

# MAINE STATE LEGISLATURE

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# Sixty - Third Legislature.

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SENATE.

No. 48.

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## STATE OF MAINE.

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IN THE YEAR OF OUR LORD ONE THOUSAND EIGHT HUNDRED AND  
EIGHTY-SEVEN.

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AN ACT to amend chapter forty-seven of the Revised Statutes, relating to Loan and Building Associations.

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*Be it enacted by the Senate and House of Representatives in Legislature assembled, as follows:*

SECTION 1. Chapter forty-seven of the Revised Statutes 2 is hereby amended by striking out sections one hundred 3 and thirty-four, one hundred and thirty-five, one hundred 4 and thirty-six, one hundred and thirty-seven, and one 5 hundred and thirty-eight of said chapter forty-seven and 6 inserting instead thereof the following:

'SECT. 134. The capital to be accumulated shall not 8 exceed one million dollars, and shall be divided into shares 9 of the ultimate value of two hundred dollars each. The 10 shares may be issued in quarterly, half yearly, or yearly 11 series, in such amounts, and at such times as the members

12 may determine. No person shall hold more than twenty-  
13 five shares in the capital of any one such association. No  
14 shares of a prior series shall be issued after the issue of a  
15 new series.'

'SECT. 135. The number, title, duties, and compensa-  
17 tion of the officers of the association, their terms of office,  
18 the time of their election, as well as the qualifications of  
19 electors, and time of each periodical meeting of the offi-  
20 cers and members, shall be determined by the by-laws ;  
21 but no member shall be entitled to more than one vote at  
22 any election. All officers shall continue in office until  
23 their successors are duly elected, and no association shall  
24 expire from neglect on its part to elect officers at the time  
25 prescribed by the by-laws.

'SECT. 136. The officers shall hold stated monthly meet-  
27 ings. At or before each of these meetings, every member  
28 shall pay to the association, as a contribution to its capital,  
29 one dollar as dues upon each share held by him, until the  
30 share reaches the ultimate value of two hundred dollars,  
31 or is withdrawn, cancelled or forfeited. Payment of dues  
32 on each series shall commence from its issue.'

'SECT. 137. Shares may be withdrawn after one month's  
34 notice of such intention written in a book held and pro-  
35 vided by the association for the purpose. Upon such with-  
36 drawal, the shareholders' account shall be settled as fol-  
37 lows: From the amount then standing to the credit of  
38 the shares to be withdrawn, there shall be deducted all  
39 fines, a proportionate part of any unadjusted loss, together  
40 with such proportion of the profits previously credited to  
41 the shares as the by-laws may provide, and such share-  
42 holder shall be paid the balance, *provided*, that at no time

43 shall more than one-half of the funds in the treasury be  
44 applicable to the demands of withdrawing members, with-  
45 out the consent of the directors. The directors may at  
46 their discretion, under rules made by them, retire the  
47 unpledged shares of any series, at any time after four  
48 years from the date of their issue, by enforcing the with-  
49 drawal of the same, *provided*, that the shareholders whose  
50 shares are to be retired shall be determined by lot, and  
51 that they shall be paid the full value of their shares, less  
52 all fines and a proportionate part of any unadjusted loss.'

'SECT. 138. When each unpledged share of a given  
54 series reaches the value of two hundred dollars, all pay-  
55 ments of dues thereon shall cease, and the holder thereof  
56 shall be paid out of the funds of the association two hun-  
57 dred dollars therefor, with interest at the rate of six per  
58 cent a year from the time of such maturity to the time of  
59 payment, *provided*, that at no time shall more than one-  
60 half of the funds in the treasury be applicable to the  
61 payment of such matured shares without the consent of  
62 the directors; and that before paying matured shares  
63 all arrears and fines shall be deducted. Every share  
64 shall be subject to a lien for the payment of any unpaid  
65 dues, fines, interest, premiums and other charges incurred  
66 thereon, which may be enforced in the manner hereinafter  
67 provided.'

'SECT. 139. The moneys accumulated, after due allow-  
69 ance made for all necessary and proper expenses and for  
70 the withdrawal of shares, shall, at each stated monthly  
71 meeting, be offered to the members according to the  
72 premiums bid by them for priority of right to a loan.  
73 Each member whose bid is accepted shall be entitled, upon

74 giving proper security, to receive a loan of two hundred  
75 dollars for each share held by him, or such fractional part  
76 of two hundred dollars as the by-laws may allow. If  
77 a balance of money remains unsold after a monthly sale,  
78 the directors may invest the same in any of the securities  
79 named in section one hundred of chapter forty-seven Re-  
80 vised Statutes providing for investments of deposits of  
81 savings banks. Any association organized as aforesaid,  
82 may provide in its by-laws that the bid for loans, at its  
83 stated monthly meetings shall, instead of a premium, be  
84 a rate of annual interest upon the sum desired payable in  
85 monthly instalments. Such bids shall include the whole  
86 interest to be paid, and may be at any rate not less than  
87 five per cent per annum.'

