

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

1 FIRST REGULAR SESSION
2

3 ONE HUNDRED AND TWELFTH LEGISLATURE
4

5 Legislative Document

No. 310

6
7 H.P. 256

House of Representatives, January 31, 1985

8 Reference to the Committee on Business and Commerce suggested and
9 ordered printed.

10 EDWIN H. PERT, Clerk

Presented by Representative Murray of Bangor.

Cosponsored by Representative Stevens of Bangor.

11
12 STATE OF MAINE
13

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

17 AN ACT Relating to Loans and Investments by
18 Financial Institutions.
19

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

22 Sec. 1. 9-B MRSA §224, sub-§2, ¶A, as enacted by
23 PL 1975, c. 500, §1, is repealed and the following
24 enacted in its place:

25 A. The board of each financial institution shall
26 establish written policies for approval of loans
27 and investments. The policies may provide for
28 delegation of authority to approve loans and in-
29 vestments to officers, employees or committees
30 comprised of officers, employees or board mem-
31 bers. The board may retain authority to approve
32 or ratify types or classes of loans or invest-
33 ments as it deems reasonable. The board shall re-
34 tain authority to approve or ratify types or
35 classes of loans or investments where the approv-
36 al is otherwise specifically required by this Ti-

1 tle. The superintendent has authority to review
2 loan and investment policies to assure that they
3 contribute to the safety and soundness of the in-
4 stitution. Records of loan and investment approv-
5 als shall be maintained and shall be available
6 for the review of the directors and of the super-
7 intendent.

8 Sec. 2. 9-B MRSA §465, sub-§2, ¶A, as amended by
9 PL 1983, c. 56, §2, is repealed and the following en-
10 acted in its place:

11 A. A thrift institution or credit union may make
12 personal loans to its corporators, policy-making
13 officers or directors, provided that these loans
14 are on the same terms as are generally available
15 to the public or its members.

16 STATEMENT OF FACT

17 Section 1 of the bill allows the board of direc-
18 tors of a financial institution to delegate authority
19 to approve loans and investments to officers or to
20 committees of the board. Under existing law, all
21 loans and investments must be approved by the board
22 of directors. The board would still be required to
23 approve loans or investments as the Revised Statutes,
24 Title 9-B, otherwise specifically requires, for exam-
25 ple, loans to directors and prudent investments. The
26 board and the Superintendent of Banking would still
27 have authority to review management decisions for
28 safety and soundness.

29 Section 2 allows savings banks, savings and loan
30 associations and credit unions to make personal loans
31 to officers and directors provided that the loans are
32 on the same terms available to the public or to mem-
33 bers of the credit union.

34 1514123184