

MAINE STATE LEGISLATURE

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ONE HUNDRED AND FIRST LEGISLATURE

Legislative Document

No. 1186

H. P. 799

House of Representatives, February 7, 1963

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

HARVEY R. PEASE, Clerk

Presented by Mr. Childs of Portland.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SIXTY-THREE

AN ACT Revising the Laws Relating to the Organization and Powers of Credit Unions.

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

Sec. 1. R. S., c. 55, § 10, amended. The last sentence of section 10 of chapter 55 of the Revised Statutes, as amended by section 3 of chapter 380 of the public laws of 1955, is further amended to read as follows:

~~'Subsection V of section 19-G of chapter 59,~~ **Chapter 59, section 19-G, subsection V,** with reference to joint accounts, **payments of account of deceased persons and loss of passbooks** shall apply to credit unions.'

Sec. 2. R. S., c. 55, § 13, amended. The first and 4th sentences of section 13 of chapter 55 of the Revised Statutes are amended to read as follows:

'The annual meeting of the corporation shall be held at such time and place as the bylaws prescribe, but not later than ~~30~~ 60 days after the close of the fiscal year.'

'No member shall be entitled to vote by proxy, **except in a vote for dissolution,** or have more than one vote.'

Sec. 3. R. S., c. 55, § 16, repealed and replaced. Section 16 of chapter 55 of the Revised Statutes, as amended by chapter 33 of the public laws of 1957, is repealed and the following enacted in place thereof:

'Sec. 16. Powers of the board of directors. The board of directors shall have the general management of the affairs, funds and records of the credit union and shall meet as often as may be necessary, but not less than once each month. It shall be the special duty of the directors:

I. Application for membership. To act upon applications for membership; or to appoint an executive committee or a membership officer from among the members of the credit union, other than the treasurer, an assistant treasurer or loan officer, who may be authorized by the board to approve applications for membership under such conditions as the board may prescribe; except that such committee or membership officer so authorized shall submit to the board at each monthly meeting a list of approved or pending applications for membership received since the previous monthly meeting, together with such other related information as the bylaws or board may require;

II. Bond. To purchase a blanket bond in an amount which is not less than an amount recommended by the Bank Commissioner, which shall be required of the treasurer and of each other officer and other employee having the custody of funds or property;

III. Rate of interest. To determine from time to time the rate of interest consistent with this chapter which shall be charged on loans;

IV. Dividends. To declare dividends in the way and manner as provided in the bylaws;

V. Number of shares. To limit the number of shares which may be owned by one member and such limitation shall apply alike to all members;

VI. Supervisory committee. To appoint a supervisory committee of not less than 3 members and not more than one may be a director;

VII. Vacancies. To fill vacancies occurring between annual meetings in the board of directors and in the credit committee and supervisory committee until the election or appointment and qualification of their successors;

VIII. Loans. To fix from time to time the maximum amount, both secured and unsecured, which may be loaned to any one member;

IX. Investment of surplus funds. To have charge of the investment of surplus funds;

X. Employees. To authorize the employment of such person or persons as may be necessary to carry on the business of the credit union and to fix the compensation of such employees including the treasurer;

XI. Conveyance of property. To authorize the conveyance of property;

XII. Borrow money. To borrow money to carry on the functions of the credit union;

XIII. Other duties. To perform such other duties as the members may from time to time require;

XIV. Depository for funds. To designate a depository or depositories for the funds of the credit union;

XV. Suspension of members of committees. To suspend any or all members of the credit and supervisory committees for failure to perform their duties;

XVI. Loan officers. To establish and provide for compensation of loan of-

ficers appointed by the credit committee and of auditing assistance requested by the supervisory committee; and

XVII. Other action. To perform or authorize any action consistent with this chapter not specifically reserved by the bylaws for the members.'

Sec. 4. R. S., c. 55, § 17, repealed and replaced. Section 17 of chapter 55 of the Revised Statutes is repealed and the following enacted in place thereof:

'**Sec. 17. Powers and duties of supervisory committee.** The supervisory committee shall keep fully informed at all times as to the financial condition of the credit union, shall examine or cause to be examined carefully the cash and accounts of the credit union quarterly, and shall report to the board of directors its findings, together with its recommendations. It shall, under regulations prescribed by the Bank Commissioner, cause to be verified the passbooks or accounts of the members of the credit union at least once in every 3 years. It shall hold meetings at least once quarterly, shall keep records thereof and shall make an annual report at the annual meeting of the members.'