'SECT. 140. Premiums for loans shall consist of a per-  
89 centage charged on the amount lent in addition to interest,  
90 and shall be deemed to be a consideration paid by the  
91 borrower for the present use and possession of the future  
92 or ultimate value of his shares, and shall, together with  
93 interest and fines, be received by the association as a profit  
94 on the capital invested in the loan, and shall be distributed  
95 to the various shares and series of said capital as herein-  
96 after provided.'

'SECT. 141. A borrowing member, for each share bor-  
98 rowed upon, shall, in addition to his dues and monthly  
99 premium, pay monthly interest on his loan, at the rate of  
100 six per cent. per annum, until his shares reach the ul-  
101 timate value of two hundred dollars each, or the loan has  
102 been repaid; and when said ultimate value is reached,  
103 said shares and loan shall be declared cancelled and satis-

104 fied, and the balance, if any, due upon the shares shall  
105 be paid to the member.'

'SECT. 142. For every loan made, a note secured by  
107 first mortgage of real estate shall be given, accompanied  
108 by a transfer and pledge of the shares of the borrower.  
109 The share so pledged, shall be held by the association as  
110 collateral security for the performance of the conditions  
111 of the note and mortgage. Said note and mortgage shall  
112 recite the number of shares pledged, and the amount of  
113 money advanced thereon, and shall be conditioned for the  
114 payment, at the stated meetings of the corporation, of  
115 the monthly dues on said shares, and the interest and  
116 premium upon the loan, together with all fines on pay-  
117 ments in arrears, until said shares reach the ultimate  
118 value of two hundred dollars each, or said loan is other-  
119 wise cancelled or discharged: *provided*, that the shares,  
120 without other security, may, in the discretion of the  
121 directors, be pledged as security for loans, to an amount  
122 not exceeding their value as adjusted at the last adjust-  
123 ment and valuation of shares before the time of the loan.  
124 If the borrower neglects to offer security satisfactory to  
125 the directors, within the time prescribed by the by-laws,  
126 his right to the loan shall be forfeited, and he shall be  
127 charged with one month's interest and one month's pre-  
128 mium at the rate bid by him, together with all ex-  
129 penses, if any, incurred; and the money appropriated  
130 for such loan may be re-loaned at the next or any sub-  
131 sequent meeting.'

'SECT. 143. A borrower may repay a loan at any  
133 time, upon application to the association, whereupon,  
134 on settlement of his account, he shall be charged with

135 the full amount of the original loan, together with all  
136 monthly installments of interest, premium, and fines in  
137 arrears, and shall be given credit for the withdrawing  
138 value of his shares pledged and transferred as security;  
139 and the balance shall be received by the association in  
140 full satisfaction and discharge of said loan: *provided*,  
141 that all settlements made at periods intervening between  
142 stated meetings of the directors, shall be made as of the  
143 date of the stated meeting next succeeding each settle-  
144 ment; and *provided*, that a borrower desiring to retain  
145 his shares and membership may, at his option, repay his  
146 loan without claiming credit for his shares, whereupon  
147 said shares shall be re-transferred to him, and shall be  
148 free from any claim, by reason of said cancelled loan.'

'SECT. 144. Members who make default in the pay-  
150 ment of their monthly dues, interest and premiums shall  
151 be charged a fine not exceeding two per cent a month on  
152 each dollar in arrears. No fines shall be charged after  
153 the expiration of six months from the first lapse in any  
154 such payment, nor upon a fine in arrears. The shares  
155 of a member who continues in arrears more than six  
156 months shall, at the option of the directors, if the mem-  
157 ber fails to pay the arrears within thirty days after notice,  
158 be declared forfeited, and the withdrawing value of the  
159 shares at the time of the first default shall be ascer-  
160 tained, and, after deducting all fines and other legal  
161 charges, the balance remaining shall be transferred to an  
162 account to be designated the 'Forfeited Share Account'  
163 to the credit of the defaulting member. Said member,  
164 if not a borrower.'

'SECT. 145. If a borrowing member is in arrears for  
166 dues, interest, premium or fines for more than six months,  
167 the directors may, at their discretion, declare the shares  
168 forfeited after one month's notice, if the arrears continue  
169 unpaid. The account of such borrowing member shall  
170 then be debited with the arrears of interest, premiums  
171 and fines to date of forfeiture, and the shares shall be  
172 credited upon the loan at their withdrawing value. The  
173 balance of the account may, and after six months be en-  
174 forced against the security by any legal method or by  
175 proceedings in equity for sale and foreclosure, jurisdic-  
176 tion therefor being hereby specially given to the supreme  
177 and superior courts, to be exercised upon bill or petition  
178 in a summary manner, shall be entitled, upon thirty days'  
179 notice, to receive the balance so transferred, without in-  
180 terest from the time of the transfer, in the order of his  
181 turn, out of the funds appropriated to the payment of  
182 withdrawals. All shares so forfeited or transferred shall  
183 cease to participate in any profits of the association ac-  
184 cruing after the last adjustment and valuation of shares  
185 before said default. The shares, the value whereof has  
186 been so applied in payment shall revert to the corpora-  
187 tion, and be held by it free from all interest, claim, or  
188 demand on the part of the borrower or any person claim-  
189 ing from or under him.'

