendations, and take such steps relative thereto as in their judgment the situation requires.

Such audit may include a verification of accounts of members which, if deemed adequate by the commissioner, shall relieve him from all responsibility for such verification imposed upon him by section 157-Z-31, so far as applicable to said association; and shall relieve said association of the expense of such verification by the Banking Department which might otherwise have been assessed against it under section 2.

In lieu of the employment, election or appointment of an accountant or accountants in the manner provided, the association may enter into an arrangement with the commissioner, approved by the directors by duly recorded vote, and by the commissioner in writing, under which the auditing function may be assumed and discharged by the commissioner, who, unless otherwise stipulated in the agreement, shall have sole responsibility for its supervision and operation. The expense of such audit shall be chargeable to and paid by the association. Such arrangement may be terminated by either party on at least 30 days' notice in writing.

Whenever the directors of an association shall have provided for such audit by either of the methods above prescribed and, in the cases of the employment,

election or appointments of an accountant or accountants by them, shall have taken such action to remedy conditions as may reasonably be deemed necessary in the light of information disclosed by any report of said accountant or accountants and shall have complied with all reasonable recommendations of the commissioner relative thereto within the time hereinbefore prescribed, they shall not be personally liable for any loss suffered by such association, due to any subsequent wrongdoing by any officer or employee of the association, in the absence of other facts indicating negligence on the part of said directors.

Sec. 157-Z-31. Verification of accounts. The commissioner, at least once in every 3 years, shall cause the accounts of members in savings and loan associations to be verified by such methods and under such rules as he may prescribe.

The commissioner, deputy commissioner and all examiners and employees of the Banking Department acting under sections 157-A to 157-Z-36 shall have full access to every part of the association under examination, and to all books, papers, vouchers, resources and all other records and property belonging to said association, whether in its immediate possession or otherwise, for the purpose of facilitating such verification.

If any representative of the Banking Department designated to make such audit or verification shall communicate or impart to any person or persons, except as authorized by law, any information obtained by said audit or verification, he shall be punished by a fine of not more than \$1,000, or by imprisonment for not more than 6 months, or by both.

Sec. 157-Z-32. Examinations. Associations are under the charge of the commissioner for the purposes of examination. He shall visit or cause a visit to be made to every association, incorporated by authority of the State, once in every year and as much oftener as he deems expedient. At such visits he shall have free access to the vaults, books and papers, and thoroughly inspect and examine all the affairs of each association, and make such inquiries as are necessary to ascertain its condition and ability to fulfill all its engagements, and whether it has complied with the law, and its officers shall, whenever required to do so by the commissioner, furnish him with statements and full information relating to the condition and standing of their institution, and of all matters pertaining to its business affairs and management. He shall preserve, in a permanent form, a full record of his proceedings, including a statement of the condition of each association, a copy of which statement shall be published by the association immediately after its examination, in some newspaper published in the municipality where the principal office of the association is located, if any, otherwise, in such newspaper as the commissioner may order. When possible, the examinations to be made by the commissioner shall be coordinated with the examination to be made by federal agencies in order to avoid duplication of work and expense.

Miscellaneous..

Sec. 157-Z-33. Holidays. Any association may remain closed, open or may open for limited functions only on any Saturdays as its board may determine from time to time. Any Saturday on which such association remains closed or

open for limited functions only, shall be with respect to such association a holiday and not a business day. The normal working hours of an association during weekdays may be as determined by its board of directors. Holidays, as such, will be the same holidays as designated for savings banks.

Sec. 157-Z-34. Department regulations. The Bank Commissioner, with the advice and consent of the advisory committee of the savings and loan associations, may from time to time make and shall enforce rules and regulations relating to said savings and loan associations, subject to sections 157-A to 157-Z-36.

Sec. 157-Z-35. Judicial review. Any order or decision of the commissioner affecting savings and loan associations shall be subject to review by a justice of the Superior Court by a proceeding taken within 30 days after the date of such order or decision in the Superior Court in and for the County of Kennebec at the insistence of any party in interest who is aggrieved by said order or decision. The court may order a stay of any order or decision of the commissioner pending the final determination of such proceedings and may impose such terms and conditions as may be deemed proper. An appeal may be taken to the law court from any decision of the Superior Court.

Sec. 157-Z-36. Existing associations. Associations established prior to the enactment of sections 157-A to 157-Z-36 shall enjoy all of the privileges and be subject to sections 157-A to 157-Z-36 as if organized thereunder.'

Sec. 2. R. S., c. 59, §§ 158 - 188, repealed. Section 158, as amended by section 2 of chapter 39 of the public laws of 1957, sections 159 to 166, section 167 as amended by section 1 of chapter 147 of the public laws of 1959, sections 168 to 171, section 172 as amended by section 2 of chapter 147 of the public laws of 1959, section 173 as amended by sections 1 and 2 of chapter 354 of the public laws of 1955 and by section 3 of chapter 39 of the public laws of 1957, sections 174 to 176, section 177 as amended by section 3 of chapter 354 of the public laws of 1955 and section 3 of chapter 147 of the public laws of 1959, section 178, section 179 as amended by section 4 of chapter 354 of the public laws of 1955, section 180 as amended by section 5 of chapter 354 of the public laws of 1955 and section 4 of chapter 39 of the public laws of 1957, section 181 as repealed and replaced by section 6 of chapter 354 of the public laws of 1955, sections 182 to 184, section 185 as amended by section 37 of chapter 397 of the public laws of 1957, section 186, section 187 as repealed and replaced by section 7 of chapter 354 of the public laws of 1955, and section 188, all of chapter 59 of the Revised Statutes, are repealed.