

MAINE STATE LEGISLATURE

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118th MAINE LEGISLATURE

FIRST SPECIAL SESSION-1997

Legislative Document

No. 1869

H.P. 1319

House of Representatives, May 8, 1997

An Act to Create a Universal Bank Charter.

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

A handwritten signature in cursive script that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative CARLETON of Wells. (GOVERNOR'S BILL)
Cosponsored by Senator MURRAY of Penobscot and
Representative DAVIDSON of Brunswick.

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

PART A

2
4
6 **Sec. A-1. 9-B MRSA §131, sub-§3**, as amended by PL 1995, c. 628, §2, is further amended to read:

8 **3. Branch.** "Branch" means any office ~~or~~ facility of a
10 financial institution where the business of banking is conducted
12 other than the institution's main office. A branch includes an office or vehicle that is not permanent and that is capable of being moved or transferred from one location to another.

14 **Sec. A-2. 9-B MRSA §131, sub-§6**, as enacted by PL 1975, c. 500, §1, is amended to read:

16 **6. Capital.** "Capital account" ~~or~~ "total capital" for a
18 stock financial institution means the ~~sum of its paid-in capital stock, paid-in capital surplus, reduction surplus, if any, undivided profits, capital notes and debentures, and other capital reserves,~~ following:

22 A. For financial institutions organized as corporations, "capital" means the sum of common stock, paid-in common stock surplus, perpetual preferred stock, undivided profits and other capital reserves;

24 B. For financial institutions organized as limited liability companies, limited partnerships or limited liability partnerships, "capital" means the sum of members' or partners' contributions and undistributed earnings of the company or partnership; and

26 C. For financial institutions organized as mutual or cooperative institutions, "capital" means the sum of capital deposits, surplus and undivided earnings.

28 **Sec. A-3. 9-B MRSA §131, sub-§6-A** is enacted to read:

30 **6-A. Closely related activities.** "Closely related activities" means those activities that are part of the business
32 of banking, are closely related to the business of banking, are convenient and useful to the business of banking, are reasonably
34 related to the operation of a financial institution or are financial in nature. Activities reasonably related to the
36 operation of a financial institution include, but are not limited to, business and professional services, data processing, courier
38 and messenger services, credit-related activities, consumer services, real estate-related services, insurance and related
40 services, securities brokerage, investment advice, securities

2 underwriting, mutual fund activities, financial consulting, tax
3 planning and preparation, community development and charitable
4 activities and any activities reasonably related to these
5 activities. Any activity that is authorized by statute or
6 regulation for financial institutions to engage in as of June 30,
7 1997 is a closely related activity and any activity permitted
8 under the Bank Holding Company Act of 1956, 12 United States
9 Code, Sections 1841 to 1850 (1997) or the Home Owners' Loan Act,
10 12 United States Code, Sections 1461 to 1470 (1997) or
11 regulations promulgated under either Act is deemed to be a
12 closely related activity. The list of closely related activities
13 may be expanded by rule or by order of the superintendent.

14 **Sec. A-4. 9-B MRSA §131, sub-§7, as enacted by PL 1975, c.**
15 **500, §1, is amended to read:**

16
17 **7. Commercial bank.** "Commercial bank" means a trust and
18 banking company organized under prior laws of this State or the
19 laws of another country or state or a national bank.

20 **Sec. A-5. 9-B MRSA §131, sub-§10-A is enacted to read:**

21 **10-A. Cooperative financial institution.** "Cooperative
22 financial institution" means any financial institution organized
23 pursuant to chapter 32 in which the earnings and net worth of the
24 institution inure to the ultimate benefit of the members.

25 **Sec. A-6. 9-B MRSA §131, sub-§13, as enacted by PL 1975, c.**
26 **500, §1, is amended to read:**

27
28 **13. Director.** "Director" means a member of the board--of
29 directors governing body of a financial institution;--and,--in the
30 case of a savings bank organized under provisions of prior law
31 relating to savings banks,--a member of the board of trustees of
32 said institution.

33 **Sec. A-7. 9-B MRSA §131, sub-§§14-A and 15-A are enacted to**
34 **read:**

35
36 **14-A. Equity interest.** "Equity interest" means common stock,
37 preferred stock, members' or partners' interests or any other
38 type of capital instrument that entitles the holder to vote
39 pursuant to the financial institution's organizational documents.

40
41 **15-A. FDIC.** "FDIC" means the Federal Deposit Insurance
42 Corporation or its successors.

43 **Sec. A-8. 9-B MRSA §131, sub-§17, as amended by PL 1991, c.**
44 **670, §1, is further amended to read:**

2 **17. Financial institution.** "Financial institution" means a
3 universal bank or limited purpose bank organized under the
4 provisions of this Title, trust company, nondepository trust
5 company, savings bank, industrial bank or savings and loan
6 association organized under the prior laws of this State,~~and~~
7 ~~each must represent a type of institution.~~ As the term "financial
8 institution" is used in Parts 1 and 2 and in chapter 46, it
9 includes credit unions organized pursuant to the laws of this
10 State.

12 **Sec. A-9. 9-B MRSA §131, sub-§17-A,** as amended by PL 1995, c.
13 628, §§6 and 7, is further amended to read:

14 **17-A. Financial institution authorized to do business in**
15 **this State.** "Financial institution authorized to do business in
16 this State" means a ~~commercial bank, savings bank, industrial~~
17 ~~bank or savings and loan association:~~

18 A. Organized Universal bank or limited purpose bank
19 organized under provisions of this Title;

20 B. Organized Trust company, savings bank, savings and loan
21 association or industrial bank organized under provisions of
22 prior laws of this State and subject to the provisions of
23 this Title;

24 C. Organized National bank, federal association or similar
25 institution that is organized under provisions of federal
26 law and maintains this State as its home state;

27 D. Organized Commercial bank, savings bank, savings and
28 loan association or similar institution that is organized
29 under provisions of federal law or laws of another state and
30 maintains a branch in this State; or

31 E. Organized Commercial bank, savings bank, savings and
32 loan association or similar institution that is organized
33 under provisions of law of a foreign country and maintains a
34 branch in this State.

35 **Sec. A-10. 9-B MRSA §131, sub-§18-B** is enacted to read:

36 **18-B. Governing body.** "Governing body" means the body that
37 oversees the affairs of a financial institution. The governing
38 body may also be referred to as the "board of directors," "board
39 of trustees," "board of managers," "partners' committee" or
40 "managing partners' committee," depending upon the ownership
41 structure of the financial institution.

2 **Sec. A-11. 9-B MRSA §131, sub-§19**, as enacted by PL 1975, c.
500, §1, is repealed.

4 **Sec. A-12. 9-B MRSA §131, sub-§22-A**, as enacted by PL 1993, c.
6 492, §1, is repealed.

8 **Sec. A-13. 9-B MRSA §131, sub-§§23-A, 23-B and 23-C** are enacted
to read:

10 **23-A. Investor.** "Investor" means any person who has an
12 ownership interest in a financial institution and is entitled to
vote under the institution's organizational documents.

14 **23-B. Investor-owned institution.** "Investor-owned
16 institution" means a financial institution organized under
chapter 31.

18 **23-C. Limited purpose bank.** "Limited purpose bank" or
20 "limited purpose institution" means an institution operating
pursuant to Part 12.

22 **Sec. A-14. 9-B MRSA §131, sub-§24**, as amended by PL 1993, c.
24 492, §2, is repealed.

26 **Sec. A-15. 9-B MRSA §131, sub-§26**, as enacted by PL 1975, c.
500, §1, is repealed.

28 **Sec. A-16. 9-B MRSA §131, sub-§27**, as enacted by PL 1975, c.
30 500, §1, is amended to read:

32 **27. Mutual financial institution.** "Mutual financial
34 institution" or "mutual institution" means any financial
institution organized pursuant to chapter 32, in which the
36 earnings and net worth of the institution inure to the ultimate
benefit of the depositors or members.

38 **Sec. A-17. 9-B MRSA §131, sub-§27-A** is enacted to read:

40 **27-A. Mutual voter.** "Mutual voter" means a corporator or
member as described in chapter 32.

42 **Sec. A-18. 9-B MRSA §131, sub-§28-A**, as enacted by PL 1991, c.
44 670, §2, is amended to read:

46 **28-A. Nondepository trust company.** "Nondepository trust
48 company" means any financial institution organized under chapter
31 ~~121~~ with powers expressly-restricted-or-otherwise-limited-to
the-conduct-of-general-trust-business generally limited to trust
50 or fiduciary matters.

2 **Sec. A-19. 9-B MRSA §131, sub-§29**, as enacted by PL 1975, c.
300, §1, is repealed.

4 **Sec. A-20. 9-B MRSA §131, sub-§§29-C and 29-D** are enacted to
6 read:

8 **29-C. Officer.** "Officer" means an employee of a financial
10 institution who has been given managerial or other high-level
12 duties by the governing body of the financial institution.
14 Depending upon the ownership structure of the institution, an
16 officer may include a person with the title of chair, president,
18 vice-president, manager, managing partner or partner.

20 **29-D. Organizational document.** "Organizational document"
22 means the charter, certificate of organization, articles of
24 incorporation, articles of association, articles of organization,
26 certificate of limited liability partnership, bylaws, operating
28 agreement, partnership agreement or any other similar document
30 required to be filed with and approved by the superintendent
32 pursuant to section 314-A or 323.

34 **Sec. A-21. 9-B MRSA §131, sub-§31**, as enacted by PL 1975, c.
36 500, §1, is repealed.

38 **Sec. A-22. 9-B MRSA §131, sub-§33 and 34**, as enacted by PL
40 1975, c. 500, §1, are amended to read:

42 **33. Savings and loan association.** "Savings and loan
44 association", "association" or "loan and building association"
46 means a financial institution organized under the prior laws of
48 this State that is authorized to exercise the powers set forth in
50 Part 7 4, subject to such the conditions and limitations on the
exercise of said those powers as shall-be set forth therein in
Part 4.

34. Savings bank. "Savings bank" or "institute for savings"
means a financial institution organized under the prior laws of
this State that is authorized to exercise the powers set forth in
Part 5 4, subject to such the conditions and limitations on the
exercise of said those powers as shall-be set forth therein in
Part 4.

Sec. A-23. 9-B MRSA §131, sub-§35, as amended by PL 1987, c.
692, §2, is further amended to read:

35. Satellite facility. "Satellite facility" or
"off-premise facility" means any facility, automated device or
electronic terminal established by a financial institution
authorized to do business in this State at which an existing

financial institution customer may initiate banking transactions, including, but not limited to, cash deposits to and withdrawals from his that customer's account, cash advances on a preauthorized credit line, transfers between his checking and savings ~~account~~ accounts or payment transfers from his the customer's account to accounts of other financial institution customers. Such a facility is not permanently staffed and is not part of a main office or branch office of a financial institution. Such an ~~off-premise~~ a facility may be part of an electronic funds transfer system. Satellite facilities ~~or off-premise-facilities~~ include facilities engaged in soliciting, receiving or accepting money or its equivalent on deposit from new and existing customers. The term satellite ~~facilities--or off-premise---facilities~~ facility does not include a cash dispensing machine, a point-of-sale terminal, a night depository or an office or facility engaged solely in the solicitation and origination of loans.

18 **Sec. A-24. 9-B MRSA §131, sub-§36**, as enacted by PL 1975, c.
20 500, §1, is repealed.

22 **Sec. A-25. 9-B MRSA §131, sub-§37**, as amended by PL 1997, c.
24 22, §1, is further amended to read:

26 **37. Service corporation.** "Service corporation" means a
28 corporation substantially all the activities of which consist of
30 originating, purchasing, selling and servicing loans and
32 participation interests therein; or clerical, bookkeeping,
34 accounting and statistical or similar functions related to a
36 financial institution or real estate activities; or management,
38 personnel, marketing or investment counseling related to a
40 financial institution or real estate activities; or establishing
or operating one or more satellite facilities; or any activity
authorized by the superintendent by regulation rule or order that
has been authorized under federal law for service corporations
owned or controlled by national banks, federally chartered
savings and loan associations, federally chartered savings banks
or federally chartered credit unions. The purpose of authorizing
any such activity is to maintain competitive equality between
federally chartered and state-chartered institutions.

42 **Sec. A-26. 9-B MRSA §131, sub-§39**, as enacted by PL 1975, c.
44 500, §1, is repealed.

46 **Sec. A-27. 9-B MRSA §131, sub-§42**, as enacted by PL 1975, c.
48 500, §1, is amended to read:

50 **42. Thrift institution.** "Thrift institution" means a
savings bank or a savings and loan association organized under
the prior laws of this State.

2 **Sec. A-28. 9-B MRSA §131, sub-§45-A** is enacted to read:

4 **45-A. Total capital.** "Total capital" means the sum of
6 capital, as defined in subsection 6, plus capital notes and
debentures, other instruments approved by the superintendent and
the allowance for loan losses or other similar reserves.

8 **Sec. A-29. 9-B MRSA §131, sub-§46**, as enacted by PL 1975, c.
10 500, §1, is amended to read:

12 **46. Trust company.** "Trust company" or "trust and banking
14 company" means any financial institution organized under the
prior laws of this State that is authorized by-its-articles-of
16 incorporation to exercise the powers set forth in Part 6 4,
subject to such the conditions and limitations on the exercise of
18 said those powers as shall-be set forth therein in Part 4.

20 **Sec. A-30. 9-B MRSA §131, sub-§47** is enacted to read:

22 **47. Universal bank.** "Universal bank" means an investor-owned
institution or a mutual financial institution authorized by its
24 organizational documents to exercise all the powers granted in
Part 4 and includes a trust company, a savings bank and a savings
26 and loan association chartered by special act of the Legislature,
established prior to the effective date of this Title or
28 established pursuant to this Title.

30 **PART B**

32 **Sec. B-1. 9-B MRSA c. 14**, as amended, is repealed.

34 **Sec. B-2. 9-B MRSA c. 14-A** is enacted to read:

36 **CHAPTER 14-A**

38 **BUSINESS DAYS AND HOURS OF OPERATION**

40 **§145. Business days; banking days; hours of operation**

42 **1. Business days.** For purposes of this Title, unless
otherwise provided under other state or federal law applicable to
44 financial institutions, a business day is a calendar day other
than the following:

- 46 A. Saturday and Sunday;
48 B. January 1st, New Year's Day;

- 2 C. The 3rd Monday in January, Martin Luther King, Jr. Day;
4 D. The 3rd Monday in February, President's Day;
6 E. The 3rd Monday in April, Patriot's Day;
8 F. The last Monday in May, Memorial Day, but if the United
10 States Government designates May 30th as the date of
 observance of Memorial Day, then May 30th;
12 G. July 4th, Independence Day;
14 H. The first Monday of September, Labor Day;
16 I. The 2nd Monday in October, Columbus Day;
18 J. November 11th, Veterans' Day;
20 K. The 4th Thursday in November, Thanksgiving Day; and
22 L. December 25th, Christmas Day.

24 If January 1st, July 4th, November 11th or December 25th falls on
26 a Sunday, then the next Monday is not a business day.

28 2. Days and hours of banking offices. A financial
30 institution may, at its discretion, establish days and hours for
32 its offices, including opening offices for business on days that
 are not defined as business days in subsection 1. The days and
 hours of operation must be established in accordance with section
 332.

34 3. Disclosure of office hours. A financial institution
36 shall post the days and hours of operation at or near the public
 entrances to its banking offices.

38 4. Closing for cause. A financial institution may
40 temporarily close any of its offices for reasons that include but
42 are not limited to good cause, emergency weather conditions and
44 community events. If a financial institution temporarily closes
46 any of its offices for all or any part of a banking day, the
48 institution shall post a conspicuous notice of the closing at all
 points of public access to the closed offices. A closing may not
 become effective until such notice is posted at the office to be
 closed. Posting this notice relieves the institution from
 liability for failure to perform any of the business of the
 financial institution at the closed offices. The superintendent
 may, by adopting rules, which are routine technical rules
50 pursuant to Title 5, chapter 375, subchapter

2 II-A, establish standards governing the form and content of the
4 notice required under this subsection and may require
dissemination of the notice of closing by any other reasonable
means.

6 5. Limitation on liability. Any act authorized, required
8 or permitted to be performed at, by or with respect to any
institution on a day not defined as a business day or on a day
10 the institution is closed pursuant to subsection 4 may be
performed on the next succeeding business day and liability or
12 loss of rights of any kind may not result from this delay.

14 6. Emergencies. The superintendent may require that
16 financial institutions be closed as provided in chapter 15.

16 PART C

18 **Sec. C-1. 9-B MRSA c. 31,** as amended, is amended by repealing
20 the chapter headnote and enacting the following in its place:

22 CHAPTER 31

24 ORGANIZATION AND MANAGEMENT OF

26 INVESTOR-OWNED INSTITUTIONS

28 **Sec. C-2. 9-B MRSA §311,** as amended by PL 1991, c. 670, §3,
is further amended to read:

30 **§311. Applicability of chapter**

32 The provisions of this chapter govern the organization and
34 management of ~~trust--companies,--nondepository--trust--companies,~~
~~savings--banks--and--savings--and--loan--associations~~ financial
36 institutions operating as ~~steek---financial---institutions~~
corporations, limited liability companies, limited partnerships
38 and limited liability partnerships. Unless otherwise indicated
in this Title, the provisions of Title 13-A apply to financial
40 institutions operating as corporations; Title 31, chapter 11,
applies to financial institutions operating as limited
42 partnerships; Title 31, chapter 13 applies to financial
44 institutions operating as limited liability companies and Title
31, chapter 15 applies to financial institutions operating as
limited liability partnerships.

46 **Sec. C-3. 9-B MRSA §312, sub-§1,** as amended by PL 1987, c. 81,
§1, is repealed.

2 **Sec. C-4. 9-B MRSA §312, sub-§2**, as amended by PL 1987, c. 81,
3 §2, is repealed and the following enacted in its place:

4
5 **2. Application.** A corporation, limited liability company,
6 limited partnership, limited liability partnership or the
7 organizers of the entity shall apply to the superintendent to
8 seek permission to conduct business as a financial institution.
9 The application must contain the following information:

10 A. The name by which the financial institution is to be
11 known;

12
13 B. The purpose for which it is to be formed, including
14 whether a certificate of public convenience and advantage is
15 sought to conduct business as a universal bank, a
16 nondepository trust company, a merchant bank or an uninsured
17 bank;

18
19 C. The city or town within this State where the
20 institution's principal office is to be located;

21
22 D. The amount of its capital;

23
24 E. The names, addresses and occupations of the governing
25 body or organizers of the institution;

26
27 F. The organizational documents appropriate to the proposed
28 institution's organizational structure; and

29
30 G. Any additional information, including the reasons why an
31 institution of the type specified in paragraph B is needed
32 in the proposed location, as the superintendent may require
33 by rule. Application for permission to conduct business as a
34 financial institution may not be considered complete unless
35 accompanied by an application fee as determined by the
36 superintendent, payable to the Treasurer of State, to be
37 credited and used as provided in section 214. In no event
38 may that fee be less than \$1,000 or greater than \$5,000.

39
40 **Sec. C-5. 9-B MRSA §312, sub-§3**, as amended by PL 1987, c. 81,
41 §3, is further amended to read:

42
43 **3. Publication of notice.** After determining that the
44 application required in subsection 2 is complete, the
45 superintendent shall advise the ~~incorporators~~ corporation,
46 limited liability company, limited partnership, limited liability
47 partnership or the organizers of the entity to publish, within 15
48 days of such advice, a notice in such form as the superintendent
49 may prescribe. Such notice shall ~~shall~~ must appear at least once a week
50

2 for 3 successive weeks in one or more newspapers of general
3 circulation in the county where the financial institution is to
4 be established, or in such other newspapers as the superintendent
5 may designate. Such published notice shall must specify the
6 names, addresses and occupations or businesses of each of the
7 ~~incorporators---and---directors~~ organizers or members of the
8 governing body, the type of financial institution to be
9 organized, and the name of the institution and its location as
10 set forth in the application for permission to ~~organize~~ conduct
11 business as a financial institution. The superintendent may
12 require individual notice to any person or corporation, and may
13 require that one of such publications contain the information
14 required under section 252, subsection 2.

15 **Sec. C-6. 9-B MRSA §312, sub-§4, ¶¶B and C**, as amended by PL
16 1987, c. 81, §4, are further amended to read:

17 B. In determining whether or not a certificate of public
18 convenience and advantage ~~which~~ that permits the
19 ~~incorporator---or---incorporators---to---organize---the---type---of~~
20 corporation, limited liability company, limited partnership
21 or limited liability partnership to conduct business as a
22 financial institution ~~requested~~, should be granted, the
23 superintendent shall make ~~his~~ the decision in accordance
24 with the requirements of section 253, pursuant to the
25 procedures set forth in section 252.

26 C. A grant of a certificate of public convenience and
27 advantage may include such terms and conditions as the
28 superintendent determines necessary. These may include, but
29 are not limited to, ~~an increase in the minimum capital stock~~
30 ~~pursuant---to---subsection---5~~ conditions regarding the
31 organizational form of the financial institution under this
32 chapter.

33 **Sec. C-7. 9-B MRSA §312, sub-§5**, as amended by PL 1987, c. 81,
34 §5, is further amended to read:

35 **5. Minimum capital required.**

36 A. The certificate of public convenience and advantage,
37 ~~granted---in---writing---by---the---superintendent,---shall~~ and the
38 superintendent's order granting permission to organize must
39 set forth the minimum amount of paid-in capital ~~stock~~ which
40 that a ~~stock~~ financial institution shall must have to begin
41 business.

42 B. The minimum amount of paid-in capital ~~stock~~ shall must
43 be determined by the superintendent, but in no event shall
44 may it be less than \$100,000.

2 C. In determining the minimum paid-in capital ~~steek~~
3 required, the superintendent may set different requirements
4 for ~~trust companies, savings banks and savings and loan~~
5 ~~associations,~~ banks, nondepository trust companies, merchant
6 banks and uninsured institutions and may consider such
7 factors as the population of the city or town where the
8 proposed institution is to be located, competition among
9 financial institutions in that locale, the projected volume
10 and type of business to be conducted, the inherent risks in
11 the business to be conducted and the need to protect
12 depositors and other creditors of the institution.

14 D. All capital contributions must be in the form of cash,
15 unless otherwise approved by the superintendent.

16 Sec. C-8. 9-B MRSA §312-A, as enacted by PL 1991, c. 34, §1,
17 is amended to read:

20 **§312-A. Expedited authority**

22 Notwithstanding any other provision of law, the
23 superintendent may grant a ~~charter~~ certificate of public
24 convenience and advantage for a corporation, limited liability
25 company, limited partnership or limited liability partnership to
26 organize--a--steek conduct business as a financial institution
27 effective immediately if the superintendent determines that such
28 action is necessary for the protection of depositors,
29 shareholders or the public. This action may be taken only in
30 conjunction with transactions processed under section 354-A or
31 355-A.

