

MAINE STATE LEGISLATURE

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118th MAINE LEGISLATURE

FIRST REGULAR SESSION-1997

Legislative Document

No. 1061

S.P. 321

In Senate, February 13, 1997

**An Act to Authorize State-chartered Community Development Credit
Unions.**

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

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator TREAT of Kennebec.
Cosponsored by Representative BROOKS of Winterport and
Representatives: BRENNAN of Portland, BULL of Freeport, HATCH of Skowhegan, SHIAH
of Bowdoinham, TOWNSEND of Portland.

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

2
4 **Sec. 1. 9-B MRSA §131, sub-§§9-A and 24-A** are enacted to read:

6 9-A. Community development credit union. "Community
development credit union" means a credit union, as defined in
8 subsubsection 12, of which a majority of the field of membership
meets the definition of low-income in subsection 24-A.

10 24-A. Low-income. "Low-income" means having an income,
adjusted for family size, of not more than:

12 A. For metropolitan areas, 80% of the area median income; or

14 B. For nonmetropolitan areas, the greater of:

16 (1) 80% of the area median income; or

18 (2) 80% of the statewide nonmetropolitan area median
20 income.

22 **Sec. 2. 9-B MRSA §812, sub-§2, ¶¶D and E,** as amended by PL
1991, c. 386, §22, are amended to read:

24 D. The proposed field of membership as defined in section
26 814; and

28 E. All other information that the superintendent determines
30 necessary and appropriate; and

32 **Sec. 3. 9-B MRSA §812, sub-§2, ¶F** is enacted to read:

34 F. The information required under section 817, if
applicable.

36 **Sec. 4. 9-B MRSA §812, sub-§4, ¶B,** as enacted by PL 1975, c.
500, §1, is amended to read:

38 B. In addition to the criteria set forth in section
40 sections 253 and 817, the superintendent shall consider the
42 following criteria in determining whether permission to
organize should be granted; namely that:

44 (1) The character, responsibility and general fitness
46 of the persons named in such certificate are such as to
reasonably assure the proper conduct of the affairs and
48 operation of a credit union;

2 (2) The proposed field of membership provides a common
bond of interest and a potential membership such as
4 will reasonably assure success of the credit union; and

6 (3) The proposed credit union will not jeopardize
materially the financial stability of any existing
8 credit union.

10 **Sec. 5. 9-B MRSA §813, sub-§2, ¶B,** as enacted by PL 1975, c.
500, §1, is amended to read:

12 B. The bylaws shall must provide for and determine:

14 (1) The name of the corporation;

16 (2) The purpose for which it is formed;

18 (3) The condition of residence, occupation or
association which that qualifies persons for membership;

20 (4) The conditions on which shares may be paid in,
22 transferred and withdrawn, including shares of
nonmembers as provided in section 817;

24 (5) The method of receipting for money paid on account
26 of shares or repaid on loans;

28 (6) The number of directors, and the number of members
of the credit committee and the supervisory committee,
30 and the manner of electing same;

32 (7) The time of holding regular meetings of the board
of directors, the credit committee and the supervisory
34 committee;

36 (8) The duties of the several officers;

38 (9) The entrance fees, if any, to be charged;

40 (10) The fines, if any, to be charged for failure to
meet obligations to the corporation punctually;

42 (11) The manner in which members shall-be are notified
44 of all meetings;

46 (12) The number of members who shall constitute a
quorum at all meetings; and

48 (13) Such other regulations as may be deemed necessary.
50

2 Sec. 6. 9-B MRSA §817 is enacted to read:

4 **§817. Community development credit unions**

6 1. Designation. A credit union may apply to the
8 superintendent in writing for designation as a community
10 development credit union for the purposes of promoting economic
12 revitalization and community development by providing financial
14 services primarily to low-income individuals.

16 2. Shares of nonmembers. A community development credit
18 union may accept payments representing shares from nonmembers if
20 the shares are of a type approved by the National Credit Union
22 Administration; however, nonmember shares may not exceed the
24 greater of \$1,500,000 or 20% of total shares without the prior
26 approval of the superintendent.

