

# MAINE STATE LEGISLATURE

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NEW DRAFT.

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# Sixty-Eighth Legislature.

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HOUSE.

No. 356.

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## STATE OF MAINE.

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

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AN ACT amendatory and additional to Chapter 47 of the  
Revised Statutes, as amended by Chapter 61 of the Public  
Laws of 1887, 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. Section 139 of chapter 61 of the Public Laws  
2 of 1887, is hereby amended by striking out all of said section  
3 and inserting the following:

‘Section 139. The board of directors shall see to the  
5 proper investment of the funds of the association, as pro-  
6 vided in this section. After due allowance for all necessary  
7 and proper expenses and for the withdrawal of shares, the  
8 moneys of the association shall be loaned to the members

9 at a rate of monthly premium to be fixed by the directors,  
10 which shall in no case exceed forty cents per share. Any  
11 member may upon giving security satisfactory to the direc-  
12 tors, receive a loan of \$200 for each share held by him, or  
13 such fractional part of \$200 as the by-laws may allow. Any  
14 association may provide in its by-laws that instead of the  
15 interest and premium a stated rate of annual interest not to  
16 exceed eight per cent may be charged upon the sum desired,  
17 payable in monthly installments. Such rate shall include  
18 the whole interest and premium to be paid upon the loan.  
19 Any balance remaining unloaned to members may be  
20 invested in such securities as are legal for the investment of  
21 deposits in savings banks. No loan shall be made on the  
22 gross premium plan.'

Sect. 2. Section 147 of chapter 61 of the Public Laws of  
2 1887, is hereby amended by striking out all of said section  
3 and inserting the following:

'Section 147. The general accounts of every such asso-  
5 ciation shall be kept by double entry. The secretary shall  
6 at least once each month make and declare a trial balance,  
7 which shall be recorded in a book provided for that purpose,  
8 and it shall at all times be open to the inspection of the direc-  
9 tors and shareholders of the association. All moneys  
10 received from the members shall be receipted for by persons  
11 designated by the directors in a pass-book provided by the  
12 association for the use of and to be held by the member, and  
13 said pass-book shall be plainly marked with the name and  
14 residence of the holder thereof, the number of shares held  
15 by him and the number or designation of the series or issue  
16 to which said shares respectively belong and the date of the  
17 issue of such series. All moneys so received shall be orig-

18 inally entered by the proper officer in a book to be called  
19 the cash book, and the entries therein shall be so made as  
20 to show the name of the payer, the number of the shares,  
21 the number or designation of the series, or issues of the  
22 particular share or shares so entered, together with the  
23 amount of dues, interest, premiums and fines paid thereon,  
24 as the case may be. Each payment shall be classified and  
25 entered in a column devoted to its kind. Said cash book  
26 shall be closed on the last day of the month in which each  
27 stated meeting is held, and shall be an exhibit of the receipt  
28 of all moneys paid by shareholders during said month. All  
29 payments made by the association for any purpose whatso-  
30 ever, shall be by order, check or draft, signed by the presi-  
31 dent and secretary, and indorsed by the persons in whose  
32 favor the same are drawn. The name of the payee, the  
33 amount paid, and the purpose, object or thing for which the  
34 payment is made, together with its date, shall be entered on  
35 the margin of said order, check or draft. The treasurer shall  
36 dispose of and secure the safe keeping of all moneys, security  
37 and property of the corporation, in the manner designated  
38 by its by-laws.'

Sect. 3. Section 148 of chapter 61 of the Public Laws of  
2 1887, is hereby amended by striking out in the eleventh line  
3 of said section, the word "one" and inserting the word  
4 'three,' and by striking out in the same line the word "five"  
5 and inserting the word 'ten,' so that said section, as  
6 amended, shall read as follows:

'Section 148. The profits and losses may be distributed  
8 annually, semi-annually or quarterly, to the shares then  
9 existing, but shall be distributed at least once in each year,  
10 and whenever a new series of shares is to be issued. Profits

11 and losses shall be distributed to the various shares existing  
12 at the time of such distribution, in proportion to their value  
13 at that time, and shall be computed upon the basis of a single  
14 share, fully paid to the date of distribution. Losses shall  
15 be apportioned immediately after their occurrence. At  
16 each periodical distribution of profits, the directors shall  
17 reserve as a guaranty fund a sum not less than three nor  
18 more than ten per cent of the net profits accruing since the  
19 next preceding adjustment, until such fund amounts to  
20 five per cent of the dues capital, which fund shall there-  
21 after be maintained and held, and said fund shall be at all  
22 times available to meet losses in the business of the associa-  
23 tion from depreciation in its securities or otherwise.'

Sect. 4. Section 151 of chapter 61 of the Public Laws of  
2 1887, is hereby amended by striking out all of said section  
3 and inserting the following:

'Section 151. The bank examiner shall perform, in refer-  
5 ence to all loan and building associations, the same duties  
6 and shall have the same powers as are required of him or  
7 given to him in reference to savings banks; and shall, annu-  
8 ally, by the first day of December, make a report to the  
9 Governor and Council of the general conduct and condition  
10 of each of the associations visited by him, making such sug-  
11 gestions as he deems expedient and that the public interest  
12 require. The officers of such associations shall answer  
13 truly all inquiries made, and shall make all returns required  
14 by the bank examiner.'

Sect. 5. Chapter 61 of the Public Laws of 1887 is hereby  
2 further amended by adding thereto the following sections:

'Section 152. The secretary, treasurer, and other persons  
4 holding positions of trust in loan and building associations

5 shall give bonds to the corporation for the faithful discharge  
6 of the duties of their offices in such sums as the directors  
7 decide to be necessary for the safety of the funds, and such  
8 bonds shall continue to be valid from year to year so long  
9 as they are elected and hold said offices, subject to renewal  
10 whenever ordered by the bank examiner, or directors. The  
11 directors may, in lieu of said bond, insure at the expense of  
12 the association with some fidelity or guaranty company  
13 which shall be satisfactory to the examiner, for the  
14 faithful discharge of the duties of the secretary and treas-  
15 urer and such other clerks as may be employed, in such  
16 sums as they may decide to be necessary for the safety of  
17 the funds in the custody of the corporation. The examiner  
18 shall annually examine the bonds given, as aforesaid, and  
19 inquire into and certify to the sufficiency thereof, and when  
20 he deems any such bond insufficient he shall order a new  
21 bond to be given, within a time by him specified.'

'Section 153. Directors shall cause all real estate of an  
23 insurable character held by them absolutely or in mortgage,  
24 to be fully insured against loss by fire or lightning, and  
25 the expense of such insurance in case of mortgage shall be  
26 added to the amount of the mortgage debt, to be refunded  
27 in case of payment or redemption.'



STATE OF MAINE.

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IN HOUSE OF REPRESENTATIVES,

March 20, 1897.

Reported by Mr. MERRILL, of Portland, from Committee on Banks  
and Banking and ordered printed under joint rules.

W. S. COTTON, *Clerk.*