32 Sec. C-9. 9-B MRSA §313, as amended by PL 1987, c. 81, §§7
33 and 8, is repealed.

36 Sec. C-10. 9-B MRSA §313-A is enacted to read:

38 **§313-A. Certificate to commence business**

40 **1. Requirements.** A corporation, limited liability company,
41 limited partnership or limited liability partnership that has
42 received a certificate of public convenience and advantage to
43 conduct business as a financial institution may not commence
44 business until the superintendent certifies in writing that the
45 required capital has actually been paid in and that all other
46 terms and conditions contained in the certificate of public
47 convenience and advantage have been satisfied.

48 **2. Failure to commence business.** The following provisions
49 apply to an entity authorized to conduct business as a financial
50 institution that fails to commence business.

2 A. Any corporation, limited liability company, limited
4 partnership or limited liability partnership authorized to
6 conduct business as a financial institution that fails to
8 commence business as a financial institution within one year
10 after receiving a certificate of public convenience and
12 advantage forfeits that certificate and any other
14 certificate to commence business and shall cease all
 activities. The superintendent shall certify to the
 Secretary of State that the certificate of public
 convenience and advantage and any certificate to commence
 business have been forfeited so that the institution's
 organizational documents may be terminated by the Secretary
 of State.

16 B. Upon a forfeiture pursuant to paragraph A, the
18 subscribers to the stock of the institution are entitled to
20 a return of any amounts they have paid to the institution as
 consideration for its shares. The original incorporators
 shall bear the expenses incurred in the organization.

22 C. Upon the failure to commence business within one year
24 and the forfeiture of the certificate of public convenience
26 and advantage and any other certificate to commence
28 business, the corporation, limited liability company,
30 limited partnership or limited liability partnership or the
 organizers of the entity may not submit another application
 for permission to conduct business as a financial
 institution under section 312 for at least one year from the
 date of this forfeiture.

32 D. Notwithstanding the time limitation in paragraph A, the
34 superintendent may extend the period in which business must
36 be commenced for a period not to exceed 6 months upon
38 written application by the institution setting forth the
 reasons for the extension. If an extension is granted by
 the superintendent, the superintendent shall notify the
 Secretary of State.

40 **Sec. C-11. 9-B MRSA §314**, as enacted by PL 1975, c. 500, §1,
42 is repealed.

44 **Sec. C-12. 9-B MRSA §314-A** is enacted to read:

46 §314-A. Organizational documents

48 1. Financial institutions organized as corporations. The
50 following provisions apply to financial institutions organized as
52 corporations.

A. The articles of incorporation must contain the statement
 required under Title 13-A, section 404. Articles of

2 incorporation or amendments to articles of incorporation
3 must have the prior written approval of the superintendent.

4 B. The original bylaws of the financial institution must be
5 approved by the superintendent in writing. Amendments to
6 bylaws must be submitted to the superintendent and become
7 effective 10 days after receipt unless the superintendent
8 indicates otherwise to the institution.

10 **2. Financial institutions organized as limited liability**
11 **companies. The following provisions apply to financial**
12 **institutions organized as limited liability companies.**

14 A. The articles of organization of a limited liability
15 company must contain the following statement: "The purpose
16 of this limited liability company is to conduct the business
17 of a financial institution as limited by the Maine Revised
18 Statutes, Title 9-B or any rules, orders or certificates
19 under Title 9-B." Articles of organization or amendments to
20 articles of organization must have the prior written
21 approval of the superintendent.

22 B. The original operating agreement of the financial
23 institution must be approved by the superintendent in
24 writing. Amendments to the operating agreement must be
25 submitted to the superintendent and become effective 10 days
26 after receipt unless the superintendent indicates otherwise
27 to the institution.

30 **3. Financial institutions organized as limited**
31 **partnerships. The following provisions apply to financial**
32 **institutions organized as limited partnerships.**

34 A. A financial institution organized as a limited
35 partnership shall register with the Secretary of State. The
36 certificate of limited partnership must contain the
37 following statement: "The purpose of this limited
38 partnership is to conduct the business of a financial
39 institution as limited by the Maine Revised Statutes, Title
40 9-B or any rules, orders or certificates under Title 9-B."
41 Certificates of limited partnership or amendments to
42 certificates of limited partnership must have the prior
43 written approval of the superintendent.

44 B. A financial institution organized as a limited
45 partnership shall operate pursuant to a written partnership
46 agreement. The original partnership agreement of the
47 financial institution must be approved by the superintendent
48 in writing. Amendments to a partnership agreement must be
49 submitted to the superintendent and become effective 10 days
50 after receipt unless the superintendent indicates otherwise

2 after receipt unless the superintendent indicates otherwise
3 to the institution.

4 **4. Financial institutions organized as limited liability**
5 **partnerships.** The following provisions apply to financial
6 institutions organized as limited liability partnerships.

8 A. A financial institution organized as a limited liability
9 partnership shall register with the Secretary of State. The
10 certificate of limited liability partnership must contain
11 the following statement: "The purpose of this limited
12 liability partnership is to conduct the business of a
13 financial institution as limited by the Maine Revised
14 Statutes, Title 9-B or any rules, orders or certificates
15 under Title 9-B." Certificates of limited liability
16 partnership or amendments to certificates of limited
17 liability partnership must have the prior written approval
18 of the superintendent.

20 B. A financial institution organized as a limited liability
21 partnership shall operate pursuant to a written partnership
22 agreement. The original partnership agreement of the
23 financial institution must be approved by the superintendent
24 in writing. Amendments to a partnership agreement must be
25 submitted to the superintendent and become effective 10 days
26 after receipt unless the superintendent indicates otherwise
27 to the institution.

28 **Sec. C-13. 9-B MRSA §315**, as amended by PL 1979, c. 663, §35,
30 is repealed.

32 **Sec. C-14. 9-B MRSA §316**, as amended by PL 1993, c. 257, §1,
34 is repealed.

36 **Sec. C-15. 9-B MRSA §316-A** is enacted to read:

38 **§316-A. Governing body**

40 Except as provided in this section, the management and
41 operations of a financial institution organized under this
42 chapter are governed by Title 13-A; Title 31, chapter 11; Title
43 31, chapter 13; or Title 31, chapter 15, as appropriate,
44 depending upon the organizational form of the financial
45 institution operating under this chapter. The institution's
46 organizational documents must address the powers and duties of
47 the governing body.

48 **1. Number of directors.** The governing body of a financial
49 institution must consist of 5 directors, except that the
50 superintendent may approve fewer directors for good cause shown.

2 **2. Executive committee.** The governing body of a financial
3 institution organized as a corporation may appoint by majority
4 vote of the governing body an executive committee of no less than
5 5 members and may delegate to the committee the powers of the
6 governing body in regard to the ordinary operations of the
7 business of the institution. The superintendent may approve
8 fewer members for good cause shown.

10 **3. Frequency of meetings.** A governing body of a financial
11 institution organized as a corporation that has appointed an
12 executive committee shall meet at least 6 times a year, including
13 once each quarter, if the executive committee meets during the
14 months in which the governing body does not meet. Minutes of
15 executive committee meetings must be ratified by the governing
16 body. The governing body of a financial institution organized as
17 a corporation that has not appointed an executive committee or
18 the governing body of any other financial institution shall meet
19 at least monthly. The superintendent may approve less frequent
20 meetings for good cause shown.

22 **Sec. C-16. 9-B MRSA §317,** as amended by PL 1993, c. 257, §2,
23 is repealed.

24 **Sec. C-17. 9-B MRSA §§317-A, 318 and 319** are enacted to read:

26 **§317-A. Officers**

28 Except as provided in this section, the powers and duties of
29 officers of a financial institution organized under this chapter
30 are governed by Title 13-A; Title 31, chapter 11; Title 31,
31 chapter 13; or Title 31, chapter 15, as appropriate, depending
32 upon the organizational form of the financial institution
33 operating under this chapter. The institution's organizational
34 documents must address the powers and duties of officers.

36 **1. Appointment.** The governing body of a financial
37 institution shall appoint from its members or otherwise one or
38 more officers to manage the day-to-day affairs of the
39 institution. One of these officers must be designated the chief
40 executive officer. The governing body shall report the name of
41 the designated chief executive officer to the superintendent
42 within 10 days of designation.

44 **2. Bonds.** The governing body of a financial institution
45 shall require security for the fidelity and faithful performance
46 of duties by its officers, employees and agents in an amount that
47 the governing body considers necessary or that the superintendent
48 requires. This security must consist of a bond executed by one

2 or more surety companies authorized to transact business in this
State. The superintendent may increase this amount from time to
4 time as circumstances may require.

6 **§318. Dividends, distributions and withdrawals**

8 **1. Limitation.** A financial institution organized pursuant
to this chapter may not authorize dividends, distributions or
10 withdrawals that reduce capital below the higher of the amount
required under the certificate of public convenience and
12 advantage or section 412-A without the prior approval of the
superintendent.

14 **2. Form.** Dividends, distributions and withdrawals must be
in cash or in additional shares, members' interests or
16 partnership interests unless otherwise authorized by the
superintendent.

18 **§319. Special provisions for subsidiary banks of mutual holding**
20 **companies**

22 **1. Restriction.** A subsidiary bank established pursuant to
a reorganization under chapter 105 must be organized as a
24 corporation.

26 **2. Board of directors.** With respect to a subsidiary bank
established pursuant to a reorganization under chapter 105 from
28 and after the time that subsidiary bank includes stockholders
other than the mutual holding company, the articles of
30 incorporation of the subsidiary bank must be amended to provide
for proportionate representation of the minority stockholders on
32 the board of directors of the subsidiary bank based on the
percentage of common stock owned by the minority stockholders in
34 the aggregate relative to the total amount of common stock then
issued and outstanding, except that the minority stockholder
36 representatives on the board of directors of the subsidiary bank
may not be fewer than 2. A director or officer of a mutual
38 holding company or subsidiary bank or any affiliate of that
company or institution is prohibited from serving as a designated
40 minority stockholder representative on the board of directors of
the subsidiary bank. Shares of stock of the subsidiary bank
42 owned directly or indirectly by an individual director or officer
of the mutual holding company are deemed to be owned by the
44 mutual holding company for purposes of determining proportionate
representation of minority stockholders on the board of directors
46 of the subsidiary bank. Representatives of the mutual holding
company that serve on the board of directors of the subsidiary
48 bank must be selected in accordance with chapter 105.

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PART D

Sec. D-1. 9-B MRSA c. 32 is amended by repealing the chapter headnote and enacting the following in its place:

CHAPTER 32

ORGANIZATION AND MANAGEMENT OF

MUTUAL AND COOPERATIVE FINANCIAL INSTITUTIONS

Sec. D-2. 9-B MRSA §321, as enacted by PL 1975, c. 500, §1, is amended to read:

§321. Applicability of chapter

The provisions of this chapter shall govern the organization and management of ~~trust companies, savings banks and savings and loan associations~~ financial institutions operating as mutual or cooperative financial institutions.

Sec. D-3. 9-B MRSA §322, sub-§§1 and 2, as enacted by PL 1975, c. 500, §1, are amended to read:

1. Organizers. Any number of persons, but not less than 20, all of whom ~~shall be residents of this State~~ must reside in or reside proximate to the geographic area to be served by the institutions, may agree in writing to associate themselves for the purpose of forming a mutual or cooperative financial institution pursuant to this chapter.

2. Application to organize. The organizers set forth in subsection 1 shall file with the superintendent an application for permission to organize a mutual or cooperative financial institution, which application shall ~~must~~ contain the following:

A. The name by which the institution shall ~~will~~ be known;

B. The purpose for which it is to be formed, including whether the organizers seek a certificate of public convenience and advantage to conduct business as a ~~trust company, savings bank or savings and loan association in mutual form~~ financial institution. The organizers shall indicate in the application whether the institution will be organized as a mutual or cooperative financial institution;

C. The city or town within this State where the institution's principal office is to be located;

2 D. The proposed minimum amount of initial capital
contributions to be deposited;

4
6 E. The names, addresses and occupations of the directors of
the institution who are to serve until the initial meeting
8 of the members or corporators or until their successors are
elected and qualified, and the names, addresses and
10 occupations of the directors who ~~shall~~ will be voted on by
the members or corporators at the initial meeting;

12 F. A statement setting forth the name, address, and
14 occupation of each organizer, together with the amount of
initial capital which ~~that~~ such organizer shall deposit,
subscribed to by said organizer; and

16
18 G. Such additional information, including the reasons why
an institution of the type specified in paragraph B is
20 needed in the proposed location, as the superintendent may
require ~~by regulation~~.

22 ~~No~~ An application for permission to organize a mutual or
24 cooperative financial institution shall ~~may not~~ be deemed
considered complete unless accompanied by an application fee of
26 \$1,000 not more than \$5,000, payable to the Treasurer of State,
to be credited and used as provided in section 214.

28 **Sec. D-4. 9-B MRSA §322, sub-§4, ¶A**, as enacted by PL 1975, c.
500, §1, is repealed.

30
32 **Sec. D-5. 9-B MRSA §322, sub-§4, ¶C**, as enacted by PL 1975, c.
500, §1, is amended to read:

34 C. A grant of a certificate of public convenience and
36 advantage and an order granting permission to organize may
include such terms and conditions as the superintendent
38 deems considers necessary, including, but not limited to, an
increase in the amount of minimum capital deposits, pursuant
to subsection 5.

40
42 **Sec. D-6. 9-B MRSA §322, sub-§5, ¶¶A and C**, as enacted by PL
1975, c. 500, §1, are amended to read:

44 A. The certificate of public convenience and advantage and
46 the superintendent's order granting permission to organize,
~~granted in writing by the superintendent,~~ shall must set
48 forth the minimum amount of capital deposits which ~~that~~ the
mutual or cooperative financial institution shall must have
to begin business.

2 C. In determining the minimum amount of capital deposits,
the superintendent may set different requirements for trust
4 ~~companies, savings banks and savings and loan associations,~~
financial institutions and may consider such factors as the
6 population of the city or town where the proposed
institution is to be located, competition among financial
8 institutions in that locale, and the need to protect
depositors and other creditors of the institution.

10 **Sec. D-7. 9-B MRSA §323, sub-§2, ¶¶A and B,** as enacted by PL
12 1975, c. 500, §1, are amended to read:

14 A. Within 30 days after receipt of a certificate of public
convenience and advantage and an order granting permission
16 to organize pursuant to section 322, the first meeting of
the organizers of the financial institution shall must be
18 called by a notice signed by that organizer who was
designated in the application for that purpose, or by a
20 majority of the organizers. Such notice shall must state the
time, place and purposes of the meeting. A copy of the
22 notice shall must be given to each organizer at least 3 days
before the date appointed for the meeting, or left at his
24 each organizer's residence or usual place of business, or
deposited in the post office and addressed to him such an
26 organizer at his that organizer's residence or usual place
of business, and another copy thereof, together with an
28 affidavit of one of the organizers that the notice has been
duly served, shall must be recorded with the records of the
30 institution. If all the organizers shall, in writing
indorsed upon the application to organize, waive such notice
32 and fix the time and place of the meeting, no notice shall
be is required.

34 B. At the first meeting and thereafter, the organizers of a
36 mutual ~~trust company and a mutual savings bank shall be~~
financial institution are known as the "corporators" and the
38 organizers of a ~~mutual savings and loan association shall be~~
cooperative financial institution are known as the
40 "incorporators".

42 **Sec. D-8. 9-B MRSA §323, sub-§6, ¶A,** as enacted by PL 1975, c.
500, §1, is amended to read:

44 A. Any mutual or cooperative financial institution which
46 that fails to commence business as a financial institution
within one year after receiving a certificate of public
48 convenience and advantage shall ~~forfeit said forfeits that~~
certificate and any other certificate to commence business
50 ~~so obtained and shall cease all activities, which fact shall~~

2 be--certified. The superintendent shall certify to the
Secretary of State by--the--superintendent that the
4 certificate of public convenience and advantage and any
certificate to commence business have been forfeited so that
6 the institution's articles of incorporation may be
terminated by said the Secretary of State.

8 **Sec. D-9. 9-B MRSA §324, sub-§2, ¶B**, as enacted by PL 1975, c.
500, §1, is amended to read:

10 B. A return of all or part of the capital reserve shall may
12 not reduce the institution's guaranty--fund,--established
pursuant--to--sections--513,--612--or--713, capital below the
14 greater of the total initial capital contributions or an
amount--equal--to--5%--of--the--institution's--deposits--or--accounts
16 the minimum amount prescribed by the superintendent in
accordance with section 412-A;

18 **Sec. D-10. 9-B MRSA §325, sub-§1**, as amended by PL 1975, c.
20 666, §14, is further amended to read:

22 **1. Corporators of mutual financial institutions.**

24 A. The persons named in the articles of incorporation shall
constitute the original board of corporators of a mutual
26 ~~trust-company-or-mutual-savings-bank~~ financial institution.
Membership on such this board shall--continue continues until
28 terminated by death, resignation or disqualification as
provided herein in this section.

30 B. Corporators shall retire from membership on the board of
32 corporators upon reaching 72 years of age. ~~This-paragraph~~
shall--become--effective--2--years--after--the--effective--date--of
34 ~~this-section,-and-any-corporator-who-is-72-years-of-age-or~~
~~elder--shall--immediately--retire--from--such--board--on--the~~
36 ~~effective-date-of-this-paragraph.~~

38 C. All corporators shall must be residents of ~~this-State,~~
and--no the geographic area that the financial institution
40 serves or an area proximate to this geographic area. A
person shall may not continue as a corporator ~~of--a--mutual~~
42 ~~trust-company-or-mutual-savings-bank~~ after ceasing to be a
resident of ~~this---State~~ the financial institution's
44 geographic area or an area proximate to this geographic area.

46 D. Any corporator failing to attend the annual meeting of
the board of corporators for 2 successive years shall--ease
48 ceases to be a member of the board unless reelected by a
vote of the remaining corporators.

50 E. The number of corporators may be fixed or altered by the

2 bylaws of the financial institution, and vacancies may be
filled by election at any annual meeting.

4 F. The superintendent ~~shall have~~ has the power to comment
upon the sociological composition, as defined in section
6 131, of the board of corporators of any mutual ~~trust-company~~
or ~~mutual-savings-bank~~, ~~such~~ or cooperative financial
8 institution. This comment ~~to~~ may be made in ~~such~~ the form
and manner as the superintendent ~~deems~~ considers appropriate.

10 **Sec. D-11. 9-B MRSA §325, sub-§2**, as enacted by PL 1975, c.
12 500, §1, is amended to read:

14 **2. Members of a cooperative financial institution;**
16 **qualifications and voting rights.**

18 A. The members of a ~~savings--and--loan--association~~
cooperative financial institution organized pursuant to this
chapter shall must be those in whose names accounts are
20 established, and persons borrowing from or assuming or
obligated upon a loan held by such institution or purchasing
22 property and assuming the secured loan held by such
institution.

24 B. A single membership in an ~~association~~ a cooperative
26 financial institution may be held by 2 or more persons, and
a joint and survivorship relationship and successor
28 relationship, whether investors or borrowers, shall
~~constitute~~ constitutes a single membership.

30 C. Each member 18 years of age or over shall ~~be~~ is entitled
32 to one vote at any meeting of the ~~association~~ cooperative
financial institution, regardless of the number of shares or
34 accounts standing in ~~his~~ that member's name, provided that
only one vote shall ~~be~~ is allowed on an account held by 2 or
36 more persons. ~~No~~ A member shall may not vote by proxy at
any meeting, unless otherwise provided in this Title. The
38 bylaws may prohibit voting by persons who have become
members within 6 months of the date when the vote is cast.
40 When accounts or shares are pledged, the pledgor may vote
thereon the accounts or shares so pledged.

42 D. Membership shall ~~terminate~~ terminates when the amount of
44 a member's shares or accounts has been paid in full to ~~him~~
that member, or when the transfer of ~~his~~ membership to other
46 persons has been recorded on the books of the financial
institution, or when ~~his~~ that member's status as a borrower
48 from the institution terminates.

50 **Sec. D-12. 9-B MRSA §325, sub-§3, ¶D**, as enacted by PL 1975,
c. 500, §1, is amended to read:

2 D. The bylaws may must prescribe the number of incorporators
or members ~~which--shall~~ that constitute a quorum at any
4 annual or special meeting. ~~In the absence of such provision,~~
~~any number of incorporators or members, but not less than 6,~~
6 ~~shall constitute a quorum.~~ The bylaws may also provide for
voting by proxy.

8
10 **Sec. D-13. 9-B MRSA §326, sub-§1, ¶A,** as enacted by PL 1975,
c. 500, §1, is amended to read:

12 A. The number of directors on the board of a mutual
financial institution shall ~~may~~ not be less than 5, all of
14 whom must be residents of ~~this--State~~ the financial
institution's geographic area or an area proximate to that
16 geographic area.

18 **Sec. D-14. 9-B MRSA §326, sub-§1, ¶D,** as enacted by PL 1975,
c. 500, §1, is repealed.

20 **Sec. D-15. 9-B MRSA §326, sub-§1, ¶G,** as amended by PL 1975,
22 c. 666, §16, is further amended to read:

24 G. The superintendent ~~shall have~~ has the power to comment
upon the sociological composition, as defined in section
26 131, of the board of directors of any mutual or cooperative
financial institution organized--under--this--chapter--such.
28 This comment ~~to~~ may be made in such the form and manner as
the superintendent deems considers appropriate.

30
32 **Sec. D-16. 9-B MRSA §327, sub-§1,** as amended by PL 1981, c.
501, §31, is further amended to read:

34 1. **Election.** Unless another manner for election is provided
in the bylaws, the board of directors shall elect annually from
36 its members a ~~chairman~~ chair and, from its members or otherwise,
a president, one or more vice presidents, a clerk or secretary, a
38 treasurer and such other officers as it may deem consider
advisable. ~~No more than 2 offices may be held by the same person~~
40 ~~without the approval of the superintendent.~~ Officers so elected
shall serve for a term of not more than one year, but shall
42 continue in office until their successors are elected and
qualified. If any office becomes vacant during the year, the
44 board may immediately fill the same for the period remaining
until the next annual meeting for election of officers.

46
48 **Sec. D-17. 9-B MRSA §327, sub-§4,** as enacted by PL 1975, c.
500, §1, is repealed.

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PART E

Sec. E-1. 9-B MRSA §§331 and 332, as enacted by PL 1975, c. 500, §1, are amended to read:

§331. Applicability of chapter; statewide branching

1. Applicability. The provisions of this chapter shall govern the establishment of a branch office, or agency or facility by a financial institution subject to the laws of this State.

2. Statewide branching. Subject to the conditions and limitations contained in this chapter, a financial institution may establish a branch office ~~or facility~~ anywhere within this State.

