

MAINE STATE LEGISLATURE

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116th MAINE LEGISLATURE

FIRST REGULAR SESSION-1993

Legislative Document

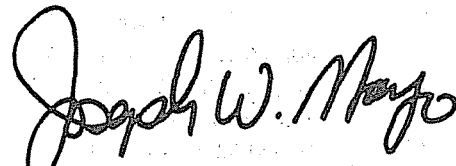
No. 794

H.P. 590

House of Representatives, March 4, 1993

An Act Establishing the Maine Community Reinvestment Program.

Reference to the Committee on Banking and Insurance suggested and ordered printed.


JOSEPH W. MAYO, Clerk

Presented by Representative TREAT of Gardiner.
Cosponsored by Representative KONTOS of Windham and
Representatives: HEESCHEN of Wilton, WENTWORTH of Arundel.

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

4 Sec. 1. 9-B MRSA c. 47 is enacted to read:

6 CHAPTER 47

8 MAINE COMMUNITY REINVESTMENT PROGRAM

10 §471. Maine Community Reinvestment Program

12 There is established the Maine Community Reinvestment Program under the jurisdiction of the Superintendent of Banking.

14 §472. Community reinvestment by financial institutions

16 1. Definitions. As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings.

20 A. "Bank" means any financial institution authorized to do business in this State except any such institution that engages solely in correspondent banking business or trust company business, acts solely as a clearing agent or does not perform commercial or retail banking services in this State.

26 B. "Local community" means the areas surrounding each office.

30 2. Community reinvestment obligations. Each bank, in a manner consistent with the safe and sound operation of the bank, has continuing and affirmative obligations to meet the credit needs of the local community, including low-income, moderate-income and rural neighborhoods.

36 3. Assessment of banks required. The superintendent shall examine the record of each bank and assess whether the bank is satisfying its community reinvestment obligations.

40 4. Delineation of local communities. Each bank must prepare and, at least annually, review a delineation of the local community or communities that comprise its entire community. More than one office of a bank may be included in the same local community. A community delineation need not take into account a satellite facility that receives deposits for more than one bank unless the superintendent determines otherwise.

48 5. Adoption of community reinvestment statement. The board of directors or trustees of each bank shall adopt a community

2 reinvestment statement for each delineated community and shall
3 review the statement annually.

4 A. Each statement must include the following:

6 (1) The delineation of the local community;

8 (2) A list of specific types of credit that the bank
9 is prepared to extend within the local community; and

10 (3) A copy of the community reinvestment notice as
12 provided in section 473.

14 B. Each statement may include the following:

16 (1) A description of how its current efforts help to
17 meet community credit needs;

18 (2) A periodic report regarding its record of helping
20 to meet community credit needs; and

22 (3) A description of its efforts to ascertain the
23 credit needs of its community.

24 6. Availability. Each current community reinvestment
25 statement must be readily available for public inspection at the
26 main office of the bank and each office of the bank in the local
27 community delineated in such statement, except satellite
28 facilities. Copies of each current community reinvestment
29 statement and copies of the public section of the most recent
30 community reinvestment performance evaluation prepared by the
31 superintendent pursuant to section 474 or by the appropriate
32 federal regulatory agency pursuant to the federal Community
33 Reinvestment Act, 12 United States Code, Section 2901 et seq., as
34 amended, and any regulations promulgated pursuant to that Act,
35 must be provided to the public upon request at a fee not to
36 exceed the cost of reproduction and mailing, if applicable.

38 7. Bank files; availability; content. The community
39 reinvestment files of each bank are subject to the requirements
40 of this subsection.

42 A. Each bank must maintain files that are readily available
43 for public inspection. The files must contain any signed,
44 written comments received from the public within the past 5
45 years that specifically relate to any community reinvestment
46 statement or to the bank's performance in helping to meet
47 the credit needs of its community or communities, a copy of
48 the public section of the most recent community reinvestment
49 performance evaluation, any responses to such comments or to
50

2 the performance prepared that the bank wishes to make and
3 any community reinvestment statements in effect during the
4 past 2 years.

6 B. The bank must place a copy of the public section of the
7 performance evaluation in its community reinvestment files
8 within 10 business days after receiving the performance
9 evaluation from the superintendent or the appropriate
10 federal regulatory agency. The format and content of the
11 performance evaluation may not be altered or abridged by the
12 bank in any manner.

14 C. The community reinvestment files maintained by the bank
15 may not contain any comments or responses that reflect
16 adversely upon the name or reputation of any person other
17 than the bank or the publication of which would violate
18 specific provisions of law. These files must be maintained
19 by each bank as follows:

20 (1) All materials required by this section must be
21 maintained at the main office; and

22 (2) Those materials required by this subsection
23 relating to each local community must be maintained at
24 a designated office in that community.

26 8. Rules. The superintendent shall adopt rules pursuant to
27 section 215 to accomplish the purposes of this chapter.

