

# MAINE STATE LEGISLATURE

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ONE HUNDRED AND FIRST LEGISLATURE

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Legislative Document

No. 878

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H. P. 568

House of Representatives, January 31, 1963

Speaker laid before the House and on Motion of Mr. Easton of Winterport, Referred to the Committee on Business Legislation. Sent up for concurrence and 800 ordered printed.

HARVEY R. PEASE, Clerk

Presented by Mr. Easton of Winterport.

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STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
SIXTY-THREE

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**AN ACT Revising the Savings Bank Law.**

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

**Sec. 1. R. S., c. 59, § 19-C, sub-§ I, amended.** Subsection I of section 19-C of chapter 59 of the Revised Statutes, as enacted by section 1 of chapter 379 of the public laws of 1961, is amended by inserting after the 3rd sentence, a new sentence, as follows:

**'This limitation shall not prevent a savings bank from establishing or operating a branch or agency in any municipality where there is no bank regularly transacting customary banking business or where a trust bank or branch is taken over.'**

**Sec. 2. R. S., c. 59, § 19-C-1, additional.** Chapter 59 of the Revised Statutes is amended by adding a new section 19-C-1 to read as follows:

**'Sec. 19-C-1. Merger.** Any 2 or more savings banks organized under the laws of this State may consolidate into one savings bank, or any savings bank may transfer its engagements, funds and property to any other savings bank, under such terms as shall be mutually agreed upon by the trustees of such savings banks when approved by 2/3 of all the corporators of each savings bank, after notice of such intention shall have been sent by mail to each corporator and after such notice shall have been published once a week for 3 successive weeks in one of the newspapers, if any, published in the municipalities where the savings banks' principal offices are located, otherwise in such newspapers as the Bank Commissioner may order, the last notice published and the notices by mail to be sent at least 7 days prior to the date of the meeting named in the call.

Such transfer or consolidation shall not prejudice the right of any creditor of any savings bank 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 trustees of said savings bank for any neglect or misconduct. The reorganized savings bank shall be liable for all obligations of the savings banks 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 Bank Commissioner, and until a copy of the resolution, certified by a majority of the board of trustees of each savings bank, shall be filed with the commissioner.'

**Sec. 3. R. S., c. 59, § 19-G, sub-§ VI, amended.** The first sentence of subsection VI of section 19-G of chapter 59 of the Revised Statutes, as enacted by section 1 of chapter 380 of the public laws of 1955 and as amended by chapter 45 of the public laws of 1959, is further amended to read as follows:

'If any depositor shall die, leaving in a bank, savings bank or trust company a savings or other account on which the balance due him shall not exceed ~~\$500~~ \$1,500, and no executor of his will or administrator of his estate shall be appointed, the bank, savings bank or trust company may pay the balance of his or her account to the surviving spouse, next of kin, funeral director or other preferred creditor or creditors who may appear to be entitled thereto.'

**Sec. 4. R. S., c. 59, § 19-H, sub-§ I, ¶ C, amended.** The first sentence of paragraph C of subsection I of section 19-H of chapter 59 of the Revised Statutes, as enacted by section 1 of chapter 380 of the public laws of 1955, is amended to read as follows:

'Without regard to any other ~~provision of~~ law, savings banks of this State are authorized to make or buy and sell any loan, secured or unsecured, **or any real estate installment sale contracts**, which is insured or guaranteed in any manner in part or in full by the United States or any instrumentality thereof, or by this State or any instrumentality thereof, or for which there is a commitment to so insure or guarantee, or for which a conditional guarantee has been issued.'

**Sec. 5. R. S., c. 59, § 19-H, sub-§ I, ¶ E, amended.** Paragraph E of subsection I of section 19-H of chapter 59 of the Revised Statutes, as enacted by section 1 of chapter 380 of the public laws of 1955 and as repealed and replaced by section 4 of chapter 179 of the public laws of 1961, is amended to read as follows:

'E. No savings bank shall shave more than ~~66 2/3%~~ 70% of its deposits invested in real estate mortgages; except that it may invest up to ~~80%~~ 85% therein, provided that the excess over ~~66 2/3%~~ 70% of its deposits is invested in real estate mortgages that are guaranteed or insured by the Federal Housing Administration, or by the Federal Government under ~~sections 500 to 505 of~~ Title III, sections 500 to 505, of the Servicemen's Readjustment Act of 1944, as enacted or subsequently amended, or by the Maine Industrial Building Authority.'

