

MAINE STATE LEGISLATURE

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117th MAINE LEGISLATURE

SECOND REGULAR SESSION-1995

Legislative Document

No. 1622

H.P. 1184

House of Representatives, December 20, 1995

**An Act to Promote Parity Between State and Federally Chartered Credit
Unions.**

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 26.
Received by the Clerk of the House on December 18, 1995. Referred to the Committee on
Banking and Insurance and ordered printed pursuant to Joint Rule 14.

A handwritten signature in black ink that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative VIGUE of Winslow.

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

2
3 **Sec. 1. 9-B MRSA §827**, as repealed and replaced by PL 1983,
4 c. 51, §2, is amended to read:

6 **§827. Accounts**

8 **1. Receipt of savings.** A credit union may receive savings
9 of its members in payment for shares, Christmas clubs, special
10 purpose clubs, tax clubs, deposit accounts and the like.

12 **2. Receipt of payments from government agencies.** A credit
13 union may act as fiscal agent for and receive payments on shares
14 and deposits from the Federal Government, this State or any
15 agency or political subdivision.

16 **3. Lien on shares.** A credit union may impress and enforce
17 a lien on the shares and dividends of a member to the extent of
18 any loan made to and any dues or charges payable by that member.

20 **Sec. 2. 9-B MRSA §846, sub-§2**, as enacted by PL 1975, c. 500,
21 §1, is amended to read:

24 **2. Voting.** ~~No~~ A member shall may not be entitled to vote
25 by proxy, except in a vote for dissolution, or have more than one
26 vote; and a member under the age of 18 shall ~~not~~ may be entitled
27 to vote, subject to conditions prescribed in the bylaws. A
28 fraternal organization, voluntary association, partnership or
29 corporation having membership in a credit union may cast one vote
30 at any of the meetings of the credit union by a duly delegated
31 agent.

32 **Sec. 3. 9-B MRSA §857-A, sub-§1**, as amended by PL 1987, c.
33 405, §31, is further amended to read:

36 **1. Authorization; limitations.** Subject to the limitations
37 set forth in sections 854 and 855, the credit committee of a
38 credit union may approve a line of credit to a member upon
39 written application by the member, and advances may be made to
40 that member within the limits of that extension of credit. A line
41 of credit given pursuant to this section, ~~other than a line of~~
42 ~~credit secured by real estate, shall expire no later than 12~~
43 ~~months after its approval unless renewed in the same manner in~~
44 ~~which it was originally given, but no additional loan~~
45 ~~applications shall be required from the member so long as the~~
46 ~~aggregate obligation outstanding at any time does not exceed the~~
47 ~~specified limit of that extension of credit~~ must be reviewed
48 periodically by a loan officer or the credit committee in
accordance with the policy established under section 854.

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STATEMENT OF FACT

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6 This bill changes the Maine Banking Code as it applies to
credit unions. It establishes parity between state and federally
chartered credit unions by:

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10 1. Enabling state-chartered credit union members to
determine when minors may vote on credit union management,
operations, policy and other matters;

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14 2. Allowing state-chartered credit union members to obtain
lines of credit for terms longer than one year, subject to
periodic review by the credit committee or a loan officer; and

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18 3. Authorizing liens on a member's shares, since a member's
share account represents that member's ownership of the credit
union, rather than a debt of the credit union to the member as is
20 represented by a bank customer's deposit account. Federal
regulators have determined that no common-law right of setoff
22 arises from a share account relationship.