

# MAINE STATE LEGISLATURE

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Legislative Document

NO. 387

S. P. 257

In Senate, Feb. 2, 1933.

Referred to Committee on Banks and Banking and 500 copies ordered printed. Sent down for concurrence.

ROYDEN V. BROWN, Secretary.

Presented by Senator Jackson of Cumberland.

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STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED THIRTY-THREE

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AN ACT to Permit Loan and Building Associations to Borrow Money.

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**Emergency Preamble.** Whereas, by an Act of Congress approved July 22, 1932 the Federal Home Loan Bank system was created, having for its purpose the creation of agencies that each home owner and home builder might be aided in construction and ownership of homes; and,

Whereas, loan and building associations, and other financial institutions, named in said act, in this state have no authority under the existing laws to participate in the advantages which said Home Loan Bank Act provides, and

Whereas, there is no statutory provision in this state expressly authorizing loan and building associations to borrow money except from each other; and,

Whereas, by permitting loan and building associations to borrow it will enable them to renew old loans and to make new loans, thereby preventing foreclosures and making possible increased construction which will furnish work relief to many persons who are now unemployed and destitute; and,

Whereas, in the judgment of the legislature these facts create an emergency under the meaning of section 16, of article XXXI of the constitution

of Maine, and require the following legislation as immediately necessary for the preservation of the public peace, health and safety,

Now, therefore,

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

**Loan and building associations' powers to borrow extended.** Any loan and building association, incorporated under the laws of this state, shall have the right to become a member of, or stockholder in, the Federal Home Loan Bank of Cambridge, Mass., District No. One, and to that end to purchase stock in, or securities of, or deposit money with said Home Loan Bank of Cambridge, and to comply with any other conditions of membership or credit; or borrow money from said bank and pledge as security therefor in an amount within the limits of the said act, but subject to the limitations hereinafter provided, and in all things be bound by, and to function under, the terms of an act of Congress entitled "Federal Home Loan Bank Act", approved July 22, 1932 and the rules and regulations promulgated thereunder insofar as said act, rules and regulations, apply to loan and building associations, or such other financial institutions named in said act.

Any loan and building association, by vote of its board of directors, may borrow money within or without the state, and may pledge as security therefor real estate mortgages, notes and other securities owned and held by it, provided, however, that no association shall without written consent of the bank commissioner borrow any sum or sums the aggregate of which would exceed the amount of its guaranty fund, plus 5% of its total assets, and in any event not exceeding 25% of its total assets.

**Emergency clause.** In view of the emergency set forth in the above preamble this act shall take effect when approved.