28 3. Assistance from Community Development Credit Union
30 Revolving Loan Fund. Upon prior notice to the superintendent, a
32 community development credit union may apply for and receive
34 assistance from the Community Development Credit Union Revolving
36 Loan Fund administered by the National Credit Union
38 Administration. Assistance from the fund may take the form of:

40 A. Financial assistance through equity investments, credit
42 union shares, loans or grants; or

44 B. Technical assistance directly or through grants.

46 4. Application of other provisions. Except as otherwise
48 provided in this section, a community development credit union is
50 subject to the provisions of this Title and all rules issued
under this Title that are applicable to credit unions.

5. Removal of community development credit union
designation. If a majority of a community development credit
union's field of membership no longer meet the definition of
low-income set forth in section 131, subsection 24-A, the
community development credit union designation is removed.

 Sec. 7. 9-B MRSA §821, as repealed and replaced by PL 1975,
c. 666, §27, is amended to read:

§821. Powers in general

 In addition to all services to members and to nonmembers as
provided in section 817 incidental to the powers granted credit
unions elsewhere in this Title, a credit union shall--be is
empowered to do the acts set forth in this chapter, subject to
the conditions and limitations set forth herein.

2 **Sec. 8. 9-B MRSA §827, sub-§1**, as repealed and replaced by PL
3 1983, c. 51, §2, is amended to read:

4
5 **1. Receipt of savings.** A Except as provided in subsection
6 4, a credit union may receive savings of its members in payment
7 for shares, Christmas clubs, special purpose clubs, tax clubs,
8 deposit accounts and the like.

10 **Sec. 9. 9-B MRSA §827, sub-§4** is enacted to read:

11 **4. Nonmember shares.** A community development credit union
12 designated by the superintendent as a community development
13 credit union under section 817 may receive payments and savings
14 from nonmembers representing shares of a type approved by the
15 National Credit Union Administration.

16
17 **Sec. 10. 9-B MRSA §831, sub-§1, ¶C**, as enacted by PL 1975, c.
18 500, §1, is amended to read:

19 **C.** The maximum amount of shares which that may be held by
20 any one member or nonmember as provided in section 817 shall
21 must be established from time to time by resolution of the
22 board of directors.

23
24 **Sec. 11. 9-B MRSA §831, sub-§2**, as enacted by PL 1975, c. 500,
25 §1, is amended to read:

26 **2. Share transactions.** The provisions of section 427 shall
27 be are applicable to a-member's shares in a credit union.

28
29 **Sec. 12. 9-B MRSA §836, sub-§1**, as enacted by PL 1975, c. 500,
30 §1, is amended to read:

31 **1. Requirement.** Every credit union authorized to do
32 business in this State shall insure its-member's shares with the
33 National Credit Union Administration or the successor to such
34 federal agency.

35
36 **Sec. 13. 9-B MRSA §842, sub-§2, ¶G**, as enacted by PL 1975, c.
37 500, §1, is amended to read:

38 **G.** To limit the number of shares which that may be owned by
39 one member or nonmember as provided in section 817, and such
40 limitation shall-apply-alike-to-all-members must be applied
41 uniformly;

42
43 **Sec. 14. 9-B MRSA §882**, as amended by PL 1985, c. 647, §11,
44 is further amended to read:

§882. Use of name "credit union"

2
4 No person, partnership or association and no corporation,
6 except one incorporated under this Part or the corresponding
8 provisions of earlier laws, may receive payments on shares from
10 its members and nonmembers as provided in section 817 and loan
12 such payments on shares and transact business under any name or
14 title containing the words "credit union" without the prior
16 written approval of the bank superintendent or unless organized
18 under provisions of federal law. Whoever violates any provision
20 of this section shall must be punished by a fine of not more than
22 \$1,000, and the Superior Court shall ~~have~~ has jurisdiction to
24 grant appropriate equitable relief to enforce this section.

16
18 **SUMMARY**

20 This bill authorizes the designation of community
22 development credit unions under a state charter approved by the
24 Superintendent of Banking. Community development credit unions
26 are organized for the purposes of promoting community development
28 and providing lending and investment services to a membership of
predominantly low-income individuals. The bill allows community
development credit unions to accept shares from nonmembers and to
receive financial and technical assistance from the National
Credit Union Administration's Community Development Credit
Revolving Loan Fund.