'SECT. 146. Upon the death of a shareholder, his legal  
191 representatives shall be entitled to receive the amount of  
192 unpledged shares of the deceased to be ascertained as  
193 provided in section one hundred and thirty-seven (137)  
194 for withdrawal of shares. No fines shall be charged, or  
195 profits credited to a deceased member's account from and



196 after his decease, unless his legal representatives assume  
197 the future payments on such shares which they may as-  
198 sume under the same rights and liabilities of the deceased.  
199 Moneys received for the shares of a deceased shareholder,  
200 or the shares themselves, as the case may be, shall descend  
201 to the same persons and be distributed in the same manner  
202 that money received from a policy of life insurance on  
203 the life of a deceased person now does by law.'

'SECT. 147. The general accounts of every such asso-  
205 ciation shall be kept by double entry. All moneys re-  
206 ceived by the association from each member shall be  
207 receipted for by persons designated by the directors in  
208 a pass-book provided by the association for the use of,  
209 and to be held by, the member; and said pass-book shall  
210 be plainly marked with the name and residence of the  
211 holder thereof, the number of shares held by him, and  
212 the number or designation of the series or issue to which  
213 said shares respectively belong, and the date of the issue  
214 of such series. All moneys so received shall be origi-  
215 nally entered by the proper officer in a book to be called  
216 the "Cash Book," to be provided by the association for  
217 the purpose, and the entries therein shall be so made  
218 as to show the name of the payer, the number of the  
219 shares, the number or designation of the series, or issues  
220 of the particular share, or share so entered, together with  
221 the amount of dues, interest, premiums and fines paid  
222 thereon, as the case may be. Each payment shall be  
223 classified and entered in a column devoted to its kind.  
224 Said cash book shall be closed on the last day of the  
225 month in which each stated meeting is held, and shall be  
226 an exhibit of the receipt of all moneys paid by share-

227 holders during said month. All payments made by the  
228 association for any purpose whatsoever, shall be by  
229 order, check, or draft upon the treasurer, signed by the  
230 president and secretary, and indorsed by the persons  
231 in whose favor the same are drawn. The name of the  
232 payee, the amount paid, and the purpose, object or thing  
233 for which the payment is made, together with its date  
234 shall be entered on the margin of said order, check or  
235 draft. The treasurer shall dispose of and secure the safe  
236 keeping of all moneys, securities and property of the  
237 corporation, in the manner designated by the by-laws,  
238 and the treasurer and secretary shall give such security  
239 for the faithful performance of their respective duties as  
240 the by-laws may direct.'

'SECT. 148. The profits and losses may be distributed  
242 annually, semi-annually or quarterly, to the shares then  
243 existing, but shall be distributed at least once in each  
244 year, and whenever a new series of shares is to be issued.  
245 Profits and losses shall be distributed to the various shares  
246 existing at the time of such distribution, in proportion  
247 to their value at that time, and shall be computed upon  
248 the basis of a single share fully paid to the date of dis-  
249 tribution. Losses shall be apportioned immediately after  
250 their occurrence. At each periodical distribution of  
251 profits the directors shall reserve as a guaranty fund a  
252 sum not less than one, nor more than five, per cent of the  
253 net profits accruing since the next preceding adjustment  
254 until such fund amounts to five per cent of the dues capi-  
255 tal, which fund shall thereafter be maintained and held;  
256 and said fund shall be at all times available to meet losses

257 in the business of the association from depreciation in  
258 its securities or otherwise.'

'SECT. 149. Any association may purchase at any sale,  
260 public or private, any real estate upon which it may  
261 have a mortgage, judgment, lien or other incumbrance,  
262 or in which it may have an interest; and may sell, con-  
263 vey, lease or mortgage at pleasure, the real estate so  
264 purchased, to any person or persons whatsoever. All  
265 real estate so acquired, shall be sold within five years  
266 from the acquisition of title thereto.'

'SECT. 150. Minors may hold shares by trustees; and  
268 the shares of each shareholder, not exceeding two, shall  
269 be exempt from attachment and execution.'

'SECT. 151. The Bank Examiner shall perform in ref-  
271 erence to all loan and building associations, the same  
272 duties, and shall have the same powers, as are required  
273 of or given to him in reference to savings banks; and  
274 shall annually make report to the Legislature, of such  
275 facts and statements respecting such associations, and in  
276 such form as he deems that the public interest requires.  
277 The officers of such associations shall answer truly all  
278 inquiries made, and shall make all returns required by  
279 the Bank Examiner.'

SECT. 2. This act shall take effect when approved.

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STATE OF MAINE.

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IN SENATE, February 22, 1887.

Reported by Mr. LORD from Committee on Legal Affairs and laid on table to be printed under joint rules.

C. W. TILDEN, *Secretary*.