

# 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. 1489

6  
7 S.P. 560

In Senate, May 9, 1985

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

10 JOY J. O'BRIEN, Secretary of the Senate

Presented by Senator Trafton of Androscoggin.

11  
12 STATE OF MAINE  
13

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

17 AN ACT Authorizing Mutual Financial  
18 Institutions to Reorganize into Mutual  
19 Holding Companies.  
20

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

23 9-B MRSA c. 103 is enacted to read:

24 CHAPTER 103

25 MUTUAL HOLDING COMPANY

26 §1051. Purpose

27 This chapter authorizes mutual financial institu-  
28 tions to reorganize into mutual holding companies.

29 §1052. Definitions

30 As used in this chapter, unless the context oth-  
31 erwise indicates, the following terms have the fol-  
32 lowing meanings.

1           1. Mutual financial institution. "Mutual finan-  
2 cial institution" means any institution as defined in  
3 section 131, subsection 27.

4           2. Mutual holding company. "Mutual holding com-  
5 pany" means any corporation organized pursuant to  
6 this chapter.

7           3. Subsidiary savings. "Subsidiary savings"  
8 means any savings bank or savings and loan associa-  
9 tion organized under the laws of this State, a majori-  
10 ty of the voting stock of which is wholly owned by a  
11 mutual holding company.

12 §1053. Formation of mutual holding company

13           1. Reorganization. Notwithstanding any other  
14 provision of law, any mutual financial institution  
15 may reorganize so as to become a mutual holding com-  
16 pany by:

17           A. Chartering, pursuant to chapter 31, a subsid-  
18 iary savings institution, the majority of the  
19 voting stock of which is owned by the mutual sav-  
20 ings institution; and

21           B. Transferring a substantial part of its assets  
22 and liabilities, including all of its insured li-  
23 abilities to the subsidiary savings institution. Persons having liquidation rights with respect to  
24 the mutual financial institution pursuant to any  
25 provision of law shall, from and after the trans-  
26 fer, have those rights with respect to the mutual  
27 holding company.

29           2. Plan. A plan of reorganization authorized un-  
30 der this chapter shall be approved by a majority of  
31 the board of directors, corporators and members, or  
32 members, of such mutual financial institution.

33           3. Notice. A mutual financial institution seek-  
34 ing to establish a mutual holding company pursuant to  
35 this chapter shall provide the superintendent with 60  
36 days' prior written notice of the proposed reorgani-  
37 zation. The notice shall contain such relevant infor-  
38 mation as the superintendent shall require by rule or  
39 by specific request in connection with any particular  
40 notice.

1 Unless the superintendent, within the 60-day notice  
2 period, disapproves the proposed mutual holding com-  
3 pany formation or extends for another 30 days the pe-  
4 riod during which the disapproval may issue, the mu-  
5 tual savings institution providing the notice may  
6 proceed with the reorganization.

7 The superintendent may disapprove any proposed mutual  
8 holding company formation only if:

9 A. The disapproval is necessary to prevent un-  
10 safe or unsound practices;

11 B. The financial or management resources of the  
12 mutual financial institution involved warrant  
13 disapproval; or

14 C. The mutual savings institution fails to fur-  
15 nish the information required in this subsection.

16 In connection with the reorganization plan, a mutual  
17 financial institution may, subject to the approval of  
18 the superintendent, retain capital assets at the  
19 holding company level to the extent that the assets  
20 exceed the reserves as the superintendent may require  
21 by rule for the subsidiary savings institution.

22 §1054. Corporate existence and powers

23 1. Legal existence. Upon the reorganization of a  
24 mutual financial institution pursuant to this chap-  
25 ter, the legal existence of the mutual financial in-  
26 stitution shall not terminate, but shall continue,  
27 not as a deposit-taking institution, but as a mutual  
28 holding company.

29 2. Governance. A mutual holding company shall be  
30 governed by a board of corporators and shall further  
31 be governed in accordance with the charter and bylaws  
32 of the mutual holding company, as adopted or amended,  
33 in connection with a reorganization authorized under  
34 this chapter or as amended by the corporators there-  
35 after. The corporators shall elect a board of direc-  
36 tors. The corporators and the board of directors  
37 shall be governed by and authorized to undertake the  
38 activities as set forth in sections 325 and 326. With  
39 respect to a mutual holding company which has been

1 formed through the reorganization of a savings bank,  
2 the board of corporators shall initially consist of  
3 the board of corporators of the saving bank as con-  
4 stituted pursuant to section 325. The corporators  
5 shall, after the formation of the mutual holding com-  
6 pany, continue to serve as corporators for the bal-  
7 ance of the terms to which they are elected under  
8 section 325.

9 3. Powers. A mutual holding company may:

10 A. Invest in the stock of a financial institu-  
11 tion;

12 B. Acquire a mutual financial institution  
13 through merger into a subsidiary savings institu-  
14 tion or an interim subsidiary savings institution  
15 of the mutual holding company;

16 C. Merge with or acquire another holding compa-  
17 ny, one of whose subsidiaries is a savings bank  
18 or savings and loan association;

19 D. Exercise any and all powers, rights and priv-  
20 ileges, with the exception of deposit taking,  
21 heretofore or hereafter granted to mutual finan-  
22 cial institutions under the laws of the State,  
23 and, unless specifically noted otherwise, any  
24 reference to "savings bank" or "savings and loan  
25 association" in any other law of this State shall  
26 also be applicable to a subsidiary savings insti-  
27 tution chartered pursuant to this chapter;

28 E. Invest in a company, the capital stock of  
29 which is available for purchase by a savings bank  
30 under the laws of the State;

31 F. Exercise any power or engage in any activity  
32 authorized for a bank holding company or savings  
33 and loan holding company under federal law or  
34 rule or chapter 101; and

35 G. Exercise any other power or engage in any  
36 other activity authorized by the superintendent.

37 §1055. Rules

1           The superintendent shall promulgate such rules as  
2 may be necessary to effectuate the purposes of this  
3 chapter.

4

STATEMENT OF FACT

5           The purpose of this bill is to authorize mutual  
6 financial institutions to reorganize into mutual  
7 holding companies.

8

1395013085