§332. Branch offices

1. Approval of governing body. All or any part of the business of a financial institution authorized pursuant to the provisions of this Title may be transacted in a branch or agency office, ~~as defined in section 131 if the board of directors of such institution decides accordingly.~~ The financial institution's governing body is responsible for determining the scope of operations of each branch, including the services to be provided and the days and hours of operation. Customers must be provided reasonable advance notice of reduction in services or hours of operation.

2. Superintendent's approval. ~~Ne such~~ A financial institution shall may not establish a branch or agency office without prior approval of the superintendent, ~~such.~~ This approval te must be obtained pursuant to section 336, except that a financial institution that meets the minimum standards set forth in section 412-A or 832 and any rules adopted pursuant to these sections and is not under an enforcement action that requires the superintendent's prior approval of a branch establishment may establish a branch in this State without the prior approval of the superintendent. If the superintendent's approval is not required, then the financial institution shall inform the superintendent at least 10 days prior to the proposed action. This announcement must be accompanied by a recording fee not to exceed \$100.

3. Bonded carrier. The use of a financial institution employee or a bonded carrier to transport deposits to a financial institution, whether paid for by the customer or the financial

2 institution, may not be construed as the establishment or
4 operation of a branch. In the event a bonded carrier is used to
6 transport deposits to a financial institution, the messenger must
8 be considered the agent of the customer rather than of the
financial institution. Deposits collected under this arrangement
are not considered to have been received by the financial
institution until they are actually delivered to a teller at the
financial institution's premises.

10 **Sec. E-2. 9-B MRSA §333**, as amended by PL 1993, c. 492, §3,
12 is repealed.

14 **Sec. E-3. 9-B MRSA §334**, as amended by PL 1997, c. 22, §§2 to
16 5, is further amended to read:

16 **§334. Satellite facilities**

18 **1. Superintendent's approval.** A financial institution or a
20 service corporation wholly owned by one or more financial
22 institutions may establish ~~or participate in the use of~~, relocate
24 ~~or close~~ a satellite or off-premise facility, as defined in
26 section 131, without the prior approval of or notification to the
superintendent. ~~A financial institution or service corporation~~
~~may not establish a satellite facility without prior notice to~~
~~the superintendent, pursuant to this section.~~

28 ~~2. Manned or unmanned facility permitted.~~ A satellite
30 facility may be unmanned and operated by the customer himself.
Such a facility may be located in the premises of an
32 establishment that is not a financial institution and may be
manned by an employee of such establishment.

34 ~~3. Ownership.~~ Such a facility may be wholly or partly owned
36 by the institution; or may be owned by 2 or more such financial
institutions.

38 **4. Use of established facilities by additional**
institutions. A satellite facility established under this
40 chapter owned or operated by a financial institution must be made
available for use by other financial institutions authorized to
42 do business in this State, unless the satellite facility is
located on the institution's premises. All financial
44 institutions using the satellite facility must have equal access
to the satellite facility, except that a financial institution
46 owning an off-premise facility may designate that facility as
accepting cash deposits for its customers only restrict the
48 acceptance of deposits at the off-premise facility to its
customers only or to customers of financial institutions with
50 which it has an agency agreement pursuant to section 418. For
the purposes of this subsection, an off-premise facility is a
satellite facility that is not located physically on the premises

2 of a main office or branch or one that is not an extension of or
3 ancillary to an existing main office or branch. When a satellite
4 facility is shared, the identification and promotion of that
5 satellite facility must include the name or logo of the network
6 system and may include the name of the sponsoring financial
7 institution. ~~If the name of the sponsoring financial institution~~
8 ~~is displayed, it must be equal in prominence to the name of the~~
network system or logo.

10 **5. Location of facilities on premises.** Nothing may
11 preclude a financial institution from locating an electronic
12 terminal or satellite facility on the premises of its main office
13 or of a branch office for its customers' convenience. At the
14 discretion of that financial institution, customers of other
15 financial institutions may have access to those on-premise
16 facilities.

18 An on-premise facility is a facility that is located physically
19 on the premises of a main office or branch or one that is an
20 extension of or ancillary to an existing main office or branch.
21 ~~Only one ancillary or extended facility is permitted at each main~~
22 ~~office or branch.~~ For purposes of this section, a facility is
23 considered ancillary to or an extension of an existing office if
24 it is situated on the parcel of land on which the branch or main
25 office is located and not across a public way, or within 500
26 feet, whichever is greater, and not operational from within the
27 confines of another establishment.

28 ~~**6. Notification required.** A financial institution shall~~
29 ~~notify the superintendent at least 10 days before the~~
30 ~~establishment, moving or closing of a satellite facility. The~~
31 ~~notification must be filed in the form and manner and containing~~
32 ~~information prescribed by the superintendent. A financial~~
33 ~~institution participating in the use or discontinuing the use of~~
34 ~~a network system must provide notice to the superintendent in the~~
35 ~~form and manner and containing the information required by the~~
36 ~~superintendent.~~

38 **Sec. E-4. 9-B MRSA §335,** as enacted by PL 1975, c. 500, §1,
39 is amended to read:

42 **§335. Change of office location; closing of an office**

44 **1. Relocation.** No A main office, branch or agency office or
45 facility of a financial institution may not be moved to a new
46 location without the prior written approval of the
47 superintendent, pursuant to section 336, except that a financial
48 institution that meets the minimum standards set forth in section
49 412-A or 832 and any rules adopted pursuant to these sections and
50 is not under an enforcement action that requires the

2 superintendent's prior approval of a branch relocation, may
3 relocate a main office or branch in this State without the prior
4 approval of the superintendent. If the superintendent's approval
5 is not required, then the financial institution must inform the
6 superintendent at least 10 days prior to the proposed action.
7 This announcement must be accompanied by a recording fee not to
8 exceed \$100.

9
10 **2. Closing.** Any branch or agency office ~~or facility~~ may be
11 closed or discontinued with the prior written approval of the
12 superintendent pursuant to section 336 after such public notice
13 of the closing as the superintendent ~~deems~~ considers necessary.

14 **Sec. E-5. 9-B MRSA §336, sub-§1,** as amended by PL 1997, c. 22,
15 §6, is further amended to read:

16
17 **1. Notification required; application upon request.** At If
18 the superintendent's approval is required pursuant to section
19 332, subsection 2 or section 335, subsection 1, at least 30 days
20 prior to the relocation of a main office or the establishment,
21 moving or closing of a branch or agency office authorized by this
22 chapter, the institution shall notify the superintendent of the
23 proposed action. A complete application for the branch
24 establishment, moving or closing may be required only when the
25 superintendent ~~or any interested person~~ requests that a complete
26 application be filed ~~within 30 days of notice~~. Within 30 days of
27 the notice, any interested person may request that the
28 superintendent require a complete application. If the
29 superintendent denies any interested person's request for a
30 complete application, the denial must be in writing with the
31 reasons for denial. The notification, or the application if
32 requested, must be filed with the superintendent in the form and
33 manner and containing information as the superintendent may
34 prescribe. If no application is requested within the 30-day
35 period, the change is deemed approved. A fee must accompany the
36 notification in an amount established by the superintendent but
37 not to exceed 1/2 of the application fee.

38
39 **Sec. E-6. 9-B MRSA §336, sub-§4,** as enacted by PL 1975, c.
40 500, §1, is amended to read:

41
42 **4. Decision-making criteria.** The superintendent shall
43 approve or disapprove an application under this chapter in
44 accordance with the requirements of section 252 and any rules
45 adopted under section 252; and the superintendent may condition
46 approval of such application, as necessary, to conform with the
47 criteria as set forth in section 253.

48
49 **Sec. E-7. 9-B MRSA §336, sub-§6,** as amended by PL 1997, c. 22,
50 §8, is further amended to read:

2 **6. Notice of opening.** Within 5 days after an approved a
3 branch office approved pursuant to subsection 1 has opened for
4 business, ~~a certificate of opening signed by the president and~~
5 ~~the clerk or secretary of the institution must be filed with the~~
6 financial institution shall inform the superintendent in writing
7 of the exact date of opening.

8
9 **Sec. E-8. 9-B MRSA §337, sub-§2,** as amended by PL 1979, c.
10 429, §7, is further amended to read:

11 **2. Limitations.** Real estate, furniture, fixtures, equipment
12 and capitalized leases, combined, made invested in pursuant to
13 subsection 1 shall may not exceed 60% of its the total capital
14 ~~and reserves in the case of an institution organized pursuant to~~
15 ~~chapter 31, or 60% of its surplus account in the case of an~~
16 ~~institution organized pursuant to chapter 32, provided that the.~~
17 The superintendent may approve in writing, upon application by an
18 institution and for good cause shown, a greater percentage.

19
20 **Sec. E-9. 9-B MRSA §338, sub-§1,** as enacted by PL 1975, c.
21 500, §1, is amended to read:

22 **1. Permissible operating hours.** A financial institution
23 authorized to do business in the State may permit any of its
24 branch offices, facilities, or walk-up or drive-up windows of its
25 main office or branch offices to remain open, or open for limited
26 functions only, during such hours as it may determine from time
27 to time, ~~after its main office is closed.~~ Any hours in which said
28 branch office, facility, or walk-up or drive-up window of its
29 main office or branch office is open for limited functions only
30 after its main office is closed ~~shall be~~ are, with respect to
31 such institution, a holiday and not a business day.

32
33 **Sec. E-10. 9-B MRSA §339,** as amended by PL 1993, c. 492, §4,
34 is repealed.

35
36 **Sec. E-11. 9-B MRSA §339-A, sub-§2,** as repealed and replaced
37 by PL 1995, c. 628, §19, is amended to read:

38 **2. Satellite facilities.** Satellite facilities operated by
39 financial institutions not authorized to do business in this
40 State are prohibited according to this section. ~~A financial~~
41 ~~institution organized pursuant to the laws of this State must~~
42 ~~provide notice to the superintendent in accordance with chapter~~
43 ~~33 prior to the establishment of a satellite facility. A~~
44 ~~financial institution organized pursuant to laws of other states~~
45 ~~or the United States and authorized to do the business of banking~~
46 ~~in this State must provide notice to the superintendent in~~
47 ~~accordance with chapter 37 prior to the establishment of a~~
48 ~~satellite facility.~~
49
50

2
4
PART F

6 **Sec. F-1. 9-B MRSA §341**, as amended by PL 1983, c. 201, §3,
is further amended to read:

8 **§341. Applicability of chapter; fees**

10 **1. Applicability.** The provisions of this chapter shall
12 apply whenever a financial institution subject to the laws of
14 this State seeks to convert or amend its charter in order to
change its chartering authority, ~~adopt the powers granted by this~~
~~Title to another type of institution,~~ change to a different form
of ownership, or adopt a new corporate name for the institution.

16 **2. Fees.** No ~~An~~ application made pursuant to section 342,
18 subsection 1, 2 or ~~5~~ 6 or section 343, 344, 345 or 346 ~~345-A~~ may
not be deemed complete by the superintendent unless accompanied
20 by an application fee payable to the Treasurer of State to be
credited and used as provided in section 214. The amount of the
22 fee shall ~~must~~ be established by the superintendent according to
different application requirements, but in no instance shall ~~may~~
24 it exceed \$2,000.

26 **3. Superintendent's approval.** Following approval by the
governing body for changes under section 342, subsections 1, 2 or
28 6 or section 343, 344 or 345, the financial institution shall
forward to the superintendent for approval or disapproval,
30 pursuant to the procedures and requirements of section 252, a
certified copy of the authorizing resolution adopted by the
32 governing body and such other information as considered necessary
by the superintendent. If the superintendent disapproves the
34 conversion plan, the superintendent shall state the reasons for
the disapproval in writing and furnish them to the institution.
36 The institution must be given an opportunity to amend the
conversion plan to obviate the reasons for disapproval.

38 **Sec. F-2. 9-B MRSA §342**, as amended by PL 1991, c. 386, §§5
40 and 6, is further amended to read:

42 **§342. Conversion to new charter; federal to state;**
state to federal

44 **1. Federal savings bank or savings and loan to state**
46 **financial institution.** Any federal association or federal
savings bank may convert to a ~~savings bank or savings and loan~~
48 ~~association~~ financial institution organized under the laws of
this State in the following manner.

2 A. At an annual meeting or a special meeting called for
that purpose, 51% a majority, or more if required by the
4 institution's organizational documents, of the members or
shareholders investors casting votes in person or by proxy
6 must approve of the conversion. Notice of the meeting must
be mailed to each member or shareholder investor at least 30
8 and not more than 60 days prior to the date of the meeting
at the member's or shareholder's investor's last known
10 address as shown on the books of the institution.

12 B. At the meeting required in paragraph A, the members or
shareholders investors shall vote upon directors who shall
14 will be the directors of the state-chartered institution
after conversion becomes effective and the members shall
16 also vote upon corporators if a board of corporators is to
be established for the resulting state-chartered institution.

18 C. Within 10 days after the meeting, a copy of the minutes
of the meeting, verified by affidavit of the clerk or
20 secretary, together with such additional information as the
superintendent may require, must be submitted to the
22 superintendent for the superintendent's approval or
disapproval in writing of the proposed conversion pursuant
24 to the procedures and requirements of section 252. The
verified copies of the minutes of the meeting when filed are
26 presumptive evidence of the holding and action of the
meeting.

28 D. Copies of the minutes of the meeting of members or
shareholders investors, verified by affidavit of the clerk
or secretary, and copies of the superintendent's written
32 approval must be mailed to the ~~Federal Home Loan Bank Board~~
34 Office of Thrift Supervision or its successor within 10 days
after approval.

36 E. Following compliance with all applicable requirements of
federal law, if any, the directors elected pursuant to
38 paragraph B shall execute 3 copies of the ~~articles--of~~
40 ~~incorporation~~ organizational documents upon which the
superintendent shall endorse approval and those ~~articles~~
42 documents must be filed in accordance with the provisions of
~~section 313 or 323~~ chapter 31 or 32. Each director shall
44 sign and acknowledge the ~~articles,~~ documents as a subscriber
to the ~~articles~~ documents.

46 F. So far as applicable, the provisions of this Title apply
48 to the resulting institution.

50 G. The rights of dissenting investors of a converting

2 federal savings bank or federal savings and loan are
3 governed by federal law.

4 **2. National bank to financial institution.** A national bank
5 ~~authorized to do business in this State~~ may convert to a trust
6 company financial institution organized under the laws of this
7 State in the following manner:.

8 A. Such The national bank must comply with the conditions
9 and limitations imposed by the laws of the United States
10 governing such the conversion:.

11 B. Such The converting national bank may apply for a State
12 charter by filing with the superintendent an application
13 signed by its president and by a majority of its board of
14 directors governing body setting forth the corporate action
15 taken in compliance with the laws of the United States in
16 paragraph A, and affixing thereto to the application the
17 ~~articles of incorporation, approved by the stockholders,~~
18 organizational documents governing the bank as a trust
19 ~~company; financial institution.~~

20 C. ~~The superintendent shall approve or disapprove such~~
21 ~~conversion to a State chartered trust company pursuant to~~
22 ~~the procedures and requirements of section 252.~~

23 D. The rights of dissenting stockholders investors of a
24 converting national bank shall ~~be~~ are governed by federal
25 law.

26 **3. ~~Thrift institution to federal savings and loan.~~** A
27 ~~savings bank or savings and loan association organized under the~~
28 ~~laws of this State may convert to a Federal institution pursuant~~
29 ~~to section 5 of the Home Owners' Loan Act of 1933, as amended, in~~
30 ~~the following manner:~~

31 A. ~~At an annual meeting, or a special meeting called for~~
32 ~~that purpose, 51% or more of the votes of members,~~
33 ~~corporators or shareholders present and voting must approve~~
34 ~~such conversion. Notice of such meeting shall be mailed to~~
35 ~~each member, corporator or shareholder not less than 20 nor~~
36 ~~more than 30 days prior to such meeting at his last known~~
37 ~~address as shown on the books of the institution.~~

38 B. ~~Within 10 days after such meeting, a copy of the minutes~~
39 ~~of such meeting, verified by affidavit of the clerk or~~
40 ~~secretary, shall be filed with the superintendent, and when~~
41 ~~so filed shall be presumptive evidence of the holding and~~
42 ~~action of such meeting.~~

43 C. ~~Within 3 months after the date of such meeting, the~~

2 institution shall take such action in the manner prescribed
and authorized by the laws of the United States as shall
4 make it a federal association.

6 D. -- Upon the grant to an institution of a charter by the
Federal Home Loan Bank Board, the institution receiving such
8 charter shall cease to be an institution organized pursuant
to this Title and shall no longer be subject to supervision
10 and regulation by the superintendent, except as authorized
under Federal law or regulations or as otherwise provided
herein.

12 E. -- A copy of the charter issued to the federal association
or federal savings bank by the representative of the Federal
14 Home Loan Bank, or a copy of a certificate showing the
organization of such institution as a federal association,
16 shall be filed immediately with the superintendent and with
the Secretary of State. Upon receipt of a copy of the
18 charter or certificate, the superintendent shall notify the
Secretary of State that the conversion has been effected.
20

22 **4. -- Trust company to national bank.**

24 A. -- Nothing contained in the laws of this State shall
restrict the right of a trust company to convert to a
26 national bank. The action to be taken by a converting trust
company and its rights and liabilities and those of its
28 stockholders shall be the same as those prescribed for
national banks at the time of such action by the laws of the
30 United States and not by the laws of this State, except that
a vote of the holders of 2/3 of each class of voting stock
32 of a trust company shall be required for the conversion, and
that, on conversion to a national bank, the rights of
34 dissenting stockholders shall be those specified in section
352, subsection 5;

36 B. -- Upon completion of the conversion, the trust company
shall certify, in writing, that such conversion has been
38 completed under applicable Federal law. At such time as the
superintendent receives such writing, the franchise of the
40 converting trust company shall terminate automatically,
which fact shall be certified by the superintendent to the
42 Secretary of State.

44 **5. -- Other conversions.** -- The superintendent is authorized to
46 promulgate regulations permitting the conversion of savings banks
from state to federal charter, and from federal to state charter
48 at such time as Federally chartered savings banks are authorized
to do so pursuant to the laws of the United States.

2 6. State to federal charter. A financial institution
3 organized under provisions of this Title may convert to a federal
4 association or to a national bank in accordance with applicable
5 federal laws and regulations and the following provisions.

6 A. A majority of the institution's investors or mutual
7 voters, or more if required by the institution's
8 organizational documents, must approve the conversion at an
9 annual meeting or at a special meeting. Notice of the
10 meeting must be mailed not less than 20 nor more than 30
11 days prior to the meeting to each investor or mutual voter
12 at the investor's or voter's last known address as shown on
13 the books of the institution.

14 B. Upon completion of the conversion, the financial
15 institution shall certify in writing that the conversion has
16 been completed under applicable federal law. The charter of
17 the converting financial institution terminates
18 automatically upon issuance of the federal charter or
19 certificate. Upon receipt of a copy of the charter or
20 certificate showing the organization of the institution as a
21 federal institution, the superintendent shall notify the
22 Secretary of State that the conversion has been effected.

23 C. The rights of dissenting investors of a financial
24 institution converting to a federal charter are those
25 specified in section 352, subsection 5.

26 **Sec. F-3. 9-B MRSA §343**, as amended by PL 1991, c. 670, §4,
27 is further amended to read:

28 **§343. Conversion of institutional charter**

29 ~~With the superintendent's approval, and in accordance with~~
30 ~~the provisions of this section and regulations promulgated~~
31 ~~hereunder, a~~ A financial institution organized under Part 12 may
32 convert its charter to do business as one type of financial
33 institution to another, institution organized under Part 12 or as
34 a universal bank, and a universal bank organized under chapter 31
35 may convert to a financial institution organized under Part 12 in
36 the following manner+.

37 **1. Adoption of plan.** ~~The institution's board of directors~~
38 governing body shall adopt by a 2/3 vote of all members, a
39 conversion plan which shall that must include:

40 A. The name of the institution and its location;

41 B. The type of the institution which ~~the~~ that resulting
42 institution is to be;

2 C. A method and schedule for terminating any ~~non-conforming~~
3 nonconforming activities which that would result from such
4 conversion;

6 D. A statement of the competitive impact resulting from
7 such conversion, including the loss of particular financial
8 services, ~~including home mortgage financing,~~ in the market
9 area resulting from such conversion;

10 E. A statement that the conversion is subject to approval
11 of the superintendent and the institution's ~~stockholders,~~
12 ~~corporators or members~~ investors; and

14 F. Such additional information as the superintendent may
15 require, pursuant to regulations or otherwise.

18 **2. Superintendent's approval.** ~~Following approval by the~~
19 ~~board of directors, the conversion plan, together with a~~
20 ~~certified copy of the authorizing resolution adopted by the board~~
21 ~~of directors, shall be forwarded to the superintendent for his~~
22 ~~approval or disapproval pursuant to section 252. If the~~
23 ~~superintendent disapproves the plan, the reasons for such~~
24 ~~disapproval shall be stated in writing and furnished by the~~
25 ~~superintendent to the institution, which shall be given an~~
26 ~~opportunity to amend the plan to obviate such reasons for~~
27 ~~disapproval. The superintendent shall approve a conversion plan in~~
28 ~~accordance with section 341, subsection 3.~~

30 **3. Vote of investors.** The conversion plan of ~~a trust~~
31 ~~company, nondepository trust company or a mutual savings bank,~~ as
32 approved by the superintendent, must be submitted to the
33 ~~stockholders or corporators~~ investors for their approval at an
34 annual meeting, or at a special meeting called for that purpose,
35 pursuant to the requirements of section 352, subsection 3 or
36 ~~section 353, subsection 3.~~ Approval requires a 2/3 majority vote
37 or higher if required by the institution's organizational
38 documents of those entitled to vote.

40 ~~The conversion plan of a savings and loan association, as~~
41 ~~approved by the superintendent, must be submitted to the members~~
42 ~~for their approval at an annual meeting, or at a special meeting~~
43 ~~called for that purpose, pursuant to the requirements of section~~
44 ~~352, subsection 3 or section 353, subsection 3. Approval by a~~
45 ~~savings and loan association requires a majority vote of those~~
46 ~~entitled to vote. Each holder of a savings account in a savings~~
47 ~~and loan association is entitled to cast one vote for each \$100~~
48 ~~or fraction thereof, of the withdrawable value of the holder's~~
49 ~~accounts, up to a maximum of 50 votes. A borrowing member of a~~
50 ~~savings and loan association is permitted, as a borrower, to cast~~

2 one vote and to cast the number of votes to which the borrowing
3 member may be entitled as the holder of savings accounts. The
4 members who are entitled to vote at the meeting of the members to
5 adopt the conversion plan must be holders of savings accounts and
6 borrowing members of record on the books of the association as of
such date as may be prescribed by the superintendent.

8 **4. Executed plan; certificate; and effective date.** The
9 following provisions apply to the executed plan, certificate and
10 effective date.

