

# MAINE STATE LEGISLATURE

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# ONE HUNDRED AND FOURTH LEGISLATURE

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**Legislative Document**

**No. 401**

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H. P. 314

House of Representatives, January 28, 1969

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

BERTHA W. JOHNSON, Clerk

Presented by Mr. Hewes of Cape Elizabeth.

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## STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
SIXTY-NINE

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### AN ACT Revising the Savings and Loan Laws.

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

**Sec. 1. R. S., T. 9, § 1551, sub-§ 6, additional.** Section 1551 of Title 9 of the Revised Statutes is amended by adding a new subsection 6, to read as follows:

**6. Savings Account.** The words “account” and “savings account” may be read and shall have the same meaning as the words “deposit” and “savings deposit.”

**Sec. 2. R. S., T. 9, § 1702, sub-§ 4, amended.** Subsection 4 of section 1702 of Title 9 of the Revised Statutes is amended to read as follows:

**4. Prepaid and investment shares and accounts.** Prepaid and investment shares and accounts may be issued and maintained in such units of \$200 or multiples thereof as may be selected by its board of directors.

**Sec. 3. R. S., T. 9, § 1702, sub-§ 5, amended.** Subsection 5 of section 1702 of Title 9 of the Revised Statutes, as last amended by section 1 of chapter 149 of the public laws of 1967, is further amended to read as follows:

**5. Savings shares, deposits and accounts.** Savings shares, deposits and accounts may be issued upon which payments and withdrawals may be made. An association may classify and differentiate such shares, deposits and accounts on such basis as its directors may determine.

**Sec. 4. R. S., T. 9, § 1702, sub-§ 7, additional.** Section 1702 of Title 9 of the Revised Statutes, as amended, is further amended by adding a new subsection 7, to read as follows:

7. Time certificates of deposits and securities. Upon the approval of the commissioner, time certificates of deposit, notes, bonds, debentures and other securities for fixed minimum or indefinite periods of time.

Sec. 5. R. S., T. 9, § 1832, sub-§ 1, amended. The first paragraph of subsection 1 of section 1832 of Title 9 of the Revised Statutes is amended to read as follows:

In any loan evidenced by a note and secured by a mortgage which shall be a first lien on ~~real estate~~ **the property**, subject to the following limitations and requirements:

Sec. 6. R. S., T. 9, § 1832, sub-§ 1, ¶ A, amended. The first paragraph of paragraph A of subsection 1 of section 1832 of Title 9 of the Revised Statutes is amended to read as follows:

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

Sec. 7. R. S., T. 9, § 1832, sub-§ 1, ¶ C, sub-¶ (5), additional. Paragraph C of subsection 1 of section 1832 of Title 9 of the Revised Statutes, as amended, is further amended by adding a new subparagraph (5), to read as follows:

(5) Loans may be made in an amount not exceeding 90% of the appraised value or 90% of the purchase price of real estate or mobile home, whichever amount is less, if secured by a mortgage and;

(a) the loan contract requires that, in addition to interest and principal payments on the loan, the equivalent of 1/12 of the estimated annual taxes, assessments and insurance premiums on the secured property be paid monthly in advance, to the association; and

(b) at least the top 20% of the loan is insured by a mortgage guaranty insurer licensed to do business in this State.

Sec. 8. R. S., T. 9, § 1832, sub-§ 4, repealed and replaced. Subsection 4 of section 1832 of Title 9 of the Revised Statutes, as amended by section 4 of chapter 69 of the public laws of 1965, is repealed and the following enacted in place thereof:

4. Home improvement and equipment loans. In a loan to any member evidenced by a note without security upon the following conditions:

A. To an amount not exceeding \$5,000 made for the repairing, equipping, furnishing, altering or improving of any real property or mobile home; that each said loan is evidenced by one or more negotiable notes and that each loan is repayable in regular monthly installments within the period of 10 years.

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

**C. The aggregate of all loans made under paragraph A shall not exceed 10% of the withdrawable accounts of the association.**

**Sec. 9. R. S., T. 9, § 1836, amended.** The first paragraph of section 1836 of Title 9 of the Revised Statutes is amended to read as follows:

No association shall make any of the investments authorized by chapters 141 to 167, except those authorized by section 1832, subsection 2, and section 1834, subsections 1 and 2, if and so long as the sum of its cash on hand and in banks and savings and loan associations and the market value of its investments in obligations of the United State of America is less than 5% of its withdrawable accounts, **without the approval of the commissioner.**

**Sec. 10. R. S., T. 9, § 1838, repealed and replaced.** Section 1838 of Title 9 of the Revised Statutes is repealed and the following enacted in place thereof:

**§ 1838. Surplus and reserve fund**

**Every association shall establish and maintain a surplus, reserve or guaranty fund of at least 5% of its withdrawable accounts, unless the commissioner shall approve in writing a lesser amount. Unless otherwise approved by the commissioner, the board of directors before declaring a dividend shall set aside a sum at a rate of not less than 10% per year of net income accruing since the last dividend declaration until such surplus, reserve or guaranty fund amounts to 5% of the association's withdrawable accounts, and thereafter such sums as from time to time may be voted by the board of directors. The fund shall be retained as a security against losses and contingencies and all losses not otherwise absorbed shall be charged against it, except that any portion of such funds in excess of 5% of the association's withdrawable accounts shall be available and may be used without approval of the commissioner for dividends and such other purposes as the directors may deem appropriate. An association insured by the Federal Savings and Loan Insurance Corporation may designate any surplus, reserve or guaranty fund as its federal insurance reserve account.**