

MAINE STATE LEGISLATURE

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1 FIRST REGULAR SESSION
2

3 ONE HUNDRED AND ELEVENTH LEGISLATURE
4

5 Legislative Document

No. 1028

6
7 H.P. 786

House of Representatives, March 4, 1983

8 Submitted by the Department of Business Regulation pursuant to Joint
Rule 24.

9 On Motion of Representative Brannigan of Portland, referred to the
Committee on Business Legislation. Sent up for concurrence and ordered
10 printed.

EDWIN H. PERT, Clerk

Presented by Representative Racine of Biddeford.

11 Cosponsors: Representative Gauvreau of Lewiston and Representative
Erwin of Rumford.

12 STATE OF MAINE
13

14 IN THE YEAR OF OUR LORD
15 NINETEEN HUNDRED AND EIGHTY-THREE
16

17 AN ACT to Amend the Lines of Credit and
18 Commercial Loans to Individual Borrowers.
19

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

22 Sec. 1. 9-B MRSA §540 is enacted to read:

23 §540. Lines of credit

24 1. Authorization; limitations. A savings bank may
25 grant to any person or syndicate a line of credit to
26 an amount not exceeding 20% of its total surplus and
27 reserve accounts, subject to the restrictions set
28 forth in sections 465 and 532.

29 2. Record of approval. The records of the insti-
30 tution shall show the approval or disapproval of a
31 line of credit, in the amount of \$10,000 or more, and
32 if approved, unless otherwise specified, it shall be

1 assumed that all directors or trustees voted in the
2 affirmative.

3 3. Advances against credit line. When such line
4 of credit is given, the treasurer or other authorized
5 officer may accept notes thereunder and pay out loans
6 in accordance therewith without further approval.

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

11 Sec. 2. 9-B MRSA §636, sub-§2, as enacted by PL
12 1975, c. 500, §1, is amended to read:

13 2. Record of approval. The records of the insti-
14 tution shall show the approval or disapproval of a
15 line of credit, in the amount of \$10,000 or more, and
16 if approved, unless otherwise specified, it shall be
17 assumed that all directors voted in the affirmative.

18 Sec. 3. 9-B MRSA §740 is enacted to read:

19 §740. Lines of credit

20 1. Authorization; limitations. A savings and loan
21 association may grant to any person or syndicate a
22 line of credit to an amount not exceeding 20% of its
23 total surplus and reserve accounts, subject to the
24 restrictions set forth in sections 465 and 532.

25 2. Record of approval. The records of an institu-
26 tion shall show the approval or disapproval of a line
27 of credit, in the amount of \$10,000 or more, and if
28 approved, unless otherwise specified, it shall be
29 assumed that all directors or trustees voted in the
30 affirmative.

31 3. Advances against credit line. When such line
32 of credit is given, the treasurer or other authorized
33 officer may accept notes thereunder and pay out loans
34 in accordance therewith without further approval.

35 4. Maturity of credit line. A line of credit
36 given pursuant to this section shall expire no later
37 than 12 months after its approval, unless renewed in

1 the same manner in which it was originally given.

2 STATEMENT OF FACT

3 Present statutes require board approval on all
4 lines of credit. An annual review and vote is also
5 required. This bill proposes to delete the require-
6 ment of board approval of lines of credit of \$10,000
7 or less. In most instances, the limit is within the
8 authority of most loan officers. Board approval will
9 continue to be required on all lines in excess of
10 \$10,000.

11 This bill authorizes lines of credit for thrift
12 institutions and establishes the guidelines for the
13 credit.

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