12 A. Upon approval by the stockholders, ~~corporators~~ or
13 members investors of the institution, the president or vice
14 president ~~and the clerk or secretary~~ institution shall
15 submit the executed conversion plan to the superintendent,
16 together with all necessary amendments to the institution's
17 articles ~~of incorporation and bylaws~~ organizational
18 documents, each certified by ~~such officers~~, an executive
19 officer, clerk or secretary.

20 B. The superintendent shall file one copy of the items set
21 forth in paragraph A with the Secretary of State for record,
22 and issue to the resulting institution a certificate
23 specifying the name of the converting institution and the
24 name and organizational structure of the resulting
25 institution. ~~Such~~ This certificate shall ~~be~~ is conclusive
26 evidence of the conversion, and of the correctness of all
27 proceedings relating thereto, to the conversion in all
28 courts and places. The certificate may be filed in any
29 office for the recording of deeds to evidence the new name
30 in which property of the converting institution is to be
31 held.

32 C. Unless a later date is specified in the conversion plan,
33 the action ~~shall become~~ becomes effective upon the issuance
34 of the certificate in paragraph B, and the former charter of
35 the converting institution shall ~~terminate~~ terminates
36 automatically.

37 **5. ~~Effect of disapproval.~~** ~~If the superintendent disapproves~~
38 ~~the plan, and any modifications thereof, the plan shall not be~~
39 ~~resubmitted for at least one year following the date of such~~
40 ~~disapproval.~~

41 **Sec. F-4. 9-B MRSA §344**, as amended by PL 1985, c. 251, is
42 further amended to read:

43 **§344. Conversion: mutual ownership change**

44 With the superintendent's approval, and in accordance with

2 the provisions of this section and regulations promulgated
3 hereunder adopted under this section, a mutual financial
4 institution may convert to a ~~stock~~ cooperative financial
5 institution ~~of the same type charter, provided that such, a~~
6 cooperative financial institution may convert to a mutual
7 financial institution and either a cooperative or mutual
8 financial institution may convert to a financial institution
9 organized under chapter 31 or 81 if the conversion is conducted
10 in a manner equitable to all parties thereto to the conversion,
11 in the following manner+.

12 **1. Adoption of plan.** The financial institution's ~~board of~~
13 directors governing body shall adopt, by a 2/3 vote of all
14 members of the board governing body, a conversion plan, the
15 provisions of which shall must comply with the requirements set
16 forth in regulations ~~promulgated~~ adopted by the superintendent
17 and ~~which shall insure~~ that ensure that the interests of
18 depositors and account holders in the net worth of the
19 institution are equitably provided for ~~and that such conversion~~
20 ~~will not have an adverse impact on the stability of any other~~
21 ~~financial institution.~~

22 **2. Public hearing.** The following provisions govern a
23 public hearing.

24 ~~A. Following approval by the board of directors, the~~
25 ~~conversion plan, together with a certified copy of the~~
26 ~~authorizing resolution adopted by the board of directors,~~
27 ~~shall be forwarded to the superintendent for his approval or~~
28 ~~disapproval pursuant to section 252, and the requirements~~
29 ~~set forth in regulations promulgated under this section.~~

30 ~~B. Public hearings on the conversion plan may be conducted~~
31 ~~by the superintendent in the community where the financial~~
32 ~~institution has its principal office. Such hearings shall be~~
33 ~~for the purpose of determining may be held to determine~~
34 ~~whether the plan provides fair and equitable treatment to~~
35 ~~the depositors and to the institution. Hearings pursuant to~~
36 ~~this paragraph may be combined with any hearing on the~~
37 ~~application that may be scheduled pursuant to section 252.~~

38 ~~C. If the superintendent disapproves the plan, the reasons~~
39 ~~for such disapproval shall be stated in writing and~~
40 ~~furnished to the institution, which shall be given the~~
41 ~~opportunity to obviate such reasons for disapproval.~~

42 **3. Account holders; informational meetings and approval.**
43 The conversion plan shall must be presented to the members who
44 are eligible account holders at special informational meetings
45 held in each county where a branch office of the financial
46

institution is located. ~~These meetings shall be monitored by the~~
2 ~~superintendent.~~ The superintendent shall monitor these meetings.
The conversion plan, as approved by the superintendent, shall
4 must be submitted to the members who are eligible account holders
of the financial institution for their approval at an annual
6 meeting or at a special meeting called for that purpose, pursuant
to the requirements of section 353, subsection 3, with such
8 information in the notice as the superintendent may prescribe. A
2/3 vote of the members or eligible account holders is necessary
10 to approve the conversion plan. Voting on the conversion plan
may be in person or by written ballot. Any members or eligible
12 account holders not present at the meeting in person or any
member or eligible account holder not returning a written ballot
14 ~~shall~~ must be regarded as having affirmatively voted for the
conversion and ~~shall~~ must be counted among the required 2/3 vote,
16 ~~provided--that~~ if notice of this fact ~~shall--have~~ has been
contained in the published and mailed notices; and ~~provided~~
18 ~~further--that~~ if the notice, along with a ballot, was mailed to
the member or eligible account holder as required in section 353
20 351, subsection 3 4, paragraph A. The voting rights of account
holders in a mutual savings ~~bank--or--trust--company--shall--be~~
22 financial institution organized under chapter 32 are the same as
granted to members of a ~~mutual--savings--and--loan--association~~
24 cooperative financial institution organized under chapter 32
pursuant to section 325.

26
28 The superintendent may waive, upon written request by the
applicants and for good cause shown, the requirement for
30 informational meetings for a mutual financial institution
converting to a cooperative financial institution or a
32 cooperative financial institution converting to a mutual
financial institution.

34 **4. Executed plan, certificate and effective date.** Upon
approval of the plan of conversion by the members or eligible
36 account holders, the institution shall comply with section 343,
subsection 4 for the conversion to become effective, provided
38 that the superintendent shall determine as a condition precedent
to issuing a certificate that all applicable requirements of
40 federal law, if any, have been complied with by the converting
institution.

42 ~~**5.--Effect of disapproval.--If the superintendent disapproves**~~
44 ~~the plan and any modifications thereof, the plan shall not be~~
46 ~~resubmitted for at least one year following the date of such~~
~~disapproval.~~

48 **6. Superintendent's authority.** In implementing this
section, the superintendent ~~is hereby authorized to~~ may issue any
50 and all rules, regulations and orders necessary to ~~insure~~ ensure

2 that conversion to a ~~steek~~ an equity institution shall be or to
3 another form of mutual organization is conducted in a fair and
4 equitable manner, so as to ~~insure~~ ensure the safety and soundness
5 of the institution and the protection of the institution's net
6 worth including, but not limited to, restrictions on the transfer
7 or disposition of shares in the resulting institution, or mergers
8 or consolidations by the resulting institution.

9 **Sec. F-5. 9-B MRSA §345**, as enacted by PL 1975, c. 500, §1,
10 is amended to read:

11 **§345. Conversion; investor to mutual ownership**

12 With the superintendent's approval, and in accordance with
13 the provisions of this section and ~~regulations--promulgated~~
14 ~~hereunder~~ rules adopted under this section, a ~~steek~~ financial
15 institution organized under chapter 31 may convert to a mutual
16 financial institution ~~of--the--same--type--charter;~~ ~~provided--that~~
17 ~~such~~ organized under chapter 32, if this conversion is conducted
18 in a manner fair and equitable to its ~~depositors--and--steekholders~~
19 investors, in the following manner+.

20 **1. Procedure.** ~~The method--of--adopting--and--approving--a--plan~~
21 ~~for--a--conversion--under--this--section--shall--be--as--set--forth--in~~
22 ~~section--343,--except--that--a--conversion--plan--authorized--pursuant--to~~
23 ~~this--section--shall--make--adequate--provision--for--the--surplus~~
24 ~~account--of--the--resulting--institution~~ governing body must adopt
25 and approve by a 2/3 vote a conversion plan that addresses
26 conditions as the superintendent may require.

27 **1-A. Vote of investors.** The conversion plan, as approved
28 by the superintendent, must be submitted to the investors for
29 their approval at an annual meeting or at a special meeting
30 called for that purpose. Approval requires a majority vote of
31 investors, unless a higher percentage is required by the
32 institution's organizational documents.

33 **2. Dissenting investor.** The rights of any ~~steekholders~~
34 investors not voting for the ~~plan--of~~ conversion shall be ~~plan~~ are
35 as set forth in section 352; subsection 5.

36 **Sec. F-6. 9-B MRSA §345-A**, as amended by PL 1987, c. 40, §1,
37 is further amended to read:

38 **§345-A. Authority for expedited charter conversions**

39 Notwithstanding any other provision of law, or any ~~charter,~~
40 ~~certificate--of--organization,--articles--of--association,--articles--of~~
41 ~~incorporation,--or--bylaw~~ organizational document of any
42 participating institution, when a charter conversion is approved
43

2 by the ~~directors~~ governing body of a financial institution
3 authorized to do business in this State as a component of a plan
4 of merger, consolidation or acquisition with another financial
5 institution or financial institution holding company, regardless
6 of this institution's or holding company's domicile, and
7 following compliance with all applicable requirements of federal
8 law, if any, the superintendent may order that the charter
9 conversion become effective immediately. The superintendent may
10 take such action if he the superintendent believes that it is
11 necessary for the protection of depositors, ~~shareholders~~ or the
12 public. Any person aggrieved by a charter conversion executed
13 pursuant to this section shall ~~be~~ is entitled to judicial review
14 of the superintendent's order in accordance with the Maine
15 Administrative Procedure Act, Title 5, chapter 375, subchapter
16 VII.

17 **Sec. F-7. 9-B MRSA §345-B** is enacted to read:

18 **§345-B. Conversion; investor to investor ownership**

19 With the superintendent's approval and in accordance with
20 the provisions of this section and rules adopted under this
21 section, which are routine technical rules pursuant to Title 5,
22 chapter 375, subchapter II-A, an equity financial institution
23 organized under chapter 31 may convert its ownership structure to
24 another type of ownership structure permissible under chapter 31
25 if this conversion is conducted in a manner fair and equitable to
26 its investors, in the following manner.

27 **1. Procedure.** The governing body must adopt and approve by
28 a 2/3 vote a conversion plan that addresses conditions as the
29 superintendent may require.

30 **2. Vote of investors.** The conversion plan, as approved by
31 the superintendent, must be submitted to the investors for their
32 approval at an annual meeting or at a special meeting called for
33 that purpose. Approval requires a majority vote of investors,
34 unless a higher percentage is required by the institution's
35 organizational documents.

36 **3. Dissenting investors.** The rights of any investors not
37 voting for the conversion plan are as set forth in section 352,
38 subsection 5.

39 **Sec. F-8. 9-B MRSA §346, sub-§§1 and 2** as enacted by PL 1975,
40 c. 500, §1, are amended to read:

41 **1. Authorization; prohibitions.** Any financial institution
42 may change its corporate name to another name; ~~provided that such~~
43 ~~name is not in violation of the restrictions contained in~~
44

2 sections 572, 673 and 711 and provided further that if the name
4 selected is not the same or deceptively similar to the name of
any other financial institution authorized to do business in this
State.

6 2. **Requirements.** A change in the name of a financial
8 institution shall require that requires compliance with the
following requirements be complied with:

10 A. ~~An affirmative vote of its stockholders, incorporators or~~
12 ~~members~~ Approval pursuant to section 314-A or 325 by
investors or mutual voters and the superintendent to amend
14 the name set forth in the institution's ~~articles~~ of
incorporation organizational document; and

16 B. ~~Duplicate certificates containing the former name and~~
~~new name, and a copy of the vote to change names signed by~~
18 ~~the president and clerk or secretary, shall be submitted to~~
~~the superintendent within 10 days of the vote for his~~
20 ~~approval or disapproval in accordance with section 252; and~~

22 C. The superintendent shall notify forthwith the
24 institution of ~~his~~ the superintendent's decision; and, if he
the superintendent approves the name change, he the
26 superintendent shall file a certificate with the Secretary
of State indicating his approval.

28 **Sec. F-9. 9-B MRSA §347**, as enacted by PL 1975, c. 500, §1,
is amended to read:

30 **§347. Effect of conversion or amendment; nonconforming**
32 **activities**

34 The financial institution resulting from any action taken
36 pursuant to the authority granted in this chapter shall ~~be~~ is
subject to the provisions of sections 356, 357 and 358 and shall
38 comply with the requirements thereof of these sections and
~~regulations promulgated thereunder~~ rules adopted under these
40 sections.

42 **PART G**

44 **Sec. G-1. 9-B MRSA §351**, as amended by PL 1983, c. 201, §4,
is further amended to read:

46 **§351. Applicability of chapter; fees**

48 1. **Applicability.** The provisions of this chapter shall
50 govern mergers and consolidations undertaken by ~~savings banks,~~

2 ~~trust---companies,---savings---and---loan---associations~~ financial
3 institutions and industrial banks subject to the laws of this
4 State, and shall must set forth the procedures for, and
5 limitations on, the acquisition of all or substantially all of
6 the assets of such institutions by another institution.

7
8 **2. Fees.** No An application made pursuant to sections 352,
9 353, 354 and, 354-A, 355 and 355-A may not be deemed complete by
10 the superintendent unless accompanied by an application fee of
11 \$2,500, payable to the Treasurer of State, to be credited and
12 used as provided in section 214.

13
14 **3. Superintendent's approval.** Following approval by the
15 governing body of each participating institution, the plan of
16 merger, consolidation, purchase or assumption, together with
17 certified copies of the authorizing resolutions adopted by the
18 governing body of each participating institution, must be
19 forwarded to the superintendent for approval or disapproval
20 pursuant to section 252. If the superintendent disapproves the
21 plan, the superintendent shall state the reasons for the
22 disapproval in writing and furnish them to the participating
23 institutions. The institutions must be given an opportunity to
24 amend the plan to obviate the reasons for disapproval.

25
26 **4. Vote of investors or mutual voters.** The plan of merger
27 or consolidation, as approved by the superintendent, must be
28 submitted to the investors or mutual voters of the participating
29 institutions for their approval at an annual meeting or at a
30 special meeting called for that purpose in the following manner.

31
32 A. Notice of such a meeting must be published at least once
33 a week for 3 successive weeks in at least one newspaper of
34 general circulation in the county or counties where each
35 participating institution's principal office is located or
36 in other newspapers as the superintendent may designate.
37 The notice must be mailed to each investor of record or
38 mutual voter at the address on the books of each
39 participating institution at least 15 days prior to the date
40 of the meeting.

41
42 B. A 2/3 vote of each class of investor or a 2/3 vote of
43 the mutual voters of each participating institution is
44 necessary to approve the plan of merger or consolidation at
45 the meeting called for this purpose. The vote constitutes
46 the adoption of the organizational documents of the
47 resulting institution, including amendments, contained in
48 the merger or consolidation agreement.

49
50 **5. Executed plan; certificate; effective date.** The
following provisions apply to the executed plan, certificate and
effective date.

2 A. Upon approval by the investors or mutual voters of the
4 participating institutions, the chief executive officer,
6 president or vice-president and the clerk or secretary of
8 each institution shall submit the executed plan of merger or
 consolidation to the superintendent, together with the
 resolutions of the investors or mutual voters approving it,
 each certified by these officers.

10 B. Upon receipt of the items in paragraph A and evidence
12 that the participating institutions have complied with all
14 applicable federal law and regulations, the superintendent
16 shall issue to the resulting institution a certificate
18 specifying the name of each participating institution and
20 the name of the resulting institution and shall file a copy
22 of the certificate and the certified votes with the
24 Secretary of State for record. This certificate is
 conclusive evidence of the merger or consolidation and of
 the correctness of all proceedings relating to the merger or
 consolidation in all courts and places. The certificate may
 be filed in any office for the recording of deeds to
 evidence the new name in which property of the participating
 institutions is to be held.

26 C. Unless a later date is specified in the certificate, the
28 merger or consolidation is effective upon issuance of the
 certificate in paragraph B and the charters of all but the
 resulting institution terminate automatically.

30 D. Any plan of merger or consolidation may contain a
32 provision that, notwithstanding approval of the investors,
34 mutual voters or the superintendent, the plan may be
36 abandoned at any time prior to the effective date of the
38 merger or consolidation by the governing body of any
 participating institution either at the absolute discretion
 of the governing body or upon the occurrence of any stated
 condition.

40 **Sec. G-2. 9-B MRSA §352, as amended by PL 1985, c. 529, is**
 further amended to read:

42 **§352. Mergers and consolidations; investor-owned institutions**

44 Any 2 or more ~~steek-finaneial~~ investor-owned institutions
46 authorized to do business in this State may merge or consolidate
48 into one ~~steek--finaneial~~ investor-owned institution organized
 under the laws of this State in accordance with the procedures,
 and subject to the conditions and limitations, set forth in this
 section.

2 1. Adoption of plan. The ~~board of directors~~ governing body
of each participating institution shall adopt, by a majority vote
4 or higher if required by its organizational documents, a plan of
merger or consolidation on such terms as shall be mutually agreed
6 upon. The plan shall must include:

8 A. The names of the participating institutions and their
locations;

10 ~~B. The type of institution which the resulting institution~~
12 ~~is to be~~

14 C. With respect to the resulting institution: the name and
location of its principal office, branch offices and
16 facilities; the name, address and occupation of each
director who is to serve until the next annual meeting of
18 the ~~stockholders~~ investors; the name and address of each
officer; the amount of capital, the number of ~~shares~~ and the
20 par value of each share class of equity interest; ~~whether~~
~~preferred stock is to be issued and the amount, terms and~~
22 ~~preferences relating thereto~~; and the amendments required to
be made to its articles of incorporation and bylaws the
24 institution's organizational documents;

26 D. Provisions governing the manner and basis of converting
the shares equity interests of the participating
28 institutions into shares equity interests or other
securities of the resulting institution and, if any shares
30 equity interests of any of the participating institutions
are not to be converted solely into shares equity interests
32 or other securities of the resulting institution, provisions
governing the amount of cash, property, rights or securities
34 of any other institution or corporation which that is to be
paid or delivered to the holders of the shares equity
36 interests in exchange for or upon surrender of the shares,
which equity interests. The cash, property, rights or
38 securities of any other institution or corporation may be in
addition to or in lieu of the shares equity interests or
40 securities of the resulting institution;

42 E. A statement that the agreement is subject to approval of
the superintendent and of the ~~stockholders~~ investors of each
44 participating institution;

46 F. Provisions, if applicable, governing the manner of
disposing of shares equity interests of the resulting
48 institution, ~~if any~~, not taken by dissenting ~~stockholders~~
investors of the participating institutions; and

2 G. The anticipated effective date of such merger or
3 consolidation; and such other provisions and details as may
4 be necessary to perfect the merger or consolidation, or as
5 may be required by the superintendent.

6
7 ~~2. --- Superintendent's approval. --- Following approval by the~~
8 ~~board of directors of each participating institution, the plan of~~
9 ~~merger or consolidation, together with certified copies of the~~
10 ~~authorizing resolutions adopted by the board of directors of each~~
11 ~~participating institution, shall be forwarded to the~~
12 ~~superintendent for his approval or disapproval pursuant to~~
13 ~~section 252. If the superintendent disapproves the plan, the~~
14 ~~reasons for such disapproval shall be stated in writing and~~
15 ~~furnished by the superintendent to the participating~~
16 ~~institutions, which shall be given an opportunity to amend the~~
17 ~~plan to obviate such reasons for disapproval.~~

18
19 2-A. Superintendent's approval. The superintendent shall
20 approve the plan of merger or consolidation in accordance with
21 section 351, subsection 3.

22
23 3. Vote of investors. The plan of merger or consolidation,
24 as approved by the superintendent, shall must be submitted to the
25 stockholders investors of the participating institutions for
26 their approval at an annual meeting, or at a special meeting
27 called for that purpose, in accordance with section 351,
28 subsection 4 and the following manner+ provisions.

29
30 ~~A. --- Notice of such meeting shall be published at least once~~
31 ~~a week for 3 successive weeks in a newspaper or newspapers~~
32 ~~of general circulation in the county or counties where each~~
33 ~~participating institution's principal office is located, or~~
34 ~~in such other newspapers as the superintendent may~~
35 ~~designate, and the notice shall be mailed to each~~
36 ~~stockholder of record at his address on the books of each~~
37 ~~participating institution at least 15 days prior to the date~~
38 ~~of said meeting. Notice required hereunder shall pursuant to~~
39 ~~section 351, subsection 4 must state that dissenting~~
40 ~~stockholders investors will be entitled to payment only for~~
41 ~~the value of those shares which equity interests that are~~
42 ~~voted against approval of the plan. Published notice may be~~
43 ~~waived if written waivers are received from the holders of~~
44 ~~2/3 of the outstanding voting shares equity interests of~~
45 ~~each class stock of each participating institution.~~

46
47 ~~B. --- A 2/3 vote of the outstanding voting shares of each~~
48 ~~class of each participating institution shall be necessary~~
49 ~~to approve the plan of merger or consolidation at the~~
50 ~~meeting called for such purpose, which vote shall constitute~~

2 the adoption of the articles of incorporation and bylaws of
the resulting institution, including amendments, contained
4 in the merger or consolidation agreement.

6 **4. Executed plan; certificate; effective date.** The
executed plan certificate and effective date must be in
8 accordance with section 351, subsection 5.

10 A. Upon approval by the stockholders of the participating
institutions, the president or vice president and the clerk
12 or secretary of each institution shall submit the executed
plan of merger or consolidation to the superintendent,
14 together with the resolutions of the stockholders approving
it, each certified by such officers.

16 B. Upon receipt of the items in paragraph A and evidence
that the participating institutions have complied with all
18 applicable federal law and regulations, the superintendent
shall issue to the resulting institution a certificate
20 specifying the name of the resulting institution and shall
file a copy of the certificate and the certified votes with
22 the Secretary of State for record. Such certificate shall be
conclusive evidence of the merger or consolidation and of
24 the correctness of all proceedings relating thereto in all
courts and places. The certificate may be filed in any
26 office for the recording of deeds to evidence the new name
in which property of the participating institutions is to be
28 held.

30 C. Unless a later date is specified in the certificate, the
merger or consolidation shall be effective upon issuance of
32 the certificate in paragraph B, and the franchises of all
but the resulting institution shall terminate automatically.

34 **5. Rights of dissenting investors.** The rights of investors
36 dissenting to the merger or consolidation are those specified in
38 Title 13-A or Title 31, chapter 11, 13 or 15, depending upon the
40 organizational form of the institution. To the extent that
42 dissenters' rights are not addressed in Title 31 or these rights
are less beneficial to the dissenting investors than those rights
listed in the institution's organizational documents, the
organizational documents govern.

44 A. The owners of shares of a financial institution which
were voted against a merger or consolidation shall be
46 entitled to receive their value in cash if and when the
merger or consolidation becomes effective, upon written
48 demand made to the resulting institution at any time within
30 days after the effective date of the merger or
50 consolidation, accompanied by surrender of the stock
certificates.