**Sec. 6. R. S., c. 59, § 19-H, sub-§ III, repealed and replaced.** Subsection III of section 19-H of chapter 59 of the Revised Statutes, as enacted by section 1 of chapter 380 of the public laws of 1955 and as amended, is repealed and the following enacted in place thereof:

**‘III. Unsecured loans.**

**A. A savings bank may make loans to individuals or corporations without the security of a real estate mortgage or pledge of collateral enumerated in subsection II upon the following conditions and within the following limitations:**

- 1. To any municipal or quasi-municipal corporation in this State when duly authorized by such municipality or corporation;**
- 2. To any religious, charitable, educational or fraternal association;**
- 3. To any responsible individual borrower or borrowers, evidenced by their notes or other obligations upon the following conditions:**
  - a. To an amount not exceeding \$2,500 for any one individual provided that the note or other obligation will be paid in full in one year or that the note or other obligation requires monthly or quarterly amortization of the principal within a period not exceeding 5 years from date. The aggregate of all loans made under this division shall not exceed 10% of the deposits of the bank;**
  - b. To an amount within the discretion of the trustees, providing the loan is eligible for insurance under the National Housing Act and seasonable application is made under Title I of that act;**
  - c. To an amount within the discretion of the trustees, providing the loan is made to assist the borrower to further his higher education and is guaranteed in full or in part by the New England Higher Education Assistance Foundation.’**

**Sec. 7. R. S., c. 59, § 19-I, sub-§ XVI, ¶ A, repealed and replaced.** Paragraph A of subsection XVI of section 19-I of chapter 59 of the Revised Statutes, as enacted by section 1 of chapter 380 of the public laws of 1955, is repealed and the following enacted in place thereof:

**‘A. In the capital stock of any fire and casualty insurance company authorized to conduct business in this State, provided:**

- 1. At the end of the fiscal year immediately preceding the date of investment, the combined total of capital stock and surplus of the company plus the voluntary reserves, as the latter term is hereinafter defined, of the company and its insurance subsidiaries shall be at least 80% of the sum of all of the unearned premiums. For the purpose of this subsection a subsidiary shall be construed to mean any insurance company 50% or more of the capital stock of which is owned by said insurance company or any subsidiary thereof. As used herein the term voluntary reserves shall be construed to mean all sums allocated to reserve accounts other than unearned premium and loss reserves required by the existing laws and regulations relating to insurance companies doing business in this State.’**

**Sec. 8. R. S., c. 59, § 19-I, sub-§ XVI, ¶ B, amended.** Paragraph B of subsection XVI of section 19-I of chapter 59 of the Revised Statutes, as enacted by section 1 of chapter 380 of the public laws of 1955, is amended to read as follows:

**'B.** Not more than 10% of the deposits of a mutual savings bank may be invested in stocks of fire and casualty insurance companies and not over 1% of the deposits of a mutual savings bank may be invested in the stock of any one insurance company or subsidiary thereof.'

**Sec. 9. R. S., c. 59, § 19-I, sub-§ XVII, amended.** The last paragraph of subsection XVII of section 19-I of chapter 59 of the Revised Statutes, as enacted by section 1 of chapter 380 of the public laws of 1955, is amended to read as follows:

**'Not more than 10% of the deposits of a bank shall be invested in preferred stocks of public utilities and not more than ~~one half of~~ 1% of such deposits shall be invested in the preferred stocks of any one company.'**

**Sec. 10. R. S., c. 59, § 19-I, sub-§ XIX, amended.** Subsection XIX of section 19-I of chapter 59 of the Revised Statutes, as enacted by section 1 of chapter 380 of the public laws of 1955, is amended to read as follows:

**'XIX. Other securities.** In such other securities as the trustees of a bank may consider to be sound prudent investments. Not more than ~~3%~~ 5% of the deposits of a bank shall be invested in securities within the coverage of this subsection.'

**Sec. 11. R. S., c. 59, § 19-I, sub-§ XXI, amended.** Subsection XXI of section 19-I of chapter 59 of the Revised Statutes, as enacted by section 1 of chapter 380 of the public laws of 1955, is amended by adding at the end a new paragraph to read as follows:

**'Savings banks, loan and building associations and trust companies organized under this chapter may continue to hold at the discretion of their trustees or directors securities acquired under authorization of law.'**

**Sec. 12. R. S., c. 59, § 19-I, sub-§ XXII, additional.** Section 19-I of chapter 59 of the Revised Statutes, as enacted by section 1 of chapter 380 of the public laws of 1955, is amended by adding a new subsection XXII, to read as follows:

**'XXII. Bonds of nonprofit organizations.** In the bonds or other interest-bearing obligations of any religious, charitable, educational or fraternal association. Not more than 1% of the deposits of a bank shall be invested in securities coming within the coverage of this subsection.'

**Sec. 13. R. S., c. 59, § 19-J, sub-§ XI, ¶ C, repealed and replaced.** Paragraph C of subsection VI of section 19-J of chapter 59 of the Revised Statutes, as enacted by section 1 of chapter 380 of the public laws of 1955, is repealed and the following enacted in place thereof:

**'C.** That no dividend may be declared in an amount greater than the income and realized capital gains of the current or immediately preceding dividend period except that for the purpose of maintaining a current dividend rate the trustees may vote to use additional funds from a special reserve created in prior years from current earnings and carried for the purpose.'