30 **§473. Community reinvestment notice**

32 Each bank shall provide, in the public lobby of each of its
33 offices other than satellite facilities, a notice informing the
34 public of the community reinvestment obligations of the bank, the
35 evaluation of performance of the bank, the manner in which the
36 public may participate in the evaluation and the availability of
37 the community reinvestment performance assessment to the public.

38 **§474. Performance assessment**

40 1. Assessment by the superintendent. In connection with
41 the examination of a bank under this Title, the superintendent
42 shall assess whether the bank is meeting its community
43 reinvestment obligations. The superintendent shall review the
44 bank's community reinvestment statement and signed, written
45 comments obtained by the bank or the superintendent. In
46 addition, the superintendent shall consider the following factors
47 in assessing a bank's record of performance:

- 2 A. The local community that the bank has delineated
4 pursuant to section 472, subsection 4 and whether that
6 community fairly represents the service area of the bank and
8 furtheres the community reinvestment purposes and obligations
10 of this chapter;
- 12 B. Activities conducted by the bank to ascertain the credit
14 needs of its community, including the extent of the bank's
16 efforts to communicate with and serve members of its
18 community regarding the credit services being provided by
20 the bank;
- 22 C. The extent of the bank's marketing and special
24 credit-related programs to make members of the community
26 aware of the credit services offered by the bank;
- 28 D. The extent of participation by the bank's board of
30 directors or trustees in formulating the bank's policies and
32 reviewing its performance with respect to the purposes of
34 community reinvestment as set forth in this chapter;
- 36 E. Any practices intended to discourage applications for
38 types of credit set forth in the bank's community
40 reinvestment statement;
- 42 F. The geographic distribution of the bank's credit
44 extensions, credit applications and credit denials;
- 46 G. Evidence of prohibited discriminatory or other illegal
48 credit practices;
- 50 H. The bank's record of opening and closing offices and
 providing services at offices;
- I. The bank's participation, including investments, in
 local community development and redevelopment projects or
 programs;
- J. The bank's origination of residential mortgage loans,
 housing rehabilitation loans, home improvement loans and
 small business or small farm loans within its community or
 the purchase of those loans originated in its community;
- K. The bank's participation in governmentally insured,
 guaranteed or subsidized loan programs for housing, small
 business or small farms;
- L. The bank's ability to meet various community credit
 needs based on its financial condition and size, its legal
 impediments, local economic conditions and other factors; and

2 M. Other factors, including, but not limited to, efforts of
4 the bank to work with delinquent residential mortgage
6 customers who are unemployed or underemployed to facilitate
8 a resolution of the delinquency or such other initiatives
 and programs that, in the superintendent's judgment,
 reasonably bear upon the extent to which a bank is helping
 to meet the credit needs of its entire community.

10 2. Assessment ratings. The superintendent shall rate the
12 bank's performance of its community reinvestment obligations as
14 follows: "outstanding"; "satisfactory"; "needs to improve"; or
 "substantial noncompliance".

16 §475. Reports of ratings of needs to improve and substantial
 noncompliance

18 1. Report of ratings of banks. The superintendent shall
20 annually prepare and submit to the Treasurer of State a list of
22 banks that have received ratings of "needs to improve" or
24 "substantial noncompliance" under section 474, subsection 2 or by
26 a federal depository institutions regulatory agency pursuant to
 the federal Community Reinvestment Act, 12 United States Code,
 Section 2901 et seq., as amended, and any regulations promulgated
 pursuant to that Act, whichever evaluation is made available most
 recently.

28 2. Report of ratings of federally authorized banks. The
30 superintendent shall also prepare and submit annually to the
32 Treasurer of State a list, based on information received from the
34 appropriate federal agency, that indicates those federal savings
36 banks, savings and loan associations and national banking
38 associations that have been determined by the Office of Thrift
40 Supervision, the Federal Deposit Insurance Corporation or the
42 office of the Comptroller of the Currency to have received a
 rating of "needs to improve" or "substantial noncompliance" in
 connection with the most recent community reinvestment
 performance evaluation prepared and made available by a federal
 depository institutions regulatory agency pursuant to the federal
 Community Reinvestment Act, 12 United States Code, Section 2901
 et seq., as amended, and any regulations promulgated pursuant to
 that Act.

44 3. Deposits prohibited. A bank or financial institution
46 included in the list prepared pursuant to subsection 1 or 2 may
 may receive deposits under the provisions of Title 5, section 135
 and Title 30-A, chapter 223, subchapter III-A.

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STATEMENT OF FACT

This bill establishes the Maine Community Reinvestment Program. It requires each bank to adopt a community reinvestment statement, to make community reinvestment information available to the public and to undergo assessment for community reinvestment by the Superintendent of Banking. Banks that do not meet the standards of the superintendent and the federal Community Reinvestment Act are prohibited from receiving deposits from the state treasury and from municipalities.