

MAINE STATE LEGISLATURE

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ONE HUNDRED AND SEVENTH LEGISLATURE

Legislative Document

No. 379

S. P. 114

In Senate, January 28, 1975

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

HARRY N. STARBRANCH, Secretary

Presented by Senator Conley of Cumberland.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-FIVE

AN ACT Relating to Credit Unions.

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

Sec. 1. 9 MRSA, § 2647, last sentence, as last amended by PL 1969, c. 390, § 1, is further amended to read:

Sections 515, 516 and 517, with reference to joint accounts, payments of ~~account~~ accounts of deceased persons and loss of passbooks shall apply to all credit unions whether organized under the laws of the State of Maine or of the United States of America.

Sec. 2. 9 MRSA, § 2687, last sentence, is amended to read:

No dividend shall be authorized or paid at a rate in excess of ~~6%~~ 7% per year.

Sec. 3. 9 MRSA, § 2729, is enacted to read:

§ 2729. Trustee, self-employed retirement plans

A credit union shall have power to act as trustee under a retirement plan established pursuant to the Act of Congress entitled "Self-employed Individuals Retirement Act of 1962", as amended, or an individual retirement account pursuant to the "Employee Retirement Income Security Act of 1974", as amended; provided that the provisions of such plans require the funds of such trust or account to be invested exclusively in deposits in said credit union and limit the amount of such deposits, exclusive of interest, to the amount of maximum insurance coverage provided by the federal corporation insuring the credit union's accounts.

In the event that any such retirement plan, which in the judgment of the credit union constitutes a qualified plan under either said Self-employed Individuals Retirement Act of 1962 or the Employee Retirement Income Security Act of 1974 and the regulations promulgated thereunder at the time the trust or account was established and accepted by the credit union, is determined subsequently not to be such a qualified plan or ceases subsequently to be such a qualified plan, in whole or in part, the credit union may nevertheless continue to act as trustee of any deposit theretofore made under such plan and to dispose of the same in accordance with the directions of the depositor and the beneficiaries thereof.

No credit union, with respect to the deposits made under this section, shall be required to segregate such deposits from its other deposits, except as may be required under federal law establishing such plans; provided that the credit union shall keep appropriate records showing in proper detail all transactions engaged in under the authority of this section.

Sec. 4. 9 MRSA, § 2730, is enacted to read:

§ 2730. Participation in electronic funds transfer system

A credit union, with the prior written approval of the superintendent, may issue to its members cards or other devices permitting such members to gain access to or participate in an established electronic funds transfer system.

The use of such cards or other devices pursuant to this section by the members of the credit union shall be subject to the loan limitations set forth in applicable state law.

Sec. 5. 9 MRSA, §§ 2731 and 2732, are enacted to read:

§ 2731. Participation in public lotteries

A credit union may participate in public lotteries authorized pursuant to the laws of this State in the manner outlined in guidelines promulgated pursuant to such laws, provided that the superintendent may promulgate additional rules and regulations governing such participation.

§ 2732. Powers of federally chartered credit unions

To the extent authorized by the superintendent pursuant to regulations, a credit union shall have the power to engage in any activity which a credit union chartered by or otherwise subject to the jurisdiction of the Federal Government may hereafter be authorized to engage in by federal legislation or regulations issued pursuant to such legislation.

Sec. 6. 9 MRSA, § 2766, is enacted to read:

§ 2766. Lines of credit

Subject to the limitations set forth in section 2765, the credit committee of a credit union may approve a line of credit to a member upon written application by the member and advances may be made to such member within the limits of such extension of credit. No additional loan applications shall be

required from the member so long as the aggregate obligation outstanding at any time does not exceed the specified limit of such extension of credit.

Advances made pursuant to a member's line of credit as authorized in this section shall be made by the credit union directly to the member and not to any other person or entity.

Repayment of advances made pursuant to a line of credit shall be on such terms as shall be mutually agreed upon by the member and the credit union.

A line of credit given pursuant to this section shall expire no later than 12 months after its approval, unless renewed in the same manner in which it was originally given.

STATEMENT OF FACT

The proposed amendments would change the present laws relating to credit unions as follows:

Section 1: Applies same standards, as to joint accounts, to federal credit unions as now apply to state credit unions and all other financial institutions in the State.

Section 2: Increases allowable dividend rate from 6% to 7%.

Section 3: Permits state chartered credit unions to act as trustee of self-employed retirement plans. Federal credit unions now have this right.

Section 4: Permits state chartered credit unions to participate in electronic funds transfer systems. Federal credit unions now have this right.

Section 5: Permits state chartered credit unions to participate in public lotteries subject to regulation by superintendent and also permits superintendent to promulgate regulations to permit a state chartered credit union to engage in activities which federal credit unions may hereafter be authorized to engage in under federal law.

Section 6: Provides specific statutory authority for state chartered credit unions to offer line of credit plans. Federal credit unions have this specific right.