

MAINE STATE LEGISLATURE

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131st MAINE LEGISLATURE

FIRST SPECIAL SESSION-2023

Legislative Document

No. 1921

S.P. 783

In Senate, May 11, 2023

An Act to Amend the Laws Regarding State-chartered Credit Unions

Reference to the Committee on Health Coverage, Insurance and Financial Services
suggested and ordered printed.

A handwritten signature in black ink, appearing to read 'D M Grant'.

DAREK M. GRANT
Secretary of the Senate

Presented by President JACKSON of Aroostook.

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

2 **Sec. 1. 9-B MRSA §823, sub-§1**, as enacted by PL 1975, c. 550, §1, is amended to
3 read:

4 **1. Sale of negotiable checks and money orders instruments.** A credit union may
5 engage directly in the business of selling, issuing or registering ~~checks or money orders~~
6 negotiable instruments to its members.

7 **Sec. 2. 9-B MRSA §842, sub-§2**, as amended by PL 2003, c. 322, §§29 to 31, is
8 further amended to read:

9 **2. Powers and duties.** The board of directors shall manage the affairs, funds and
10 records of the credit union and shall meet as often as necessary, but not less than ~~one a~~
11 month 6 times per year, notice of such ~~meeting~~ meetings to be made in the manner
12 prescribed in the bylaws. As set forth below, the special duties of the board of directors
13 ~~shall be~~ are:

14 A. To act upon applications for membership, or to appoint a membership committee
15 of one or more membership officers from among the members of the credit union, other
16 than the treasurer, an assistant treasurer or loan officer, who may be authorized by the
17 board to approve applications for membership under such conditions as the board may
18 prescribe; ~~provided, as long as that such~~ committee or membership officer ~~so~~
19 authorized shall submit submits to the board at each ~~monthly~~ meeting a list of approved
20 or pending applications for membership received since the previous ~~monthly~~ meeting,
21 together with ~~such~~ other related information as the bylaws or board may require;

22 B. To fix from time to time the maximum amount, both secured and unsecured, ~~which~~
23 that may be loaned to any one member, except as limited by chapter 85, and to establish
24 a written loan policy pursuant to section 851, which must be reviewed and ratified at
25 least annually;

26 C. To authorize the employment of ~~such~~ a person or persons as may be necessary to
27 carry on the business of the credit union; and to fix the compensation of ~~such~~ those
28 employees, including the treasurer;

29 D. To borrow money to carry on the functions of the credit union, subject to the
30 limitation set forth in section 822;

31 E. To authorize the conveyance of property;

32 F. To purchase a blanket bond in an amount ~~which~~ that is not less than an amount
33 recommended by the superintendent, which ~~shall~~ must be required of the treasurer and
34 of each other officer and other employee having custody of funds or property;

35 G. To limit the number of shares that may be owned by one member or nonmember
36 as provided in section 817, and ~~such~~ that limitation must be applied uniformly;

37 H. To have charge of the investment of funds and to establish a written investment
38 policy pursuant to section 861, which must be reviewed and ratified at least annually;

39 I. To perform such other duties as the members may from time to time require;

40 J. To appoint a supervisory committee of not ~~less~~ fewer than 3 members, not more
41 than one member of which may be a director. If the duties of the supervisory committee

1 are conducted by an independent public accountant and the board has contracted for an
2 annual audit by an independent public accountant pursuant to section 844, a
3 supervisory committee need not be appointed;

4 K. To appoint a credit committee of not ~~less~~ fewer than 3 members; or to establish a
5 written loan policy ~~which~~ that provides for the designation of one or more loan officers
6 in lieu of a credit committee and ~~with~~ provides that all loans are subject to ratification
7 by the full board;

8 L. To appoint an executive committee, when the bylaws so provide, consisting of not
9 less ~~fewer~~ than 3 members of the board with authority to invest funds or borrow in the
10 name of the credit union, except that the board may establish a written investment
11 policy ~~which~~ that provides for the designation of a qualified individual to have charge
12 of making investments, subject to ratification by the full board;

13 M. To suspend any or all members of the credit and supervisory committees for failure
14 to perform their duties;

15 N. To fill vacancies occurring between annual meetings in the board of directors and
16 in the credit committee and supervisory committee until the election or appointment
17 and qualification of their successors;

18 O. To establish and provide for compensation of loan officers appointed by the credit
19 committee; and ~~of~~ for auditing assistance requested by the supervisory committee;

20 P. To designate a depository or depositories for the funds of the credit union;

21 Q. To declare dividends in the way and manner provided in the bylaws and in
22 accordance with this Part;

23 R. To determine from time to time the rate of interest consistent with the laws of this
24 State ~~which shall~~ that must be charged on loans; ~~and to determine from time to time~~
25 and the amount of interest rebate and the interval on which such rebate, if any, ~~shall be~~
26 is computed; and

27 S. To perform or authorize any action consistent with this Part not specifically reserved
28 by the bylaws for the members.

29 **Sec. 3. 9-B MRSA §847, sub-§1**, as amended by PL 2017, c. 143, §9, is repealed
30 and the following enacted in its place:

31 **1. Grounds for expulsion.** A manager or chief executive officer of a credit union
32 may expel from the credit union any member who:

33 A. Has not carried out the member's engagement with the credit union;

34 B. Has been convicted of a criminal offense;

35 C. Neglects or refuses to comply with the provisions of this Part or the bylaws of the
36 credit union;

37 D. Has deceived the credit union or a committee of the credit union with regard to the
38 use of borrowed money;

39 E. Has substantially and repeatedly violated the official policies of the credit union;

1 F. Has demonstrated dangerous, threatening or abusive behavior, as defined in rules
2 adopted by the National Credit Union Administration, in such a way as to disrupt the
3 operations of the credit union; or

4 G. Has been convicted of fraud, attempted fraud, conspiracy to commit fraud or other
5 illegal conduct in relation to the credit union, including illegal conduct in which an
6 employee of the credit union was conducting business on behalf of the credit union.

7 **Sec. 4. 9-B MRSA §847, sub-§4** is enacted to read:

8 **4. Expulsion policy; appealing an expulsion.** The manager or chief executive officer
9 of a credit union shall inform an expelled member of the grounds for the expulsion, and the
10 expelled member may appeal the expulsion to the board of directors. A decision by the
11 board regarding an expulsion is final. By January 1, 2024, the board of directors of a credit
12 union shall establish a written expulsion policy and expulsion appeals process that clearly
13 informs members of a member's right to appeal an expulsion decision. The credit union
14 shall annually provide the expulsion policy and expulsion appeals process to members of
15 the credit union.

16 **Sec. 5. 9-B MRSA §856**, as enacted by PL 1975, c. 500, §1, is amended to read:

17 **§856. Loans to other credit unions**

18 Subject to the approval of its board of directors, a credit union may make loans to other
19 credit unions ~~located in this State; provided that~~ as long as the aggregate loans outstanding
20 at any one time to any one credit union ~~shall~~ do not exceed 10% of the share capital and
21 surplus of the lending credit union.

22 **SUMMARY**

23 This bill amends the laws governing credit unions in the following ways.

24 1. It authorizes credit unions to engage in the business of selling, issuing or registering
25 negotiable instruments, instead of checks or money orders as in current law.

26 2. It changes from 12 to 6 per year the minimum number of meetings required for a
27 credit union's board of directors.

28 3. It adds grounds for expulsion of a credit union member and requires credit unions
29 to establish a written expulsion policy and expulsion appeals process, which must be
30 provided to credit union members annually.

31 4. It removes the limitation that credit unions may make loans to only other in-state
32 credit unions.