2 B. ~~The value of such shares shall be determined, as of the~~
4 ~~date of the stockholders' meeting approving the merger or~~
6 ~~consolidation, by 3 appraisers, one to be selected by the~~
8 ~~owners of 2/3 of the shares involved, one by the board of~~
10 ~~directors of the resulting institution and the 3rd by the 2~~
12 ~~so chosen. The valuation agreed upon by any 2 appraisers~~
shall govern. If the appraisal is not completed within 90
days after the merger or consolidation becomes effective,
the superintendent shall cause an appraisal to be made. The
expenses of appraisal shall be paid by the resulting
institution.

14 C. ~~The resulting institution may fix an amount which it~~
16 ~~considers to be not more than the fair market value of the~~
18 ~~shares of the participating institution at the time of the~~
20 ~~stockholders' meeting approving the merger or consolidation,~~
22 ~~which amount it will pay to dissenting stockholders of that~~
institution entitled to payment in cash. Acceptance of such
offer by a dissenting stockholder shall terminate the rights
granted to the accepting stockholder in paragraphs A and B.

24 D. ~~The amount due under the appraisal or the accepted offer~~
shall constitute a debt of the resulting institution.

26 **6. Federally chartered institution as participant.** If one
of the parties to a merger or consolidation is a
28 ~~Federally chartered~~ federally chartered investor-owned
30 institution, the participants shall comply with all requirements
32 imposed by Federal federal law for such merger or consolidation
34 in addition to the requirements contained in this Title, and
shall provide evidence of such compliance to the superintendent
36 as a condition precedent to the issuance of a certificate in
subsection 4, ~~paragraph B~~ section 351, subsection 5 relating to
such merger or consolidation. The rights of dissenting
38 stockholders investors in such ~~federally chartered~~ federally
chartered institutions shall be are governed by federal law.

40 **7. Merger of investor-owned institution with national bank.**

42 A. Nothing contained in the law of this State shall
44 ~~restriet~~ restricts the right of a ~~trust-company~~ financial
institution organized under chapter 31 to merge or
46 consolidate into a resulting national bank. The action to be
taken by the ~~trust-company~~ investor-owned institution and
48 its rights and liabilities and those of its ~~stockholders~~
shall be investors are the same as those prescribed for
national banks at the time of the action by the law of the
United States and not by the law of this State, except that
50 a vote of the holders of 2/3 of each class of voting ~~stock~~

2 equity interest of a---trust---company---shall---be an
3 investor-owned institution is required for such the merger
4 or consolidation and that, on merger or consolidation into a
5 national bank, the rights of dissenting ~~stockholders~~ shall
6 be investors are those specified in Federal ~~federal~~ law for
7 national banks.

8 B. Upon the completion of the merger or consolidation, the
9 franchise of the participating ~~trust-company~~ shall terminate
10 investor-owned institution terminates automatically.

12 **Sec. G-3. 9-B MRSA §353**, as enacted by PL 1975, c. 500, §1,
13 is amended to read:

14 **§353. Mergers and consolidations; mutual financial institutions**

15 Any 2 or more mutual financial institutions authorized to do
16 business in this State may merge or consolidate into one mutual
17 financial institution organized under ~~the--laws--of--this--State~~
18 chapter 32 in accordance with the procedures, and subject to the
19 conditions and limitations, set forth in this section.

20 **1. Adoption of plan.** The ~~board-of-directors~~ governing body
21 of each participating institution shall adopt, by a majority vote
22 or higher if required by its organizational documents, a plan of
23 merger or consolidation on such terms as ~~shall-be~~ are mutually
24 agreed upon. The plan shall must include:

25 A. The names of the participating institutions and their
26 locations;

27 ~~B.---The type of institution which the resulting institution~~
28 ~~is to be;~~

29 C. With respect to the resulting institution, the name and
30 location of its principal office, branch offices and
31 facilities; the name, address and occupation of each
32 director who is to serve until the next annual meeting of
33 the ~~operaters-or-members~~ mutual voters; and the name and
34 address of each officer;

35 D. The mode for carrying the plan into effect, and the
36 proposed effective date;

37 E. The manner of converting deposits, accounts, or shares
38 of such institutions into deposits, accounts or shares of
39 the resulting institution;

40 F. A statement that the agreement is subject to the
41 approval of the superintendent and of the ~~operaters-or-~~
42 members mutual voters of each participating institution; and

2 G. Such other provisions and details as may be necessary to
perfect the merger or consolidation, or as may be required
4 by the superintendent.

6 ~~2. Superintendent's approval. Following approval by the~~
~~board of directors of each participating institution, the plan of~~
8 ~~merger or consolidation, together with certified copies of the~~
~~authorizing resolutions adopted by the board of directors of each~~
10 ~~participating institution, shall be forwarded to the~~
~~superintendent for his approval or disapproval pursuant to~~
12 ~~section 252. If the superintendent disapproves the plan, the~~
~~reasons for such disapproval shall be stated in writing and~~
14 ~~furnished by the superintendent to the participating~~
~~institutions, which shall be given an opportunity to amend the~~
16 ~~plan to obviate such reasons for disapproval.~~

18 2-A. Superintendent's approval. The superintendent shall
approve the plan of merger or consolidation in accordance with
20 section 351, subsection 3.

22 3. Vote of mutual voters. The plan of merger or
consolidation, as approved by the superintendent, shall must be
24 submitted to the ~~corporators or members~~ mutual voters of the
participating institutions for their approval at an annual
26 meeting, or at a special meeting called for that purpose, in
accordance with section 351, subsection 4 and with the following
28 manner: requirements.

30 A. ~~Notice of such meeting shall be published at least once~~
~~a week for 3 successive weeks in a newspaper or newspapers~~
32 ~~of general circulation in the county or counties where each~~
~~participating institution's principal office is located, or~~
34 ~~in such other newspapers as the superintendent may~~
~~designate, the last of which notices shall be published at~~
36 ~~least 15 days prior to the meeting.~~ Copies of said the
notice shall be mailed to each ~~corporator or member~~ at his
38 ~~last known address, and shall also~~ required under section
351, subsection 4, paragraph A, must be posted in a
40 conspicuous place in all offices of the participating
institutions, at least 15 days prior to the meeting.

42 B. ~~A 2/3 vote of the corporators or members of each~~
~~participating institution shall be necessary to approve the~~
44 ~~plan of merger or consolidation presented by its board of~~
~~directors.~~ Any ~~corporator or member~~ mutual voter not present
46 at such the meeting in person shall must be regarded as
48 having affirmatively voted for the merger or consolidation,
and shall be counted among the required 2/3 vote, ~~provided~~
50 that if notice of this fact shall ~~have been~~ is contained in

2 the published and mailed notices, and provided further that
such if this notice was mailed to the corporation or member
4 mutual voter as required in section 351, subsection 4,
paragraph A.

6 ~~C. The vote of the corporations or members shall constitute~~
the adoption of the articles of incorporation and bylaws of
8 the resulting institution, including amendments, contained
in the merger or consolidation agreement.

10 **4. Executed plan; certificate; effective date.** The
12 executed plan, certificate and effective date must be in
14 accordance with section 351, subsection 5.

16 ~~A. Upon approval by the corporations or members of the~~
participating institutions, the president or vice president
and the clerk or secretary of each institution shall submit
18 the executed plan or merger or consolidation to the
superintendent, together with the resolutions of the
20 corporations or members approving it, each certified by such
officers.

22 ~~B. Upon receipt of the items in paragraph A and evidence~~
24 that the participating institutions have complied with all
applicable federal law and regulations, the superintendent
26 shall issue to the resulting institution a certificate
specifying the name of each participating institution and
28 the name of the resulting institution; and shall file a copy
of the certificate and certified votes with the Secretary of
30 State for record. Such certificate shall be conclusive
evidence of the merger or consolidation, and of the
32 correctness of all proceedings relating thereto in all
courts and places. The certificate may be filed in any
34 office for the recording of deeds to evidence the new name
in which property of the participating institutions is to be
36 held.

38 ~~C. Unless a later date is specified in the certificate, the~~
merger or consolidation shall be effective upon issuance of
40 the certificate in paragraph B, and the franchises of all
but the resulting institution shall terminate automatically.

42 **5. Federally chartered institution as participant.** If one
44 of the parties to a merger or consolidation is a
federally chartered federally chartered mutual financial
46 institution, the participants shall comply with all requirements
imposed by federal law for such merger or consolidation and
48 provide evidence of such compliance to the superintendent as a
condition precedent to the issuance of a certificate in
50 ~~subsection 4, paragraph B~~ section 351, subsection 5 relating to
such merger or consolidation.

2 **Sec. G-4. 9-B MRSA §354**, as amended by PL 1997, c. 22, §10,
is further amended to read:

4
6 **§354. Mergers and consolidations; investor-owned and mutual
financial institutions**

8 **1. Resulting mutual financial institution.** A--steek An
10 investor-owned financial institution may be merged into or
consolidated with a mutual financial institution organized under
12 the laws of this State in accordance with the procedures and
subject to the conditions and limitations set forth in this
subsection.

14 A. The acquiring mutual financial institution shall comply
16 with the requirements of section 353, subsections 1 to 4,
except that the plan of merger or consolidation must state
18 the amount that institution will pay for the ~~shares-of-steek~~
equity interests in the ~~steek~~ investor-owned institution to
20 be acquired and additional information the superintendent
considers appropriate.

22 E. The ~~steek~~ investor-owned institution to be acquired
24 shall comply with section 352, subsections 1 to 6.

26 F. Sections ~~356--to~~ 357 and 358 apply to mergers or
consolidations made pursuant to this section.

28 **2. Resulting investor-owned institution.** Except as the
30 superintendent may authorize pursuant to section 354-A, a mutual
financial institution may not merge into a--steek an
32 investor-owned institution organized under the laws of this State
without prior compliance with section 344 and all rules adopted
34 under that section.

36 **Sec. G-5. 9-B MRSA §354-A**, as enacted by PL 1981, c. 539, §2,
is amended to read:

38 **§354-A. Authority for expedited mergers and consolidations**

40 Notwithstanding any other provision of law, or any ~~charter,~~
42 ~~certificate-of-organization,--articles-of-association,--articles-of~~
~~incorporation,---or---bylaw~~ organizational document of any
44 participating institution, following approval of the plan of
merger or consolidation by a majority vote of the ~~board--of~~
46 directors governing body of each participating institution and
receipt by the superintendent of certified copies of the
48 authorizing resolutions adopted by the ~~board--of--directors~~
governing body of each participating institution, the
50 superintendent may order that the merger or consolidation become

2 effective immediately if he the superintendent believes that the
3 action is necessary for the protection of depositors,
4 shareholders or the public. Any person aggrieved by a merger or
5 consolidation pursuant to this section shall ~~be~~ is entitled to
6 judicial review of the superintendent's order in accordance with
7 the Maine Administrative Procedure Act, Title 5, chapter 375,
8 subchapter VII.

9 **Sec. G-6. 9-B MRSA §355**, as amended by PL 1991, c. 386, §§7
10 to 10, is further amended to read:

11 **§355. Acquisition of assets; assumption of liabilities**

12 A financial institution organized under the laws of this
13 State may acquire the assets of, or assume the liabilities of,
14 any other financial institution authorized to do business in this
15 State, in accordance with the procedures and subject to the
16 conditions and limitations set forth below in this section.

17 **1. Adoption of plan.** ~~The board of directors governing body~~
18 of the acquiring or assuming institution and the ~~board of~~
19 ~~directors governing body~~ of the transferring institution shall
20 adopt, by majority vote, a plan for acquisition, assumption or
21 sale on terms that are mutually agreed upon. The plan must
22 include:

23 A. The names and types of the institutions involved;

24 B. A statement setting forth the material terms of the
25 proposed acquisition, assumption or sale, including, if
26 applicable, the plan for disposition of all assets and
27 liabilities not subject to the plan;

28 C. A statement, if applicable, of the plan governing
29 liquidation of the transferring institution pursuant to
30 section 364 upon execution of the plan, with that
31 liquidation being a required provision of the plan;

32 D. A statement that the entire transaction is subject to
33 written approval of the superintendent and, if the
34 transaction involves all or substantially all of the assets
35 or liabilities of the transferring institution, the approval
36 of the transferring institution's ~~stockholders, operators~~
37 ~~or members~~ investors or mutual voters;

38 E. If ~~a stock~~ an investor-owned institution is the
39 transferring institution and the proposed sale is not for
40 cash, a clear and concise statement that ~~stockholders~~
41 investors of the institution voting against the proposed
42 sale are entitled to rights set forth in section 352,
43 subsection 5; and

2 F. The proposed effective date of the acquisition,
3 assumption or sale and all other information and provisions
4 that are necessary to execute the transaction or that are
5 required by the superintendent.

6
7 ~~2. Superintendent's approval. Following approval by the
8 respective board of directors of each participating institution,
9 the plan, together with certified copies of the authorizing
10 resolutions adopted by the board of directors of each
11 participating institution, shall be forwarded to the
12 superintendent for his approval or disapproval pursuant to
13 section 252. If the superintendent disapproves the plan, the
14 reasons for such disapproval shall be stated in writing and
15 furnished by the superintendent to the participating
16 institutions, which shall be given an opportunity to amend the
17 plan to obviate such reasons for disapproval.~~

18
19 2-A. Superintendent's approval. The superintendent shall
20 approve the plan of merger or consolidation in accordance with
21 section 351, subsection 3.

22
23 3. Vote of investors or mutual voters. If the transaction
24 involves all or substantially all of the assets or liabilities of
25 the transferring institution or if the transferring institution's
26 organizational documents require, the plan of acquisition,
27 assumption or sale must be presented to the ~~stockholders,~~
28 ~~corporators or members~~ investors or mutual voters of the
29 transferring institution for their approval, and their approval
30 must be obtained in accordance with section 351, subsection 4. If
31 ~~the transferring institution is a stock institution,~~ approval
32 ~~must be obtained in accordance with section 352, subsection 3;~~ if
33 ~~the transferring institution is a mutual institution,~~ approval
34 ~~must be obtained in accordance with section 353, subsection 3~~ of
35 investors is required, then investors dissenting to the
36 transaction have the rights set forth in section 352, subsection
37 5.

38
39 **4. Executed plan; certificate; effective date.**

40
41 A. If the plan is approved by the ~~stockholders,~~
42 ~~corporators or members~~ investors or mutual voters of the transferring
43 institution, the chief executive officer, president or ~~vice~~
44 ~~president~~ vice-president and the clerk or secretary of such
45 institution shall submit the executed plan to the
46 superintendent, together with a copy of the resolution of
47 the ~~stockholders,~~ ~~corporators,~~ ~~or members~~ investors or
48 mutual voters approving it, each certified by such these
officers.

2 B. Upon receipt of the items set forth in paragraph A and
4 evidence that the participating institutions have complied
6 with all applicable federal law and regulations, the
8 superintendent shall certify, in writing, to the
10 participants that the plan has been approved and is in
12 compliance with the provisions of this Title.

14 C. Notwithstanding approval of the ~~stockholders,~~
16 ~~corporators--or--members,~~ investors or mutual voters or
18 certification by the superintendent, the transferring
institution's ~~board-of-directors~~ governing body may, in its
discretion, abandon such a transaction without further
action or approval by ~~stockholders,--corporators,--or--members~~
the investors or mutual voters, subject to the rights of
third 3rd parties under any contracts relating thereto to
the transaction.

20 **5. Federally chartered institution as participant.** If one
22 of the participants in a transaction under this section is a
24 ~~Federally-chartered~~ federally chartered institution, all
participants shall comply with such requirements as may be
imposed by federal law for such an acquisition, assumption or
sale and provide evidence of such compliance to the
superintendent as a condition precedent to the issuance of a
certificate in subsection 4, paragraph B relating to such
acquisition, assumption or sale; provided that if the purchasing
or assuming institution is a ~~federally-chartered~~ federally
chartered institution, no approval of by the superintendent shall
be is not required.

32 **6. Investor-owned institution acquiring mutual financial**
34 **institution.** ~~Except-as-the-Superior-Court-may-authorize-pursuant~~
~~to-section-367,-subsection-7,-a~~ A mutual financial institution
36 shall may not sell all or substantially all of its assets to a
38 ~~stock~~ an investor-owned institution without prior compliance with
section 344 and all ~~regulations--promulgated--thereunder~~ rules
adopted under section 344.

40 **7. Other sections.** Sections 357 and 358 shall apply to
42 acquisitions, assumptions and sales made pursuant to this section.

44 **8. Applicability.** This section does not apply to a
46 transfer of assets of a financial institution in the ordinary
course of business that does not include any assumption of
deposit liabilities.

48 **Sec. G-7. 9-B MRSA §355-A, first ¶,** as amended by PL 1991, c.
34, §3, is further amended to read:

2 Notwithstanding any other provision of law, or any ~~charter,~~
3 ~~certificate of organization, articles of association, articles of~~
4 ~~incorporation or bylaw~~ organizational document of any
5 participating institution, the superintendent may order that the
6 acquisition of assets and assumption of liabilities become
7 effective immediately if the superintendent determines that the
8 action is necessary for the protection of depositors,
9 shareholders or the public. This action may be taken upon
10 receipt of the following:

12 **Sec. G-8. 9-B MRSA §355-A, sub-§1**, as enacted by PL 1991, c.
13 34, §3, is amended to read:

14
15 **1. Authorizing resolutions and plan.** Certified copies of
16 the authorizing resolutions adopted by the respective ~~board of~~
17 ~~directors~~ governing bodies of the acquiring or assuming financial
18 institution or financial institution holding company, and a copy
19 of the plan of acquisition of assets and assumption of
20 liabilities approved by a majority vote of the ~~boards of~~
21 ~~directors~~ governing bodies of the acquiring or assuming financial
22 institution or financial institution holding company and the
23 transferring institution; or

24
25 **Sec. G-9. 9-B MRSA §356**, as enacted by PL 1975, c. 500, §1,
26 is repealed.

28 PART H

29
30 **Sec. H-1. 9-B MRSA §361**, as enacted by PL 1975, c. 500, §1,
31 is amended to read:

32 **§361. Applicability of chapter**

33
34 The provisions of this chapter shall apply to ~~savings banks,~~
35 ~~trust companies, savings and loan associations, and industrial~~
36 ~~banks~~ financial institutions organized under the laws of this
37 State.

38
39 **Sec. H-2. 9-B MRSA §362, sub-§1**, as enacted by PL 1975, c.
40 500, §1, is amended to read:

41
42 **1. Application to court.** Whenever it may become necessary
43 to preserve the assets or protect depositors in a financial
44 institution, the Superior Court may, on application by the
45 superintendent, the ~~directors~~ governing body of such institution,
46 or 3/4 of its depositors, members or ~~stockholders~~ investors or
47 more if required by the institution's organizational documents,
48 after due notice, issue an order restraining the institution from
49 paying out its funds or any portion thereof of its funds or from
50

2 declaring or paying any dividends or deposits for such time as
the court shall deem considers advisable.

4 **Sec. H-3. 9-B MRSA §364, sub-§§1, 3 and 4**, as enacted by PL
1975, c. 500, §1, are amended to read:

6
8 **1. Application to court.** Whenever, in the opinion of the
superintendent and a majority of the directors governing body of
10 any financial institution, or in the opinion of 3/4 of its
depositors, members or stockholders investors or more if required
12 by the institution's organizational documents, it is inexpedient
for any reason for said the institution to continue the further
14 prosecution of its business, the directors governing body may
join with the superintendent in an application to the Superior
16 Court for liquidation of the affairs of said the institution, or
such the depositors, members or stockholders investors may file
such an application.

18
20 **3. Order to liquidate.** If, after notice and hearing on said
application, such the court is of the opinion that it is
22 inexpedient for said the institution to continue the further
prosecution of its business, it may make such orders and decrees
24 as seem proper for liquidation of the institution's affairs,
distribution of its assets, protection of its depositors, members
and stockholders investors, if any, and the welfare of the
26 community.

28 **4. Liquidation proceedings.** Further proceedings on such
application may be in the manner provided for liquidation of an
30 insolvent financial institution, or the court may authorize the
chief executive officer, president and directors governing body
32 of such institution then in office to liquidate its affairs under
direction of the court.

34 **Sec. H-4. 9-B MRSA §365, sub-§1-A**, as enacted by PL 1991, c.
36 34, §5, is amended to read:

38 **1-A. Appointment of receiver.** If, upon examination of a
financial institution, the superintendent is of the opinion that
40 it is insolvent or that its condition renders its further
proceedings hazardous to the public or to those having funds
42 including trust assets in its custody, the superintendent may
appoint a receiver who shall proceed to close the financial
44 institution.

46 **Sec. H-5. 9-B MRSA §365, sub-§10**, as amended by PL 1991, c.
386, §11, is further amended to read:

48
50 **10. Procedures in liquidation.** When the superintendent
appoints the Federal--Deposit--Insurance--Corperation FDIC as

2 receiver, federal law prescribes the procedures that the Federal
3 Deposit-Insurance-Corporation FDIC follows in liquidation of the
4 insolvent bank institution. When an insolvent ~~stock-institution~~
5 ~~or-an-insolvent-mutual~~ institution is liquidated, assets must be
6 distributed in the following priority:

7 A. First, the payment of the costs and expenses of the
8 liquidation;

9 B. Second, the payment of claims for deposits, including,
10 but not limited to, the claims of depositors in a mutual
11 institution for the return of their deposits;

12 C. Third, the payment of all debts, claims and obligations
13 owed by the institution and not accorded priority pursuant
14 to paragraphs A and B;

15 D. Fourth, the payment of claims otherwise proper that were
16 not filed within the prescribed time; and

17 E. Fifth, the payment of any obligation expressly
18 subordinated to deposits and to claims entitled to the
19 priority established by paragraphs A and B.

20 Any funds remaining must be divided among the ~~stockholders~~
21 investors in a ~~stock~~ an investor-owned institution according to
22 their respective interests or, in the case of a mutual
23 institution, pro rata among the depositors in proportion to the
24 respective amount of their deposits.

25 Interest must be given the same priority as the claim on which it
26 is based, but interest may not be paid on any claim until the
27 principal of all claims within the same class and all
28 higher-priority classes has been paid or adequately provided for
29 in full.

30 **Sec. H-6. 9-B MRSA §368, sub-§1**, as enacted by PL 1991, c. 34,
31 §8, is amended to read:

32 **1. Rulemaking.** The superintendent may adopt rules to carry
33 out this chapter. Rules adopted pursuant to this section are
34 routine technical rules as defined in Title 5, chapter 375,
35 subchapter II-A.

