

MAINE STATE LEGISLATURE

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ONE HUNDRED AND FIFTH LEGISLATURE

Legislative Document

No. 775

H. P. 580

House of Representatives, February 11, 1971

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

BERTHA W. JOHNSON, Clerk

Presented by Mr. Simpson of Millinocket.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-ONE

AN ACT Revising the Laws Relating to Credit Unions.

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

Sec. 1. R. S., T. 9, § 443, sub-§ 2, ¶ T, amended. Paragraph T of subsection 2 of section 443 of Title 9 of the Revised Statutes, as enacted by section 1 of chapter 420 of the public laws of 1969, is amended to read as follows:

T. To perform consumer financial counseling service, including budget planning, debt management and related services either directly or indirectly through a corporation organized by one or more banks, trust companies ~~or~~, savings and loan associations **or credit unions** to provide such services.

Sec. 2. R. S., T. 9, § 991, sub-§ 12, amended. Subsection 12 of section 991 of Title 9 of the Revised Statutes, as enacted by section 2 of chapter 420 of the public laws of 1969, is amended to read as follows:

12. Counseling. To perform consumer financial counseling service, including budget planning, debt management and related services either directly or indirectly through a corporation organized by one or more banks, trust companies ~~or~~, savings and loan associations **or credit unions** to provide such services.

Sec. 3. R. S., T. 9, § 1632, sub-§ 17, amended. Subsection 17 of section 1632 of Title 9 of the Revised Statutes, as enacted by section 3 of chapter 420 of the public laws of 1969, is amended to read as follows:

17. Counseling. Perform consumer financial counseling service, including budget planning, debt management and related services either directly or indirectly through a corporation organized by one or more banks, trust com-

panies ~~or~~, savings and loan associations or credit unions to provide such services.

Sec. 4. R. S., T. 9, § 2722, amended. The first sentence of section 2722 of Title 9 of the Revised Statutes is amended to read as follows:

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~~ **semiannually**, and shall report to the board of directors its findings, together with its recommendations.

Sec. 5. R. S., T. 9, §§ 2727 and 2728, additional. Title 9 of the Revised Statutes is amended by adding 2 new sections 2727 and 2728 to read as follows:

§ 2727. Share insurance

A credit union, whether organized under the general or private and special laws, may insure its members' shares and accounts with the National Credit Union Administration or any other firm, association or corporation approved by the commissioner, and comply with conditions necessary to obtain such insurance.

§ 2728. Counseling

Credit unions may perform consumer financial counseling service, including budget planning, debt management and related services either directly or indirectly through a corporation organized by one or more banks, trust companies, savings and loan associations or credit unions to provide such services.

Sec. 6. R. S., T. 9, § 2765, sub-§ 3, ¶ B, amended. Paragraph B of subsection 3 of section 2765 of Title 9 of the Revised Statutes is amended to read as follows:

B. No such loan shall exceed ~~66 2/3%~~ **80%** of the value of the property mortgaged, as determined by the credit committee, except that this provision shall not apply to real estate loans insured by the Federal Housing Administration.

Sec. 7. R. S., T. 9, § 2792, additional. Title 9 of the Revised Statutes is amended by adding a new section 2792 to read as follows:

§ 2792. Merger

1. **Merger.** Any 2 or more credit unions whether chartered under the general or private and special laws of this State or under the laws of the United States, if at least one of the merging credit unions is chartered under the laws of this State, may, with the approval of the commissioner, and in accordance with such rules as the commissioner may make, merge into one credit union. The surviving credit union may be chartered either under the laws of this State or of the United States. If any credit union involved in the proposed merger is a federal credit union, such merger is subject to all applicable laws, rules and regulations of the United States.

2.—plan. The merger shall be made pursuant to any plan agreed upon by a majority of the board of directors of each credit union joining in the merger and approved by the affirmative vote of a majority of the members voting in person or by proxy at meetings of the members of each credit union called for that purpose or by written consent of the majority of the members of each credit union.

3.—compliance. In the event that the surviving credit union is to be a state chartered credit union, the commissioner shall not approve said merger unless such surviving credit union would be in compliance with all other laws of the State regulating the organization of credit unions.

4.—certificate. When the requirements as to approval have been met, including the approval of the commissioner and any federal agency whose approval is required under federal law, in those cases where a federally chartered credit union is involved in the merger, the commissioner shall, if the surviving credit union is chartered under the laws of this State, issue an appropriate certificate which must be filed in all places where original organization certificates are required to be filed in this State. In all cases the commissioner shall cancel the charters of those credit unions which will not exist under the terms of the merger and file notice of such action in all places where organization certificates are required to be filed in this State.

5. vesting of property. Upon the issuance by the commissioner of a certificate to the surviving credit union, all property, property rights and interests of the merged credit unions shall vest in the surviving credit union, without deed, endorsement or other instrument of transfer, and all debts, obligations and liabilities of the merged credit unions are assumed by the surviving credit union. Thereafter the charter of any merged credit union is void, and the existence of the merged credit union as a legal entity separate from the surviving credit union terminates.

Sec. 8. R. S., T. 17, § 701, amended. Section 701 of Title 17 of the Revised Statutes, as amended by section 4 of chapter 420 of the public laws of 1969, is further amended to read as follows:

§ 701. Business prohibited

No person, firm, association or corporation shall engage in the business of budget planning. This chapter shall not apply to those admitted to the practice of law or to any bank, trust company, savings and loan association ~~or~~, credit union or any corporation organized by one or more such institutions to provide consumer financial counseling services.

STATEMENT OF FACT

Sections 1, 2, 3, 5 and 8 adds credit unions to savings banks, trust companies and savings and loan associations as financial institutions permitted to engage in consumer financial counseling.

Section 4 amends the law by permitting semiannual examinations by the supervisory committee rather than quarterly as now required. The Federal Credit Union Act requires semiannual examinations.

Section 5 provides for specific authority to purchase share insurance. Although specific statutory authority probably is not necessary, savings banks and savings and loan associations now have specific statutory authority.

Section 6 amends the law to permit credit unions to lend 80% of the value of real estate on the security of a first mortgage rather than $66\frac{2}{3}\%$ as allowed at present. Savings banks and savings and loan associations presently have a limitation of 80%.

Section 7 provides statutory authority for merger of 2 or more credit unions whether they be federally or state chartered. This is permitted under federal law as well as the law of most states.