

MAINE STATE LEGISLATURE

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
115TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 601, L.D. 861, Bill, "An Act to Repeal the Restriction on Investments in Loans Secured by First Mortgages on Real Estate by State-chartered Credit Unions"

Amend the bill in the first line after the enacting clause (page 1, line 3 in L.D.) by inserting at the beginning the following: 'Sec. 1.'

Further amend the bill by inserting before the statement of fact the following:

'Sec. 2. 9-B MRSA §855, sub-§4 is enacted to read:

4. Loan policy. The board of directors shall establish a policy addressing real estate mortgage loans, including home equity loans. At a minimum, this policy must address the following:

A. Aggregate limitation on total real estate mortgage loans as a percentage of total loans and total assets;

B. Maximum loan-to-value standards;

C. Types of property eligible for loans;

D. Guidelines for selecting real estate appraisers;

E. Maximum debt-to-income ratios for borrowers; and

F. All other standards essential to the prudent management of real estate lending including the responsibility of

COMMITTEE AMENDMENT "A" to H.P. 601, L.D. 861

2 3rd-party contractors who prepare documentation for loans on
 behalf of the credit union.

4 This policy must be reviewed and ratified by the board of
 directors at least annually.'

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STATEMENT OF FACT

10 This amendment requires every state-chartered credit union
 that engages in real estate lending to establish a policy that
12 sets forth standards for this lending area.

Reported by the Committee on Banking and Insurance.
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(4/5/91)

(Filing No. H-83)