36 **Sec. H-7. 9-B MRSA §368-A**, as enacted by PL 1993, c. 538,
37 §3, is amended to read:

38 **§368-A. FDIC; acquisition of stock**

39 The superintendent may waive the provisions of ~~section-314~~

2 section 315, ~~subsection 4~~; section 1013; and section 1015 when
3 common or preferred stock, ~~including stock warrants or stock~~
4 ~~rights for common or preferred stock~~, an equity interest is
5 issued to or acquired by the Federal Deposit Insurance
6 Corporation FDIC in settlement of any liability, fixed or
7 contingent, of a financial institution to the Federal Deposit
8 Insurance Corporation FDIC or in connection with the insolvency
or liquidation of the financial institution.

10 PART I

12 **Sec. I-1. 9-B MRSA §411**, as enacted by PL 1975, c. 500, §1,
13 is amended to read:

14 **§411. Applicability of chapter**

16 The provisions of this chapter shall set forth the powers
17 granted to all financial institutions organized pursuant to
18 chapters 31 and 32. ~~Additional powers granted to savings banks,~~
19 ~~trust companies and savings and loan associations shall be as~~
20 ~~provided in Parts 5, 6 and 7, respectively.~~ The powers,
21 privileges, duties and restrictions conferred and imposed in the
22 charter or act of incorporation of any trust company, savings
23 bank or savings and loan association organized under the prior
24 laws of this State are abridged, enlarged or modified so that
25 every such charter or act of incorporation conforms to this
26 Title. Notwithstanding anything in a charter or act of
27 incorporation of such an institution, every such institution
28 possesses the powers, rights and privileges and is subject to the
29 duties, restrictions and liabilities conferred and imposed by
30 this Title.

32 **Sec. I-2. 9-B MRSA §412, sub-§§1 and 10**, as enacted by PL 1975,
33 c. 500, §1, are amended to read:

34 **1. Exist.** To exist perpetually or as provided for in its
35 organizational documents;

36 **10. Corporate league; membership.** To join the Federal
37 Reserve System or the Federal Home Loan Bank or any cooperative
38 league or other entity organized for the purpose of protecting
39 and promoting the welfare of financial institutions of the same
40 type and their depositors; and to comply with all conditions of
41 membership therein.

42 **Sec. I-3. 9-B MRSA §412-A, sub-§3** is enacted to read:

43 **3. Notification.** Any issuance considered as capital under
44 subsection 1 or under those rules adopted under subsection 1 must
45 be submitted to the superintendent for the superintendent's

2 review at least 10 days prior to issuance and include such
3 documentation as the superintendent considers necessary.

4 **Sec. I-4. 9-B MRSA §413, first ¶**, as enacted by PL 1975, c. 500,
5 **§1**, is amended to read:

6 ~~In--addition--to--any--general--borrowing--powers--specified~~
7 ~~elsewhere--in--this--Title,--a~~ A financial institution may obtain
8 ~~funds--in--the--manner--set--forth--below;~~ borrow money on such terms
9 and conditions as it may determine, issue its notes, bonds and
10 other obligations and secure any of its obligations by mortgage,
11 pledge or other encumbrance of all or any part of its property.

12
13 **Sec. I-5. 9-B MRSA §413, sub-§1**, as amended by PL 1997, c. 22,
14 **§11**, is repealed.

15
16 **Sec. I-6. 9-B MRSA §413, sub-§2**, as amended by PL 1975, c.
17 666, **§19**, is repealed.

18
19 **Sec. I-7. 9-B MRSA §414**, as enacted by PL 1975, c. 500, **§1**,
20 is repealed.

21
22 **Sec. I-8. 9-B MRSA §415**, as enacted by PL 1975, c. 500, **§1**,
23 is amended to read:

24
25 **§415. Participation in public agencies**

26
27 To the extent authorized by the superintendent pursuant to
28 regulations, a financial institution shall have has the power to
29 participate in a public agency hereafter created under the laws
30 of this State or of the United States, the purpose of which is to
31 afford advantages or safeguards to financial institutions,
32 depositors or shareholders, investors and to comply with all
33 requirements and conditions imposed upon such participants.

34
35 **Sec. I-9. 9-B MRSA §417**, as amended by PL 1983, c. 597, **§1**,
36 is further amended to read:

37
38 **§417. Equity interest in Maine financial institutions**

39
40 ~~A--financial--institution--authorized--to--do--business--in--this~~
41 ~~State--may--acquire--control--of--any--other--financial--institution~~
42 ~~authorized--to--do--business--in--this--State--or--of--a--Maine--financial~~
43 ~~institution--holding--company--with--the--prior--approval--of--the~~
44 ~~superintendent.~~ A financial institution authorized to do
45 business in this State may acquire more than 5% of the voting
46 shares equity interest of any other financial institution
47 authorized to do business in this State or of a Maine financial
48 institution holding company with the prior approval of the
49 superintendent.
50

2 ~~Notwithstanding the investment limitations in section 554,~~
3 ~~and subject to any approval required under this section, and~~
4 ~~subject to any approval required by and any limitations contained~~
5 ~~in section 1013, a Maine financial institution may acquire~~
6 ~~control of a financial institution within or outside this State.~~

8 **Sec. I-10. 9-B MRSA §§419 and 419-A** are enacted to read:

10 **§419. Investment powers**

12 **1. Investment and equity securities.** A financial
13 institution is authorized to purchase, sell, underwrite and hold
14 investment securities and equity securities, consistent with safe
15 and sound banking practices. For purposes of this section, the
16 term "investment securities" includes credit instruments such as
17 commercial paper, banker's acceptances, certificates of deposit,
18 repurchase agreements and overnight federal funds, in addition to
19 marketable obligations in the form of bonds, notes, debentures or
20 other similar instruments that are commonly regarded as
21 investment securities. A financial institution's holding of
22 equity securities is limited to 100% of its total capital unless
23 a higher limit is authorized by the superintendent. The purchase
24 of speculative securities or equities is prohibited, except that
25 a financial institution may make venture capital investments up
26 to 20% of the institution's total capital unless a higher limit
27 is authorized by the superintendent.

28 **2. Written investment policy.** A financial institution's
29 governing body shall establish a written investment policy, which
30 it shall review and ratify at least annually, that addresses, at
31 a minimum, the following:

34 A. Investment quality parameters;

36 B. Investment mix and diversification;

38 C. Investment maturities; and

40 D. Delegation of authority to officers and committees
41 responsible for administering the portfolio.

42 **§419-A. Property ownership**

44 In addition to real estate owned for offices and facilities
45 pursuant to chapter 33, a financial institution may acquire all
46 property, real, personal and mixed, by mortgage foreclosure,
47 purchase or by any other means and may hold the property for
48 investment purposes and may improve, develop, lease, contract,
49 convey and otherwise exercise control over the property.

2 **Sec. I-11. 9-B MRSA §421, sub-§1**, as enacted by PL 1975, c.
300, §1, is amended to read:

4
5 **1. Applicability.** The sections of this chapter shall govern
6 deposits or accounts in financial institutions subject to the
7 provisions of this Title and ~~shall govern, when applicable, the~~
8 ~~deposit powers of specific types of institutions set forth in~~
9 ~~chapters 52, 62 or 72.~~

10 **Sec. I-12. 9-B MRSA §421-A** is enacted to read:

12 **§421-A. General deposit powers**

14 ~~Unless otherwise prohibited by state law, a financial~~
15 ~~institution may establish the types and terms, including the~~
16 ~~minimum and maximum amounts that it may accept and the frequency~~
17 ~~and computation method of paying interest, of deposits that it~~
18 ~~solicits and accepts. A financial institution may refuse~~
19 ~~deposits at its pleasure and a financial institution may pledge~~
20 ~~or hypothecate any of its assets as security for deposits.~~

22 **Sec. I-13. 9-B MRSA §422**, as amended by PL 1995, c. 628, §22,
23 is further amended to read:

24 **§422. Insurance of deposits or accounts**

26 **1. Requirement.** A financial institution organized under the
27 laws of this State or a branch of an out-of-state financial
28 institution authorized to do business in this State shall take
29 any action necessary to have its deposits or accounts insured by
30 the ~~Federal--Deposit--Insurance--Corperation--or--its--suecessers~~
31 ~~FDIC~~. For purposes of this section, a branch of an out-of-state
32 financial institution does not include a branch of a foreign bank
33 that is not eligible for insurance of accounts by the Federal
34 ~~Deposit--Insurance--Corperation--or--its--suecessers~~ ~~FDIC~~.

35 **4. Applicable law.** A financial institution which that has
36 its deposits or accounts insured pursuant to this section shall
37 comply with all statutes and regulations governing the insurance
38 of deposits or accounts by the ~~Federal--Deposit--Insurance~~
39 ~~Corperation--or--the--Federal--Savings--and--Loan--Insurance~~
40 ~~Corperation;--provided--that--nothing--contained--in--this~~ ~~FDIC~~. This
41 section shall may not be construed as repealing, modifying or
42 impairing any powers, duties, rights or responsibilities under
43 the provisions of this Title of the superintendent or of the
44 financial institution so insured.

45 **5. Exception.** A financial institution organized pursuant
46 to Part 12 is not required to have its deposits or accounts
47 insured by the FDIC.

2 **Sec. I-14. 9-B MRSA §422-A, sub-§2**, as enacted by PL 1981, c.
155, §2, is amended to read:

4
6 **2. Transition period.** Reserves held by a financial
institution or credit union to meet the requirements of this
8 section shall must be in the form prescribed by the Federal
Reserve Act, Section 19(c), as amended, and any regulations
10 promulgated under it; ~~except that until September 1, 1987, such
reserves may also be in the form of:~~

12 A. ~~Deposits held in commercial banks, savings banks and
savings and loan associations;~~

14 B. ~~Federal funds sold to banks pursuant to section 438;~~

16 C. ~~The book value of investments in obligations of the
18 United States; and~~

20 D. ~~The book value of investments in obligations, notes and
22 debentures issued by any agency or instrumentality of the
United States.~~

24 ~~The superintendent shall establish a maximum maturity period for
investments in paragraphs C and D between 0 and 5 years as he
26 deems necessary and conditions warrant.~~

28 **Sec. I-15. 9-B MRSA §423**, as amended by PL 1983, c. 34, is
repealed.

30 **Sec. I-16. 9-B MRSA §424**, as amended by PL 1981, c. 155, §4,
32 is repealed.

34 **Sec. I-17. 9-B MRSA §425**, as enacted by PL 1975, c. 500, §1,
is repealed.

36 **Sec. I-18. 9-B MRSA §426, sub-§§1 and 4**, as enacted by PL 1975,
38 c. 500, §1, are amended to read:

40 **1. Withdrawal notice may be required.** A financial
institution may at any time, by resolution of its board ~~of~~
42 directors governing body, require written notice by a savings
depositor not to exceed 90 days prior to the repayment of
44 deposits or accounts, or may require similar notice before
repaying deposits in excess of \$50, or certain classes of savings
46 deposits or accounts.

48 **4. Interest earned until actual withdrawal.** The written
notice of withdrawal required pursuant to this section shall does
50 not constitute a withdrawal from such the deposit or account ~~for~~

2 purposes ~~of section 425~~ until the amounts noticed shall have been
3 actually withdrawn by the depositor giving such written notice,
4 and interest shall ~~be~~ is earned thereon on these amounts for the
5 period prior to actual withdrawal ~~as provided in section 425~~.

6 **Sec. I-19. 9-B MRSA §426, sub-§5,** as enacted by PL 1975, c.
7 500, §1, is repealed.

8 **Sec. I-20. 9-B MRSA §431,** as enacted by PL 1975, c. 500, §1,
9 is amended to read:

12 **§431. Applicability of chapter**

14 The sections of this chapter shall govern loans made by
15 financial institutions subject to the provisions of this Title
16 ~~and shall be in addition to the lending powers set forth in~~
17 ~~chapters 53, 63 and 73 for each type of institution.~~

18 **Sec. I-21. 9-B MRSA §431-A** is enacted to read:

20 **§431-A. Loan powers**

22 **1. General loan authority.** Unless otherwise prohibited by
24 state law, a financial institution may make, sell, purchase,
25 arrange, participate in, invest in or otherwise deal in loans or
26 extensions of credit, as defined in section 439-A, for any
27 purpose.

28 **2. Written loan policy.** A financial institution's
30 governing body shall establish a written loan policy, which must
31 be reviewed and ratified at least annually, that addresses at a
32 minimum, the following:

34 A. Individual lending officer authority;

36 B. Loan mix and diversification;

38 C. Loan quality parameters; and

40 D. Delegation of authority to officers and committees
41 responsible for administering the portfolio.

42 **Sec. I-22. 9-B MRSA §434,** as amended by PL 1987, c. 785, §1,
43 is repealed.

46 **Sec. I-23. 9-B MRSA §437,** as enacted by PL 1975, c. 500, §1,
47 is repealed.

48 **Sec. I-24. 9-B MRSA §438,** as amended by PL 1979, c. 429, §9,
49 is repealed.

2 **Sec. I-25. 9-B MRSA §439-A, sub-§2**, as amended by PL 1991, c.
381, §1, is further amended to read:

4
5 **2. Limitations.** A financial institution subject to this
6 Title or a service corporation established pursuant to section
7 445 may not make loans or extensions of credit outstanding at one
8 time to a person in excess of 20% of its total capital and
9 surplus. Total loans or other extensions of credit in excess of
10 10% of total capital and surplus must be approved by a majority
11 of the ~~board of directors~~ governing body or the executive
12 committee of that institution or corporation. Any loan made in
13 violation of this section is subject to the remedies prescribed
14 in section 465-A.

15 **Sec. I-26. 9-B MRSA §439-A, sub-§5**, as enacted by PL 1991, c.
16 34, §8, is amended to read:

17
18 **5. Rulemaking.** The superintendent may adopt rules to
19 administer and carry out this section, including rules to define
20 or further define terms used in this section and to establish
21 limits or requirements other than those specified in this section
22 if the superintendent determines that such action is necessary
23 for the protection of depositors, ~~shareholders~~ investors or the
24 public. Rules adopted pursuant to this section are routine
25 technical rules as defined in Title 5, chapter 375, subchapter
26 II-A.

27
28 **Sec. I-27. 9-B MRSA §441**, as enacted by PL 1975, c. 500, §1,
29 is amended to read:

30
31 **§441. Applicability of chapter**

32
33 The provisions of this chapter shall govern the services and
34 incidental activities offered by financial institutions, ~~except~~
35 ~~as otherwise provided in Parts 5, 6 and 7.~~

36
37 **Sec. I-28. 9-B MRSA §441-A** is enacted to read:

38
39 §441-A. General powers

40
41 Unless otherwise prohibited or limited by this Title or
42 rules adopted by the superintendent, a financial institution has
43 and may exercise all powers necessary or convenient to effect the
44 purposes for which the financial institution is organized or to
45 further the businesses in which the financial institution is
46 lawfully engaged.

47
48 **Sec. I-29. 9-B MRSA §442, sub-§1**, as amended by PL 1985, c.
49 588, §1, is further amended to read:

2 1. **Authorization; limitation.** ~~Savings banks and savings and~~
3 ~~loan associations~~ Financial institutions may act as trustee under
4 a retirement plan established pursuant to the Act of Congress
5 entitled "Self-employed Individuals Retirement Act of 1962," as
6 amended; an individual retirement arrangement pursuant to the
7 "Employee Retirement Income Security Act of 1974," as amended; a
8 simplified employee pension plan pursuant to the "Revenue Act of
9 1978," as amended; or any similar qualified retirement plan
10 pursuant to federal law. This section in no way limits the
11 authority granted to trust departments of financial institutions.

12 **Sec. I-30. 9-B MRSA §443, first ¶,** as enacted by PL 1975, c.
13 500, §1, is amended to read:

14 In addition to all customer services financial in nature or
15 incidental to, reasonably related to or convenient and useful to
16 the powers granted in its articles---of---incorporation
17 organizational documents, a financial institution authorized to
18 do business in this State may offer the services set forth below
19 to its customers, depositors or members.

20 **Sec. I-31. 9-B MRSA §443, sub-§§1 to 6,** as enacted by PL 1975,
21 c. 500, §1, are repealed.

22 **Sec. I-32. 9-B MRSA §443, sub-§§8 to 10,** as enacted by PL 1987,
23 c. 405, §1, are repealed.

24 **Sec. I-33. 9-B MRSA §444,** as enacted by PL 1975, c. 500, §1,
25 is repealed.

26 **Sec. I-34. 9-B MRSA §446,** as amended by PL 1997, c. 22, §§17
27 and 18, is repealed.

28 **Sec. I-35. 9-B MRSA §446-A** is enacted to read:

29 **§446-A. Closely related activities**

30 A financial institution authorized to do business in this
31 State may engage, directly or indirectly, in closely related
32 activities as defined in section 131, subsection 6-A. The
33 financial institution may engage in those activities directly, or
34 indirectly through a subsidiary, unless the superintendent
35 determines that an activity must be conducted through a
36 subsidiary with appropriate corporate firewalls and safeguards,
37 as determined by the superintendent, that limit the financial
38 institution's exposure by emphasizing the subsidiary's
39 independent legal structure.

40 **1. Application required.** A financial institution shall

2 make application to the superintendent in accordance with section
3 252 for authority to engage in a closely related activity, except
4 that an application is not necessary if all of the following
5 conditions are satisfied:

6 A. Before and immediately after the proposed transaction,
7 the acquiring financial institution is well capitalized as
8 determined by the superintendent;

10 B. At the time of the transaction, the acquiring financial
11 institution is well managed, which means that in connection
12 with the financial institution's most recent examination:

14 (1) The financial institution received a composite
15 rating of one or 2 pursuant to the uniform financial
16 institution rating system adopted by the Bureau of
17 Banking; and

18 (2) The financial institution received at least a
19 satisfactory rating for management;

22 C. The book value of the total assets to be acquired does
23 not exceed 15% of the consolidated total risk-weighted
24 assets of the acquiring institution;

26 D. The consideration to be paid for the securities or
27 assets to be acquired does not exceed 15% of the
28 consolidated capital of the acquiring institution;

30 E. During the 12-month period prior to the proposed
31 transaction, the acquiring institution has not been under an
32 enforcement action nor is there an enforcement action
33 pending; and

34 F. The acquiring institution provides written notification
35 to the superintendent not later than 10 business days after
36 consummating the transaction.

38 2. Joint ownership. A subsidiary corporation formed
40 pursuant to this section may be owned jointly with one or more
41 persons, if the superintendent approves the joint ownership.

42 3. Investment limits. The amount of investment in any one
44 subsidiary corporation may not exceed 20% of the financial
45 institution's total capital. The aggregate investment in all
46 subsidiary corporations may not exceed 50% of the financial
47 institution's total capital. The superintendent may approve
48 higher limits upon request.

2 **Sec. I-36. 9-B MRSA §451**, as enacted by PL 1975, c. 500, §1,
is amended to read:

4 **§451. Applicability of chapter**

6 The provisions of this chapter shall apply to financial
8 institutions organized under ~~Parts 5, 6, 7 and 9~~, chapters 31 and
10 32 and shall establish minimum ~~recordkeeping~~ record-keeping
requirements for such these financial institutions.

12 **Sec. I-37. 9-B MRSA §452**, as enacted by PL 1975, c. 500, §1,
is amended to read:

14 **§452. Maintenance of records; accounting and assets**

16 **1. Safekeeping of assets and records.** Every financial
18 institution shall make provisions to secure the safekeeping of
the financial institution's assets and its books, accounts and
20 records; and ~~to~~ shall keep them separate and apart from the
assets or property of others. An A financial institution may use
22 the services of ~~a correspondent bank as a depository for~~
~~securities owned or held as collateral, of a computer service~~
24 ~~organization for accounting, or the practice of nominee~~
~~registration of title of securities,~~ other entities when
26 reasonably appropriate to accomplish the duties imposed by this
section.

28 **2. Books and accounting.** The clerk or treasurer of every
30 financial institution, or such other officer as may be designated
in the bylaws or by a duly recorded vote of its directors, shall
32 cause the books and accounts of the financial institution to be
kept in such ~~manner and form as will most accurately and promptly~~
34 ~~reflect its condition and earnings~~ accordance with generally
accepted accounting principles unless the superintendent
36 otherwise prescribes. The superintendent may prescribe the manner
and form of keeping such books and accounts, which need not be
38 uniform.

40 **3. Assets.**

42 ~~A. No asset shall be entered on the books of a financial~~
~~institution at a figure in excess of its actual cost to the~~
44 ~~institution; nor shall the book value of any such asset be~~
~~thereafter increased, except upon the written authorization~~
46 ~~of the superintendent or as may be provided below.~~

48 ~~B. The directors may in their discretion authorize the~~
~~carrying of any item of assets of the institution at a value~~
50 ~~less than its cost to the institution, may authorize such~~

2 provision for depreciation of physical assets as in their
judgment may be required, and may provide for systematic
4 amortization of premiums of bonds or other obligations
acquired at a cost other than the par value thereof, or the
6 directors may provide for accretion in accordance with
generally accepted accounting principles for financial
institutions.

8
4. **Fair value.** The superintendent may require any of the
10 assets of a financial institution to be charged down to such sum
as in his the superintendent's judgment represents its fair value.

12
14 **Sec. I-38. 9-B MRSA §453, sub-§1,** as enacted by PL 1975, c.
500, §1, is amended to read:

16 1. **Selection of auditor.** The ~~board of directors~~ governing
body of a financial institution subject to the provisions of this
18 Title shall employ an independent public accountant or
accountants at least annually.

20
22 **Sec. I-39. 9-B MRSA §454,** as enacted by PL 1975, c. 500, §1,
is amended to read:

24 **§454. Destruction of deposit records**

26 When ~~a~~ Any statement of account has been rendered by a
financial institution to a depositor ~~accompanied by vouchers, if~~
28 ~~any, which are the basis for debit entries in such account, or~~
~~the depositor's or any~~ account book or passbook that has been
30 written up by the financial institution showing to show the
condition of the depositor's account and ~~delivered to such~~
32 ~~depositor with like accompaniment of~~ accompanied by vouchers, ~~if~~
~~any, such account, after the period of 6 years from the date of~~
34 ~~its rendition, in the event no objection thereto has been made~~
~~theretofore by the depositor, shall be~~ that are the basis for
36 debit entries to the account are deemed finally adjusted and
settled and ~~its correctness are~~ are conclusively presumed and ~~such~~
38 ~~depositor shall thereafter be barred from questioning the~~
~~correctness of such account for any cause to be correct after a~~
40 period of 6 years from rendition if the depositor has not
questioned the correctness of the account. Nothing herein shall
42 The depositor is thereafter barred from questioning the account.
This section may not be construed to relieve the depositor from
44 the duty now imposed by law of exercising due diligence in the
examination of such account and vouchers, if any, when rendered
46 by the financial institution and of immediate notification to the
financial institution upon discovery of any error therein in such
48 account, nor from the legal consequences of neglect of such duty,
nor to prevent the application of Title 11 to cases governed
50 thereby by Title 11. Financial Accordingly, financial

institutions shall-accordingly are not be required to preserve or
keep their records or files relating thereto to these accounts
and vouchers for a longer period than 6 years.

