



# 116th MAINE LEGISLATURE

## SECOND REGULAR SESSION-1994

Legislative Document

No. 1789

S.P. 642

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In Senate, January 25, 1994

An Act to Allow State-chartered Credit Unions to Make Loans to Service Corporations and to Share Branch Offices.

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 26. Reference to the Committee on Banking and Insurance suggested and ordered printed.

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JOY J. O'BRIEN Secretary of the Senate

Presented by Senator CONLEY of Cumberland. Cosponsored by Representative: RAND of Portland.

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

Sec. 1. 9-B MRSA §826, as amended by PL 1983, c. 373, §2, is further amended to read:

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#### §826. Branch offices and office relocations

Subject to the prior written approval of the superintendent, 8 a credit union may establish branches and facilities, including shared branches and facilities, or change the location of an 10 office, as authorized in chapter 33, provided that such branches 12 facilities of a credit union shall meet the needs and or credit union's common bond convenience of the members. Applications pursuant to this section for the relocation of a 14 main office  $\Theta r - f \Theta r_{\perp}$  the establishment, of a shared branch office 16 or facility or the establishment, moving or closing of a branch office or facility shall comply with the requirements of section 18 336.

Sec. 2. 9-B MRSA §856-A is enacted to read: 20

#### 22 <u>§856-A. Loans to service corporations</u>

Subject to the approval of its board of directors, a credit 24 union may make loans to credit union service corporations as defined in section 131, with the limitation that the aggregate 26 amount of outstanding loans to and investments in such a corporation at any one time may not exceed 10% of the share 28 capital and surplus of the lending credit union.

Sec. 3. 9-B MRSA §864, sub-§1, as repealed and replaced by PL 1993, c. 99, §2, is amended to read: 32

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1. Authorization. A credit union may invest, individually or with other credit unions or other entities, in service corporations as defined in section 131. A service corporation may engage in the operation of branch offices shared by credit

unions authorized to do business in this State.

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#### STATEMENT OF FACT

44 This bill authorizes state-chartered credit unions to make loans to credit union service corporations, to share branch offices and to establish service corporations to facilitate the 46 sharing of branch offices. Federally chartered credit unions are 48 authorized under federal law and regulations to make such loans, to share branch offices and to establish service corporations to

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facilitate the sharing of branch offices. This bill would maintain competitive equality between state-chartered and federally chartered credit unions.

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This document has not yet been reviewed to determine the 10 need for cross-reference, stylistic and other technical amendments to conform existing law to current drafting standards. 12

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