

MAINE STATE LEGISLATURE

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ONE HUNDRED AND FIRST LEGISLATURE

Legislative Document

No. 1023

S. P. 357

In Senate, February 5, 1963

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

CHESTER T. WINSLOW, Secretary

Presented by Senator Porteous of Cumberland.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SIXTY-THREE

AN ACT Relating to Participation Loans, Other Than Real Estate, by
Savings Banks.

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

R. S., c. 59, § 19-H, sub-§ IV, additional. 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 by adding a new subsection IV, to read as follows:

IV. Participation loans, other than real estate.

A. A savings bank may purchase participations in term loans other than real estate, secured or unsecured, from national banks or trust companies located in this State, the proceeds of which are to be used in the establishing or carrying on of a business venture of any kind located principally within this State, provided that:

1. No participation in any one loan shall exceed 75% of the amount of the loan;
2. The total participations in loans to any one borrower shall not exceed 1% of total deposits; and
3. The aggregate outstanding balance of loans made under this subsection shall not at any one time exceed 10% of total deposits.

B. Disbursement, collection, custody of documents and all other matters relating to the originating and servicing of a loan during its term may be administered in any manner agreed upon by the participants with or without fees, provided that each loan shall be:

1. Evidenced by a participation certificate signed by the selling bank;
 2. Supported by a warranty of the selling bank to service the loan throughout its entire term, and to maintain at all times a minimum participation of 25% of the outstanding loan balance;
 3. Supported by a comprehensive analysis, prepared by the selling bank and furnished to the purchasing bank, of balance sheets, earnings statements and surplus reconciliations covering the most recent 5 years of operations, or for the number of years in business if less than 5; and
 4. Further supported by a report, prepared at least annually, of the loan, its security, if any, and the financial status of the borrower.
- C. All loans under this subsection shall be made subject to a specific repayment schedule.'