Sec. I-40. 9-B MRSA §468 is enacted to read:

§468. Restrictions on transactions with affiliates

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

A. "Covered transaction" means, with respect to an
affiliate of a financial institution:

(1) A loan or extension of credit to the affiliate;

(2) A purchase of or an investment in securities
issued by the affiliate;

(3) A purchase of assets, including assets subject to
agreement to repurchase, from the affiliate unless
exempted by rule or order of the superintendent;

(4) The acceptance of securities issued by the
affiliate as collateral security for a loan or
extension of credit to any person; or

(5) The issuance of a guarantee, acceptance or letter
of credit, including an endorsement or standby letter
of credit, on behalf of an affiliate.

B. "Transaction with an affiliate" means any transaction by
a financial institution or its subsidiary with any person if
any of the proceeds of the transaction are used for the
benefit of, or transferred to, an affiliate.

2. Authorization. A financial institution and its
subsidiaries may engage in a transaction with an affiliate
subject to the following conditions:

A. The terms and circumstances, including credit standards,
are substantially the same, or at least as favorable to the
institution or its subsidiary, as those prevailing at the
time for comparable transactions with or involving other
nonaffiliated companies; or

B. In the absence of comparable transactions, the terms and
circumstances, including credit standards, would in good
faith be offered to, or would apply to, nonaffiliated
companies.

2 3. Covered transactions. In addition to the requirements
of subsection 2, a financial institution and its subsidiaries may
4 engage in a covered transaction with an affiliate subject to the
following limitations:

6 A. In the case of an individual affiliate, the aggregate
8 amount of covered transactions may not exceed 10% of the
financial institution's total capital;

10 B. In the case of all affiliates, the aggregate amount of
12 covered transactions may not exceed 20% of the financial
institution's total capital;

14 C. A financial institution and its subsidiaries may not
16 purchase a low-quality asset from an affiliate;

18 D. Any covered transactions and any other transactions
20 between a financial institution and its affiliates permitted
by the superintendent pursuant to subsection 6 must be on
22 terms and conditions that are consistent with safe and sound
banking practices; and

24 E. Each loan or extension of credit to, or guarantee,
26 acceptance or letter of credit issued on behalf of, an
affiliate by a financial institution or its subsidiary must
28 be fully secured at the time of the transaction by eligible
collateral.

30 4. Prohibited transactions. The following transactions are
prohibited.

32 A. A financial institution or its subsidiary may not
34 purchase as fiduciary any securities or other assets from
36 any affiliate unless this purchase is permitted under the
instrument creating the fiduciary relationship, the purchase
38 is pursuant to court order or the purchase is pursuant to
law of the jurisdiction governing the fiduciary relationship.

40 B. A financial institution or its subsidiary, whether
42 acting as principal or fiduciary, may not knowingly purchase
or otherwise acquire, during the existence of any
44 underwriting or selling syndicate, any security if a
principal underwriter of that security is an affiliate of
46 the financial institution, unless the purchase or
acquisition of this security has been approved, before this
48 security is initially offered for sale to the public, by a
majority of the governing body of the financial institution
50 who are not officers or employees of the financial
institution or any affiliate of the financial institution.

2 5. Violations. Any transaction made in violation of this
section is subject to the remedies prescribed in section 465-A.

4
6 6. Rulemaking. The superintendent may, by rule or order,
define or further define terms used in this section and establish
limits, requirements or exceptions to this section other than
8 those specified in this section, if the superintendent determines
such action is necessary for the protection of depositors or the
10 public and is consistent with the purposes of this section.
Rules adopted pursuant to this section are routine technical
12 rules as defined in Title 5, chapter 375, subchapter II-A.

14 **Sec. I-41. 9-B MRSA c. 47** is enacted to read:

16 **CHAPTER 47**

18 **TRUST ACTIVITIES OF FINANCIAL INSTITUTIONS**

20 **§471. General**

22 A financial institution may act as trustee, executor,
administrator, registrar of stocks and bonds, guardian of estates
24 or in any other fiduciary capacity. Assets held in any fiduciary
capacity must be segregated from the general assets of the
26 financial institution and the financial institution shall keep a
separate set of books and records showing in proper detail all
28 transactions engaged in under this section. The trust activities
of financial institutions are governed by this chapter and the
30 Probate Code.

32 **§472. Notice**

34 A financial institution shall provide the superintendent 60
days' notice prior to conducting trust activities. The
36 superintendent may prescribe the form and content of the notice,
including, but not limited to, business plans, financial
38 projections and management. Notice is not required if trust
activities are limited to retirement plans established pursuant
40 to the federal Self-employed Individuals Tax Retirement Act of
1962, Public Law 87-792, 76 Stat. 809, the Employee Retirement
42 Income Security Act of 1974, 29 United States Code, Sections
1001-1461 (1997) or other acts if the retirement funds are
44 invested exclusively in the deposit accounts of the financial
institution.

46 **§473. Trust assets**

48
50 **1. Separation of trust assets.** Except as otherwise
provided, all securities, money and property received by any

2 financial institution to be held in trust or in any other
3 fiduciary capacity must be kept separate and apart from the other
4 assets of the financial institution.

5 **2. Separation of trust account investments.** The investments
6 of each account must be kept separate from those of all other
7 accounts, except that:

8
9
10 A. They may be placed in the custody of any other financial
11 institution or trust company, whether within or without this
12 State, and may, while so held, be commingled with other
13 securities of other such accounts, if records are kept that
14 show the share of each account in the commingled securities;

15
16 B. They may be commingled with similar securities of other
17 accounts, if records are kept to show the share of each
18 account in the commingled securities. The ownership of and
19 other interests in the securities credited to such account
20 may be transferred by entries on the books of the financial
21 institution without physical delivery of any securities;

22 C. Assets held by a trustee, executor, administrator,
23 guardian or other fiduciary may be invested in a common
24 trust fund established under Title 18-A, section 7-501;

25
26 D. Securities, the principal and interest of which the
27 United States or any department, agency or instrumentality
28 of the United States has agreed to pay or has guaranteed the
29 payment of, may be deposited with the Federal Reserve Bank
30 in the district in which this State is located, to be
31 credited to one or more fiduciary or safekeeping accounts on
32 the books of that Federal Reserve Bank in the name of the
33 financial institution and to which accounts other similar
34 securities may be credited. A financial institution that
35 deposits securities with a Federal Reserve Bank is subject
36 to rules with respect to the making and maintenance of these
37 deposits the superintendent may from time to time adopt;

38
39
40 E. Any cash, whether principal or income, or both, may be
41 deposited in the financial institution in an account, either
42 time or demand, specifically stating the trust to which the
43 cash belongs; and

44
45
46 F. Any cash, whether principal or income, or both, may be
47 deposited in the financial institution in an aggregate
48 deposit, either time or demand, including balances from
49 other trusts, if the books of the trust department show the
50 specific interest of each trust in this aggregate deposit.

51 **3. Record of trust account.** A record of all matters

2 relating to each trust account must be kept separately in the
3 trust department and must indicate the particulars respecting
4 each account as the superintendent directs.

5 4. Exclusion from other financial institution liabilities.
6 The trust assets held by any financial institution are not
7 subject to any other liabilities of the financial institution.

8 **§474. Bond**

9
10 A surety is not necessary on the bond of the financial
11 institution in its capacity as trustee, executor, administrator,
12 conservator, guardian, assignee or receiver, or in any other
13 capacity, unless the court or officer approving the bond requires
14 it.

15 **§475. Rulemaking**

16
17 The superintendent may adopt rules governing the trust
18 activities of financial institutions. Rules adopted pursuant to
19 this section are routine technical rules as defined in Title 5,
20 chapter 375, subchapter II-A.

21 **§476. Transfer of fiduciary relationships to and from affiliated**
22 **financial institutions**

23
24 A financial institution may transfer its fiduciary
25 relationships to another affiliate if the affiliate to which the
26 fiduciary relationships are being transferred is authorized to
27 conduct trust activities in the manner described in this section.

28
29 **1. Petition.** The following provisions govern the petition
30 process.

31
32 A. The transferee affiliate may apply by petition to the
33 Superior Court or Probate Court in and for the county in
34 which its principal office is located requesting that it be
35 substituted for its affiliate specified in the petition in
36 every existing fiduciary capacity designated in the petition
37 and, in the case of the first petition, in every fiduciary
38 capacity that may take effect after the date on which that
39 petition is filed.

40
41 B. Each transferor affiliate shall join in the petition.
42 Notice of the filing of the petition must be given to the
43 superintendent prior to the filing.

44
45 C. The petition must indicate the county in which the
46 principal office of each transferor affiliate joining in the
47 petition is located and must designate each fiduciary
48

2 relationship existing at the date of the petition with
3 respect to which the transferee affiliate, referred to in
4 this section as the "petitioner," requests substitution.
5 The petition additionally must set forth, with regard to
6 each existing fiduciary relationship designated in the
7 petition, the name and address last known to the petitioner
8 of each person entitled to receive notice of hearing on the
9 petition, as follows:

10 (1) In a case in which the transferor affiliate
11 specified in the petition is acting with one or more
12 cofiduciaries in respect to the fiduciary relationship,
13 each cofiduciary;

14 (2) In a case in which the instrument creating the
15 fiduciary relationship so provides, each person who,
16 alone or together with others, may revoke, terminate or
17 amend the instrument or remove the corporate fiduciary;

18 (3) In the case of any trust not described in
19 subparagraph (2), each beneficiary entitled or
20 permitted, on the date the petition is filed, to
21 receive income from the trust pursuant to the terms of
22 the trust and each person who would be presumptively
23 entitled to any portion of the principal of the trust
24 if all income interests in the trust terminated on the
25 date the petition was filed;

26 (4) In the case of the estate of any decedent, each
27 person who would have a claim to succession to any
28 property of the decedent under the testacy status upon
29 which the fiduciary has been authorized to proceed;

30 (5) In the case of any conservatorship, each person
31 whose assets are the subject of the conservatorship and
32 each guardian of the person, if any guardian has been
33 appointed and is a person other than a transferor
34 affiliate;

35 (6) In the case of any person described in
36 subparagraphs (1) to (5) that is a charitable
37 institution or a charitable trust located within the
38 State, the Attorney General; and

39 (7) In all cases, the superintendent.

40 D. The court may appoint one or more guardians ad litem to
41 represent the interests of a person:

42 (1) Entitled to receive notice pursuant to paragraph

2 C, who is a minor or who is known by the petitioner or
3 any transferor affiliate to be subject to any other
4 disability, including confinement in a penal
5 institution, and for whom no guardian, other than a
6 transferor affiliate, has been appointed;

7 (2) Of whose estate a transferor affiliate is
8 conservator and for whom no guardian, other than a
9 transferor affiliate, has been appointed; and

10 (3) Whose identity or whereabouts is unknown.

11 Title 18-A, section 1-403 governs in determining the
12 propriety of any such appointments.

13 **2. Notice.** When any petition described in subsection 1 has
14 been filed, the court in which the petition has been filed shall
15 enter an order fixing a date and time for hearing on the
16 petition, which may not be earlier than 35 days after the filing
17 of the petition, and approving the form of notice to be given by
18 the petitioner as provided in this section. At least 25 days
19 prior to the hearing date, the petitioner shall cause a copy of
20 the notice to be mailed by first class mail to each person
21 identified in the petition as being entitled to receive notice
22 under this section, at that person's last known address as set
23 forth in the petition. In addition, the petitioner shall cause a
24 copy of the notice to be published at least once a week for 3
25 successive weeks preceding the hearing date, the first
26 publication to be at least 25 days prior to the hearing date.
27 This publication must be in a newspaper of general circulation in
28 each county in which the principal office of the affiliated bank
29 specified in the petition is located.

30 **3. Contents of notice.** The notice mailed and published with
31 respect to each petition must state the time and place of the
32 hearing, the name of the subsidiary trust company that has filed
33 the petition, the name of each transferor affiliate that has
34 joined in the petition, that the petition requests that the
35 petitioner be substituted for each of its transferor affiliates
36 specified in the petition in every existing fiduciary capacity
37 designated in the petition and, if appropriate, in every
38 fiduciary capacity that may take effect after the petition has
39 been filed and that any person to whom the notice is addressed
40 may file an objection in accordance with subsection 4. All costs
41 incurred in connection with the printing, mailing and publishing
42 of the notice must be borne by the petitioner.

43 **4. Objections.** A person entitled to receive notice under
44 this section may object to the substitution of the petitioner as
45 fiduciary. Any such person wishing to object must file a written
46 objection.

2 objection to the substitution, setting forth the reasons for the
3 objection, with the court in which the petition has been filed
4 and serve a copy upon the attorney for the petitioner at least 3
5 days before the date of hearing and must appear at the hearing in
6 person or by an attorney.

7 5. Order. On the date fixed for the hearing on the
8 petition, upon making a determination that notice has been
9 properly given as required by this section, the court shall enter
10 an order substituting the petitioner for each of its specified
11 affiliated banks in every designated existing fiduciary capacity
12 and, in the case of the first petition by the petitioner, in
13 every fiduciary capacity that takes effect after the filing of
14 the petition, except fiduciary capacities in any existing
15 relationship with respect to which an objection has been filed in
16 accordance with subsection 4. In the case of a fiduciary
17 relationship when more than one person is entitled under this
18 section to object to substitution of the petitioner, the properly
19 made objection by fewer than all of the persons must be
20 considered by the court, which shall in its sole discretion
21 determine whether the substitution will be ordered. In the case
22 of a fiduciary relationship in respect of which an objection has
23 been properly made by any person who is entitled pursuant to this
24 section to object to the substitution, the court may in its
25 discretion determine that the resignation of the transferor
26 affiliate will be accepted in respect of the fiduciary
27 relationship. If the court determines that the resignation will
28 be accepted, it shall enter an order substituting a different
29 financial institution or nondepository trust company that has
30 given its written consent to such a substitution prior to the
31 entry of the order. In construing the language of any instrument
32 that is the subject of a proceeding pursuant to this section,
33 this section may not be considered to abrogate or affect the
34 terms of the instrument creating the fiduciary relationship.
35 Upon entry of the court's order, the petitioner, without further
36 act, is substituted in every such fiduciary capacity.

37 6. Substitution. In respect of each fiduciary capacity,
38 existing and future, as to which substitution has been ordered
39 pursuant to this section, each designation of an affiliated bank
40 as fiduciary in any capacity contained in any contract, will,
41 order of any court or other document or instrument is deemed a
42 designation of the petitioner substituted for the transferor
43 affiliate pursuant to this section.
44

45 A. Any grant in any such contract, will, order or other
46 document or instrument of any rights, powers, duties or
47 authorities, whether or not discretionary, is deemed
48 conferred upon the petitioner deemed designated as the
49 fiduciary pursuant to this section.
50

2 organized under the provisions of this Title whose activities are
3 generally limited to trust or fiduciary matters. Unless
4 otherwise indicated in this chapter or to the extent inconsistent
5 with this chapter or with the general purpose of a nondepository
6 trust company, a nondepository trust company has all the powers,
7 duties and obligations of a financial institution under this
8 Title.

9
10 **§1212. Organization of nondepository trust companies**

11 1. Organization. A nondepository trust company must be
12 organized pursuant to chapter 31.

13 2. Organizational documents. The organizational documents
14 of a nondepository trust company that are filed with the
15 Secretary of State must contain the following statement: "This
16 corporation, limited liability company, limited partnership or
17 limited liability partnership is subject to the Maine Revised
18 Statutes, Title 9-B, chapter 121 and does not have the power to
19 solicit, receive or accept money or its equivalent on deposit or
20 to lend money except for lending reasonably related to and
21 deriving from its service as fiduciary or its conduct of trust
22 business." This statement in the organizational documents of a
23 nondepository trust company may not be amended.

24
25 3. Conversion. A nondepository trust company may convert to
26 any other type of investor-owned financial institution pursuant
27 to chapter 34.

28
29 **§1213. Capital**

30
31 A nondepository trust company shall maintain minimum capital
32 in accordance with chapter 31 and section 412-A and any rules
33 adopted under these provisions, except the superintendent may
34 provide for a different amount for nondepository trust companies
35 by order or rule.

36
37 **§1214. Business of nondepository trust companies**

38
39 1. General powers. A nondepository trust company has all of
40 the powers of and is entitled to engage in the business of a
41 financial institution, including, without limitation, powers with
42 respect to fiduciary and trust functions and transactions except
43 that a nondepository trust company does not have the power to
44 solicit, receive or accept money or its equivalent on deposit as
45 a regular business within the meaning of section 131, subsection
46 5 and does not have the power to lend money except in
47 transactions reasonably related to and deriving from its service
48 as fiduciary or its conduct of trust business.

2 2. Closely related activities. A nondepository trust
company may conduct closely related activities, as defined in
4 section 131, subsection 6-A and provided for in chapter 44,
except that the superintendent may exclude those activities
6 closely related to lending and taking deposits.

8 3. Cash deposits. A nondepository trust company may
deposit cash, whether constituting principal or income, in any
10 financial institution whether within or without this State,
including any affiliated financial institution, if the account is
12 held either in the name of the trust to which the cash belongs or
in the name of the nondepository trust company and is composed
14 entirely of cash belonging to trust accounts, the respective
contributions of which are reflected in the books and records of
16 the nondepository trust company.

18 4. Name. A nondepository trust company may not use as a
part of the name or title under which its business is conducted
20 or in designating its business the word or words "bank," "banker"
or "banking" or the plural of or any abbreviation of those
22 words. A nondepository trust company shall include as a part of
its name the word "trust" unless otherwise approved by the
24 superintendent for good cause shown.

26 5. Additional offices. Notwithstanding chapters 33 and
37, a nondepository trust company may establish additional
28 offices without the superintendent's approval.

30 **§1215. Holding companies of nondepository trust companies**

32 If the holding company is not deemed to be a financial
institution holding company under chapter 101 by virtue of
34 controlling financial institutions other than nondepository trust
companies or merchant banks, a holding company of a nondepository
36 trust company is not subject to the provisions of chapter 101,
except for section 1013, subsection 1 and the application
38 requirements of section 1015 relevant to section 1013, subsection
1.

40
42 If the holding company is not deemed to be a financial
institution holding company under chapter 101 by virtue of
44 controlling financial institutions other than nondepository trust
companies, the superintendent may examine the holding company to
46 the extent necessary to determine the soundness and viability of
the nondepository trust company.

48 **§1216. Rules**

50 The superintendent may prescribe rules governing the

2 activities of nondepository trust companies and implementing this
3 chapter. These rules must take into account the general business
4 purpose and nondepository nature of nondepository trust
5 companies. Rules adopted pursuant to this section are routine
6 technical rules as defined in Title 5, chapter 375, subchapter
7 II-A.

8 **CHAPTER 122**

10 **MERCHANT BANKS**

12 **§1221. General purpose and authority**

14 A merchant bank is a financial institution organized under
15 the provisions of this Title whose activities are generally
16 limited to lending and investing as well as trust or fiduciary
17 matters. Deposit activity is prohibited. Unless otherwise
18 indicated in this chapter, a merchant bank has all the powers,
19 duties and obligations of a financial institution under this
20 Title. As one of the purposes of merchant banks is to provide
21 needed capital or investments to businesses that may be
22 impermissible or imprudent for depository financial institutions,
23 its lending and investment activities are less restricted.

24 **§1222. Organization of merchant banks**

26 **1. Organization.** A merchant bank must be organized
27 pursuant to chapter 31 and must be managed and governed pursuant
28 to this Title and the applicable provisions of Title 13-A and
29 Title 31, chapters 11, 13 and 15, depending upon the
30 organizational form selected.

32 **2. Organizational documents.** The organizational documents
33 of a merchant bank that are filed with the Secretary of State
34 must contain the following statement: "This corporation, limited
35 liability company, limited partnership or limited liability
36 partnership is subject to the Maine Revised Statutes, Title 9-B,
37 chapter 122 and does not have the power to solicit, receive or
38 accept money or its equivalent on deposit." This statement in
39 the organizational documents of a merchant bank may not be
40 amended.

42 **3. Conversion.** A merchant bank may convert to any other
43 type of investor-owned financial institution pursuant to chapter
44 34.

46 **§1223. Capital**

48 **1. Initial capital.** The minimum amount of initial capital
49 for a merchant bank is \$20,000,000, of which at least \$10,000,000
50 is to be paid in cash.

2 must be common stock or equity interest. The balance may be
3 composed of qualifying subordinated or similar debt.

4 **2. Capital maintenance.** A merchant bank shall maintain
5 minimum capital in accordance with section 412-A or any rules
6 adopted under that section. The superintendent may establish
7 different standards for merchant banks than for other financial
8 institutions organized under this Title. The minimum capital
9 standards for a merchant bank may not be less than a level equal
10 to 150% of the tier 1 risk-based capital and 150% of total
11 risk-based capital established from time to time by the Board of
12 Governors of the Federal Reserve System for a well-capitalized
13 bank.

14 **§1224. Business of merchant banks; power; limitations**

15 **1. Business of merchant banks.** Except as provided in this
16 chapter, a merchant bank has all the powers of and is entitled to
17 engage in the business of a financial institution, including,
18 without limitation, powers with respect to investments, loans,
19 fiduciary and trust functions and transactions.

20 **2. Deposit activities.** A merchant bank may not solicit,
21 receive or accept money or its equivalent on deposit as a regular
22 business within the meaning of section 131, subsection 5 or
23 engage in deposit-like activities as determined by the
24 superintendent. A merchant bank may deposit cash, whether
25 constituting principal or income, in any financial institution,
26 whether within or without this State, if the account is held
27 either in the name of the trust to which the cash belongs or in
28 the name of the merchant bank and is composed entirely of cash
29 belonging to trust accounts, the respective contributions of
30 which are reflected in the books and records of the merchant bank.

31 **3. Treasurer's checks.** A merchant bank may issue drafts
32 drawn on itself in the form of treasurer's or cashier's checks.

33 **4. Name.** Notwithstanding section 241, subsection 9, a
34 merchant bank may use as a part of its name the word or words
35 "bank," "banker" or "banking" or the plural of or any
36 abbreviations of those words.

37 **5. Offices.** At least 30 days prior to the establishment of
38 any office or branch office for the transaction of its business,
39 a merchant bank shall notify the superintendent.

40 **6. Provisions inapplicable.** The following provisions of
41 this Title are inapplicable to merchant banks: sections 223,
42 316-A, 439-A, 445, 446-A and 465-A and chapters 33, 37 and 42.

2 **§1225. Insider loans and investments**

4 The terms of any loans by a merchant bank to or investments
6 by a merchant bank in any of the following must be disclosed to
 the governing body of the merchant bank:

8 1. Percentage of common stock. A person who owns 25% of
10 more of the merchant bank's common stock or similar equity
 capital;

12 2. Member of governing body. A member of the governing
14 body of the merchant bank;

16 3. Policy-making officer or manager. A policy-making
 officer or manager of the merchant bank; or

18 4. Percentage of voting shares owned by certain person or
20 entity. A company 25% of the voting shares or other similar
 voting equity of which is owned by a person or entity listed in
22 subsections 1 to 3.