Sec. 5. R. S., c. 55, § 20, amended. Section 20 of chapter 55 of the Revised Statutes, as amended by section 4 of chapter 147 of the public laws of 1961, is further amended by adding after the 2nd paragraph a new paragraph, to read as follows:

'A credit union may invest in real estate by 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 its business. Such buildings may include space for rental purposes. The cost to the credit union of such lands, buildings, fixtures and equipment shall not exceed 75% of the sum of such credit union's surplus funds at the time such investment is made, unless the Bank Commissioner shall, for good cause shown, on application therefor approve an amount in excess of said amount subject to such conditions as the Bank Commissioner may approve.'

Sec. 6. R. S., c. 55, § 24, repealed and replaced. Section 24 of chapter 55 of the Revised Statutes, as amended by section 8 of chapter 147 of the public laws of 1961, is repealed and the following enacted in place thereof:

'**Sec. 24. Dividends.** Annually or semiannually, as the bylaws may provide, and after provision for the required reserves, the board of directors may declare a dividend to be paid from the remaining net earnings or from accumulated undivided profits. Such dividends shall be paid on all paid-up shares outstanding at the end of the period for which the dividend is declared. Shares which become fully paid up during such dividend period and are outstanding at the close of the period shall be entitled to a proportional part of such dividend. Dividend credit for a month may be accrued on shares which are or become fully paid up during the first 10 days of that month. Dividends due to a member shall, at the discretion of the board of directors, be paid to him in cash or be credited to his account in shares. No dividend shall be authorized or paid at a rate in excess of 6% per year.'

Sec. 7. R. S., c. 55, § 28, repealed and replaced. Section 28 of chapter 55 of the Revised Statutes is repealed and the following enacted in place thereof:

'Sec. 28. Power to borrow. A credit union may borrow, from any source, in an amount not exceeding 50% of its paid in and unimpaired capital and surplus.'

Sec. 8. R. S., c. 55, § 31, additional. Chapter 55 of the Revised Statutes is amended by adding a new section 31, to read as follows:

'Sec. 31. Dissolution.

I. Voluntary. At a meeting especially called to consider the matter, a majority of the entire membership may vote to dissolve the credit union, provided a copy of the notice was mailed to the Bank Commissioner at least 10 days prior thereto. A member may cast his vote by proxy on forms prepared by the directors and mailed with the notice. The credit union shall thereupon immediately cease to do business except for the purposes of liquidation, and the president and secretary shall, within 5 days following such meeting, notify the Bank Commissioner of intention to liquidate and shall include a list of the names of the directors and officers of the credit union together with their addresses.

II. Involuntary. If it shall appear that any credit union is insolvent, or that it has violated any of the provisions of this chapter, the Bank Commissioner may, after holding a hearing or giving adequate opportunity for a hearing, order such credit union to correct such condition and shall grant it not less than 60 days within which to comply, and failure to do so shall afford the Bank Commissioner grounds for revocation of the certificate of organization and charter and for applying to the Superior Court of the county in which such credit union is located for the appointment of a receiver to close up the affairs of such credit union.

III. Liquidating procedure. The credit union shall continue in existence for the purpose of discharging its debts, collecting and distributing its assets and doing all the acts required in order to wind up its business and may sue and be sued for the purpose of enforcing such debts and obligations until its affairs are fully adjusted. The board of directors or receiver may sell or transfer the assets of the credit union to any other credit union, corporation, credit union league fund or other purchaser upon the written approval of the Bank Commissioner or court having jurisdiction in this matter. The board of directors or, in the case of involuntary dissolution, the receiver shall use the assets of the credit union to pay: First, expenses incidental to liquidation including any surety bond that may be required; 2nd, any liability due non-members; 3rd, savings club accounts. Assets then remaining, if any, shall be distributed to the members proportionately to the shareholdings held by each member as of the date dissolution was voted.

As soon as the board of directors or the receiver determines that all assets from which there is a reasonable expectancy of realization have been liquidated and distributed as set forth in this section, they shall execute a certificate of dissolution on a form prescribed by the Bank Commissioner and file same with the Secretary of State and the registry of deeds where the original certificate of organization is recorded. After recording, the board of directors shall forward it to the Bank Commissioner, whereupon such credit union shall be dissolved.'