24 **§1226. Holding companies of merchant banks**

If the holding company is not deemed to be a financial
26 institution holding company under chapter 101 by virtue of
28 controlling financial institutions other than a merchant bank or
 a nondepository trust company, a holding company of a merchant
30 bank is not subject to the provisions of chapter 101, except for
 section 1013, subsection 1 and the application requirements of
32 section 1015 relevant to section 1013, subsection 1.

If the holding company is not deemed to be a financial
34 institution holding company under chapter 101 by virtue of
36 controlling financial institutions other than a merchant bank,
 the superintendent may examine the holding company to the extent
38 necessary to determine the soundness and viability of the
 merchant bank.

40 **§1227. Rules**

42 The superintendent may prescribe rules governing the
44 activities of merchant banks and implementing this chapter.
 These rules must take into account the objective of merchant
46 banks to provide needed capital to businesses and the
 nondepository nature of merchant banks. Rules adopted pursuant
48 to this section are routine technical rules as defined in Title
 5, chapter 375, subchapter II-A.

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CHAPTER 123

UNINSURED BANKS

§1231. General authority and purpose

A financial institution that does not accept retail deposits and for which insurance of deposits by the FDIC is not required may be organized pursuant to chapter 31. Unless otherwise indicated in this chapter, an uninsured bank has all the powers, rights, duties and obligations as a financial institution under this Title. An uninsured bank is not a nondepository trust company or a merchant bank.

§1232. Organization of uninsured banks

1. Organization. An uninsured bank must be organized pursuant to chapter 31.

2. Organizational documents. The organizational documents of an uninsured bank that are filed with the Secretary of State must contain the following statement: "This corporation, limited liability company, limited partnership or limited liability partnership is subject to the Maine Revised Statutes, Title 9-B, chapter 123 and does not have the power to solicit, receive or accept retail deposits." This statement in the organizational documents of an uninsured bank may not be amended.

3. Conversion. An uninsured bank may convert to any other type of investor-owned financial institution pursuant to chapter 34.

§1233. Capital

An uninsured bank shall maintain capital in accordance with section 412-A or rules adopted under section 412-A, except that the superintendent may establish different capital requirements for uninsured banks than those required for insured financial institutions.

§1234. Cash reserves on deposits and accounts

An uninsured bank shall maintain reserves in accordance with section 422-A. The superintendent may establish by rule or order additional reserve requirements for uninsured banks.

§1235. Lending limits

An uninsured bank's lending limit is governed by section

2 439-A or rules adopted under section 439-A, except that loans or
3 extensions of credit to a person are limited to 15% of total
4 capital.

6 **§1236. Deposits**

8 An uninsured bank may not engage in retail deposit
9 activities. The superintendent shall define deposit activities
10 that do not constitute retail deposit activities by rule, taking
11 account of the size or nature of depositors and deposit accounts.

12 **§1237. Disclosure of uninsured status**

14 1. Sign that deposits not insured. An uninsured bank shall
15 display conspicuously at each window or place where deposits are
16 usually accepted a sign stating that deposits are not insured by
17 the FDIC.

18 2. Statement that deposits not insured. An uninsured bank
19 shall either include in boldface conspicuous type on each
20 signature card, passbook and instrument evidencing a deposit the
21 following statement: "This deposit is not insured by the FDIC"
22 or require each depositor to execute a statement that
23 acknowledges that the initial deposit and all future deposits at
24 the bank are not insured by the FDIC. The bank shall retain this
25 acknowledgment as long as the depositor maintains any deposit
26 with the bank.

28 3. Statement on deposit-related advertising that deposits
29 not insured. An uninsured bank shall include on all its
30 deposit-related advertising a statement that deposits are not
31 insured by the FDIC.

34 **§1238. Rules**

36 The superintendent may prescribe rules governing the
37 activities of uninsured banks and implementing this chapter.
38 These rules must take into account the uninsured status of these
39 banks. Rules adopted pursuant to this section are routine
40 technical rules as defined in Title 5, chapter 375, subchapter
41 II-A.

42 **PART K**

44 **Sec. K-1. 9-B MRSA §214, sub-§2-B is enacted to read:**

46 2-B. Assessment on nondepository trust companies.
47 Nondepository trust companies that are not affiliated with a
48 financial institution shall pay an annual assessment of not less
49 than \$2,000 or an amount determined by the superintendent not to
50 exceed \$5,000.

2 exceed 6¢ for every \$10,000 of fiduciary assets under its
3 management, custody or care. These assessments must be paid
4 annually by February 15th of each year on fiduciary assets
5 outstanding December 31st of the prior year.

6 **Sec. K-2. 9-B MRSA §222, sub-§2**, as amended by PL 1979, c.
7 429, §1, is repealed.

8
9 **Sec. K-3. 9-B MRSA §252, sub-§1**, as enacted by PL 1975, c.
10 500, §1, is amended to read:

11 **1. Definition.** "Decision-making" is that process by which
12 the superintendent determines whether an application for a
13 charter, branch, merger, acquisition, conversion, subsidiary
14 formation, ~~change of name~~ or other similar request submitted to
15 the bureau should be approved or disapproved, but shall does not
16 include applications for a change in a financial institution's
17 ~~articles of incorporation or bylaws~~ organizational documents,
18 changes in the capital structure of any institution, conversions
19 of investor ownership pursuant to section 345-B or such other
20 matters of a similar nature as the superintendent may determine,
21 unless otherwise provided in this Title.

22
23 **Sec. K-4. 9-B MRSA §252, sub-§2-A** is enacted to read:

24
25 **2-A. Preliminary review.** Prior to the filing of an
26 application pursuant to subsection 2, a potential applicant may
27 request a preliminary review of the prospective application. If
28 the review is undertaken, the bureau may assess the prospective
29 applicant a fee in accordance with the bureau's fee schedule. A
30 fee paid for the preliminary review may be credited to the
31 application fee if and when an application is filed within a
32 reasonable time.

33
34 **Sec. K-5. 9-B MRSA §252, sub-§6**, as repealed and replaced by
35 PL 1977, c. 694, §161, is amended to read:

36
37 **6. Decision.** After consideration of all relevant matters
38 presented in the application, in any written comments, in an
39 investigation conducted by the bureau to examine and evaluate
40 facts related to the application to the extent necessary to make
41 an informed decision and at the hearing, if any, the
42 superintendent shall promulgate, in accordance with the Maine
43 Administrative Procedure Act, the final order. Within 5 days of
44 promulgation, notice of the final order setting forth the name of
45 the applicant, the nature of the application and the
46 superintendent's action thereon, together with a statement that
47 copies of the order are available to the public at cost, shall
48 must be published by the superintendent in those newspapers in
49 which the notice required by subsection 2 was published. Unless
50 the superintendent ~~shall specify~~ specifies a later date in the

2 final notice relating thereto, the effective date of the final
order shall--be is 30 days after its promulgation. The
4 superintendent may waive all or part of the 30-day waiting period
following promulgation of the final order, if the superintendent
6 determines that extraordinary or unusual conditions exist which
that warrant that action. The superintendent shall set forth in
8 writing the circumstances and reasons for his waiving all or part
of the 30-day waiting period, provided, however, the
10 superintendent shall, within 60 days of the close of the comment
period or within 60 days of the conclusion of the hearing if such
12 was held, whichever period is greater, promulgate the final order
either approving or disapproving the application.

14 **Sec. K-6. 9-B MRSA §253, first ¶**, as enacted by PL 1975, c. 500,
§1, is amended to read:

16
18 The superintendent shall take into account, but shall is not
be limited to, the criteria set forth in this section in
20 considering applications ~~to---change---name,---branch,---merge,~~
consolidate ~~or---consummate---an---acquisition,---or---to---engage---in---any~~
22 ~~closely-related-or-incident-al-activity,---or---to---obtain---a---charter,~~
~~er---to---convert---from---an---existing---to---a---different---charter,---or---to~~
invest ~~in---a---subsidiary---corporation~~ filed pursuant to section 252.

24 **Sec. K-7. 9-B MRSA Pts. 5 to 7**, as amended, are repealed.

26
28 **Sec. K-8. 9-B MRSA §875**, as enacted by PL 1975, c. 500, §1,
is amended to read:

30 **§875. Conversion: change in type of state charter**

32 A credit union subject to the laws of this State may convert
its charter to do business as a credit union into a charter to do
34 business as a ~~savings-bank,---trust---company---or---savings---and---loan~~
~~association---as---a---mutual~~ financial institution under ~~the laws of~~
36 ~~this State,---provided---that~~ organized under chapter 32 if any plan
of conversion authorized by this section shall be is adopted and
38 approved in accordance with the requirements of section 343.

40 **Sec. K-9. 9-B MRSA §1014, sub-§1**, as amended by PL 1987, c.
90, §2, is further amended to read:

42
44 **1. Permissible activities.** A Maine financial institution
holding company shall--~~not~~ may engage in any closely related
46 activity or any other activity other than managing or controlling
~~financial---institutions,---except---such---activities---as---are---deemed~~
48 ~~permissible---by---the---superintendent~~ with the prior permission of
~~the superintendent. The---superintendent---shall---adopt---rules~~
50 ~~specifying---which---activities---are---permissible. Except to the extent~~
~~that---certain---activities---are---prohibited---or---limited---by---state---law,~~

2 these--rules--shall--authorize--activities--which--are--no--more
restrictive--than--those--permitted--under--the--United--States--Bank
4 Holding--Company--Act--of--1956,--Public--Law--511,--or--the--United--States
National--Housing--Act,--Public--Law--479,--Section--408.--Those--rules
6 may--establish--different--permissible--activities--dependent--upon--the
type--of--financial--institutions--controlled--by--a--Maine--financial
8 institution--holding--company.--The--superintendent--shall--establish
procedures--for--applications--by--individual--companies--for--approval
to--engage--in--these--activities--in--Maine.

10 **Sec. K-10. 9-B MRSA §1015, sub-§1**, as amended by PL 1997, c.
12 22, §25, is further amended to read:

14 **1. Requirements.** Except as provided in subsection 4 5,
approval of the superintendent must be obtained for the following
16 actions:

18 A. Acquisition by a person or company of control of a Maine
financial institution or any financial institution or
20 financial institution holding company controlling, directly
or indirectly, a Maine financial institution, or
22 establishment by a person or company of a Maine financial
institution or Maine financial institution holding company;

24 B. Acquisitions by a financial institution or financial
institution holding company of interests in a Maine
26 financial institution or any financial institution or
financial institution holding company controlling, directly
28 or indirectly, a Maine financial institution in excess of 5%
of the voting shares of such financial institution or
30 financial institution holding company;

32 C. Acquisition or establishment by a Maine financial
institution holding company of a financial institution
34 outside of the State of Maine in excess of 5% of the voting
shares of such institution;
36

38 D. Authority for a Maine financial institution holding
company to engage--in--a--closely-related--activity,--or
40 acquisition--or--establishment--of acquire or establish a
subsidiary to engage in a elesely-related closely related
42 activity or any other activity; or

44 E. Authority for any financial institution holding company
controlling a Maine financial institution to engage in a
46 elesely-related closely related activity in Maine, or
acquisition or establishment of a subsidiary in Maine to
48 engage in a elesely-related closely related activity.

50 **Sec. K-11. 9-B MRSA §1015, sub-§4**, as enacted by PL 1997, c.
22, §26, is repealed.

2 Commissioner of Administrative and Financial Services, the
3 Superintendent of Banking and the Attorney General, has the power
4 to enter into contracts or agreements approved by the Governor
5 with any national bank, trust company or safe deposit company
6 located in New England or New York City for custodial care and
7 servicing of the securities belonging to the permanent trust
8 funds of this State. Such services must consist of the
9 safekeeping of those securities, collection of interest and
10 dividends, periodical checks of the portfolio deposited for
11 safekeeping to determine all calls for redemption, in whole or in
12 part, of any bonds owned by such funds, and any other fiscal
13 service that is normally covered in a custodial contract or
14 agreement. In performing services under any such contract or
15 agreement, the contracting bank has all of the powers and duties
16 prescribed for trust companies by Title 9-B, section 623 473.

17 **Sec. L-2. 5 MRSA §139, 2nd ¶**, as amended by PL 1991, c. 780,
18 Pt. Y, §11, is further amended to read:

19 The Treasurer of State, with the approval of the
20 Commissioner of Administrative and Financial Services, the
21 Superintendent of Banking and the Commissioner of Education, has
22 the power to enter into a contract or agreement approved by the
23 Governor with any national bank, trust company or safe deposit
24 company located in New England or New York City for custodial
25 care and servicing of the securities belonging to any trust fund
26 created from funds derived or that may be derived from the sale
27 and lease of lands reserved for public uses. Such services must
28 consist of the safekeeping of those securities, collection of
29 interest and dividends, periodical checks of the portfolio
30 deposited for safekeeping to determine all calls for redemption,
31 in whole or in part, of any bonds owned by such funds, and any
32 other fiscal service that is normally covered in a custodial
33 contract or agreement. In performing services under any such
34 contract or agreement, the contracting bank has all of the powers
35 and duties prescribed for trust companies by Title 9-B, section
36 623 473.

37 **Sec. L-3. 5 MRSA §17110, sub-§1, ¶A**, as enacted by PL 1985, c.
38 801, §§5 and 7, is amended to read:

39 A. A contracting bank performing services under a contract
40 or agreement pursuant to this section shall comply with
41 Title 9-B, section 623 473.

42 **Sec. L-4. 9-A MRSA §1-301, sub-§6-A**, as enacted by PL 1987, c.
43 129, §16, is amended to read:

44 **6-A.** "Business day" means a day on which a creditor's
45 offices are open to the public for carrying on substantially all
46
47
48
49
50

2 of its business functions. For purposes of rescission, the term
means all calendar days, except Sundays and the holidays
4 established by Title 9-B, section 444 145, subsection 1.

6 **Sec. L-5. 9-B MRSA §131, sub-§25**, as enacted by PL 1975, c.
500, §1, is amended to read:

8 **25. Making a loan.** "Making a loan" means a loan made to a
borrower by a single financial institution, or the purchase of a
10 loan as authorized in section 434 431-A.

12 **Sec. L-6. 9-B MRSA §161, sub-§1, ¶B**, as amended by PL 1985, c.
647, §1, is further amended to read:

14 B. "Financial records" means any original or any copy of:

16 (1) A document granting signature authority over a
18 deposit, deposit-like or share account;

20 (2) A statement, ledger card or other record of any
22 deposit, deposit-like, share or loan account, which
shows each transaction in or with respect to that
24 account;

26 (3) A check, clear draft or money order drawn on an
institution or issued and payable by an institution; or

28 (4) Any item, other than an institutional or periodic
charge, made pursuant to any agreement by an
30 institution and a person which that constitutes a debit
or credit to that person's deposit, deposit-like, share
32 or loan account, ~~including charges made through the use
of credit cards as authorized by section 444~~, if the
34 item is not included in subparagraph (3).

36 **Sec. L-7. 9-B MRSA §465-A, sub-§6**, as enacted by PL 1991, c.
681, §3, is amended to read:

38 **6. Liability for making.** Every principal stockholder,
40 officer, agent or employee of a financial institution who
authorizes or assists in procuring or granting or who causes the
42 granting of a loan in violation of this section or section 539-A
or 854, to the extent that the financial institution is subject
44 to the provisions of section 539-A 439-A or 854, or who pays or
willfully permits the payment of any funds of that institution on
46 such a loan; every director of a financial institution who votes
on a loan in violation of any of the provisions of this section;
48 and every director, principal stockholder, officer, agent or
employee who knowingly permits or causes any of those actions to
50 be done is personally responsible for payment of the loan and is

2 guilty of a Class E crime. For purposes of this subsection,
"agent" or "employee" does not include an individual who is
4 incidentally involved in the preparation of documents or title
work related to a loan.

6 **Sec. L-8. 9-B MRSA §833, sub-§1, §B**, as enacted by PL 1975, c.
500, §1, is amended to read:

8
10 B. Such dividends shall must be paid on all paid-up shares
outstanding at the end of the period for which the dividend
12 is declared. Shares which that become fully paid up during
such dividend period and are outstanding at the close of the
14 period shall-be are entitled to a proportional part of such
dividend for each month of the period ~~in accordance with~~
~~section-425.~~

16
18 **Sec. L-9. 9-B MRSA §851, sub-§2**, as enacted by PL 1975, c.
500, §1, is amended to read:

20 2. **Applicability of other sections.** In addition, a credit
union shall-be is subject to section 432 relating to interest
22 absent in writing, ~~and to section 434 relating to loan~~
~~participations.~~

24
26 **Sec. L-10. 9-B MRSA §858**, as enacted by PL 1975, c. 500, §1,
is amended to read:

28 **§858. Federal funds loans or sales**

30 A credit union may lend or sell to any member bank of the
Federal Reserve System, or to any ~~trust company incorporated~~
32 ~~under the laws of this State, such deposits as it maintains with~~
~~a member bank or trust company, in accordance with the provisions~~
34 ~~of section 438~~ bank, savings bank or savings and loan association
whose deposits are insured by the Federal Deposit Insurance
36 Corporation.

38 **Sec. L-11. 9-B MRSA §862, sub-§2-A, ¶E**, as enacted by PL 1987,
c. 405, §33, is amended to read:

40 E. A credit union may invest in ~~guaranteed loans pursuant~~
42 ~~to section 532, subsections 3 and 4~~ United States or State
Government guaranteed loans.

44
46 **Sec. L-12. 9-B MRSA §872, sub-§5**, as enacted by PL 1975, c.
500, §1, is amended to read:

48 5. **Effect of merger.** Upon the issuance by the
superintendent of a certificate to the surviving credit union,
50 all property rights and interests of the merged credit union

2 shall vest in the surviving credit union, without deed,
endorsement or other instruments of transfer; and all debts,
4 obligations and liabilities of the merged credit unions are
assumed by the surviving credit union. Thereafter, the charter of
6 any merged credit union is void, and existence of the merged
credit union as a legal entity separate from the surviving credit
union shall terminate. Sections 356, 357 and 358 shall apply to
8 such mergers.

10 **Sec. L-13. 9-B MRSA §873, sub-§3**, as enacted by PL 1975, c.
500, §1, is amended to read:

12
14 **3. Applicability of other sections.** A credit union
converting to a State state charter pursuant to this section
16 shall-be is subject to the provisions contained in sections 356,
357 and 358, governing resulting institutions.

18 **Sec. L-14. 9-B MRSA §915, sub-§1**, as enacted by PL 1975, c.
500, §1, is amended to read:

20
22 **1. Mergers and consolidations.** An industrial bank may merge
or consolidate with another industrial bank or a financial
institution organized under the laws of this State,--provided
24 except that any such merger or consolidation shall must be
executed pursuant to the provisions of sections section 352 or
26 354 and shall-be is subject to the provisions of sections 356,
357 and 358.

30 SUMMARY

32 In November 1996, the Bureau of Banking formed a study group
consisting of bankers, attorneys and bureau staff to study the
34 various bank chartering options under state law. This bill
incorporates the recommendations of that study group in the
36 development of a universal bank charter in the banking laws of
this State.

38
40 Part A makes the necessary changes to definitions found in
the banking laws.

42 Part B gives a financial institution the sole discretion to
establish hours and days of operation, including remaining open
44 for business on weekends and holidays.

46 Part C permits investor-owned financial institutions to be
organized as corporations, limited liability companies, limited
48 partnerships and limited liability partnerships. It also makes
other changes to align the banking laws with the Maine Business
50 Corporation Act, the Maine Revised Statutes, Title 13-A, the

2 Maine Limited Liability Company Act and the Maine Revised Uniform
3 Limited Partnership Act, Title 31, with respect to the corporate
4 governance of these types of financial institution.

6 Part D revises the banking laws, Title 9-B, chapter 32, to
7 provide a greater distinction between the 2 types of mutual
8 institutions: mutual savings institutions, historically mutual
9 savings banks; and cooperative institutions, historically savings
10 and loan associations. It expands the current residency
11 requirement for organizers and incorporators to permit appointment
12 of incorporators and directors that reside in the geographic area
13 to be served by the institution and permits proxy voting at an
14 annual meeting in accordance with provisions of the bank's bylaws.

16 Part E removes the requirement for approval by the
17 Superintendent of the Bureau of Banking for most transactions to
18 establish or relocate a branch and removes all regulatory
19 approvals for establishment, relocation or closing of an
20 automated teller machine. The definition of "branch" is
21 broadened and bank management is given the sole responsibility to
22 determine days and hours of operation and services to be provided
23 at each office.

24 Parts F and G make the necessary technical changes to
25 conversion and mergers and acquisition laws to encompass
26 different types of investor-owned, mutual or cooperative
27 financial institutions, permit a smooth conversion from a federal
28 to state charter and ease regulatory burden for certain types of
29 corporate reorganizations.

30 Part H makes technical changes to the laws governing bank
31 liquidations to conform to new definitions and terminology
32 incorporated with the different types of investor-owned and
33 mutual or cooperative financial institutions.

36 Part I sets forth the powers, privileges, duties and
37 restrictions of state-chartered financial institutions. These
38 provisions establish broad authority for financial institutions
39 in the areas of investment, lending and deposit-taking. It
40 removes outdated provisions of the banking laws and preserves all
41 charters approved under private and special acts of the
42 Legislature or actions by the Bureau of Banking and unites all
43 types of state-chartered financial institutions with the powers
44 and authorities of a universal bank charter. In addition, it
45 broadens the authority for a financial institution to engage,
46 directly or indirectly, in closely related activities.

48 Part I also places restrictions on transactions between a
49 financial institution and its affiliate that mirror federal laws
50 in this area. In addition, it consolidates all laws governing
51 trust activities of financial institutions into one statutory

2 chapter, making no substantive changes to those provisions of the
banking laws.

4 Part J enacts a new part in the banking laws that addresses
specialty or limited purpose financial institutions,
6 incorporating a provision clarifying the general purpose,
authority and organization of nondepository trust companies,
8 merchant banks and uninsured banks.

10 Part K makes miscellaneous changes to the banking laws to
conform them to other provisions in the bill. In addition, it
12 sets forth a procedure for preliminary review by the Bureau of
Banking of an application and authority for the bureau to assess
14 the prospective applicant a fee for that service that may be
applied to the application fee if and when an application is
16 filed. It makes other technical changes to application
processing and holding company laws and establishes an assessment
18 fee on nondepository trust companies chartered by the State but
not affiliated with another state-chartered financial institution.

20 Part K repeals the outdated provisions of the banking laws
22 that contained the powers and authorities of savings banks,
savings and loan associations and trust companies that
24 subsequently will operate with the powers of the universal bank
charter.

26 Part L corrects cross-references.