

# MAINE STATE LEGISLATURE

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EIGHTY - SEVENTH LEGISLATURE

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Legislative Document

No. 424

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S. P. 388

In Senate; February 7, 1935.

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

ROYDEN V. BROWN, Secretary.

Presented by Senator Schnurle of Cumberland.

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STATE OF MAINE

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IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
THIRTY-FIVE

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**AN ACT to Amend the Law Relating to Loan and Building Associations.**

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

**R. S., c. 57, § 108, amended.** Section 108 of chapter 57 of the revised statutes is hereby amended to read as follows :

**'Sec. 108. Board of directors to invest funds and fix rates of interest; members may make loans; rate of interest; investment of balance.** The board of directors shall see to the proper investment of the funds of the association, as provided in this section. After due allowance for all necessary and proper expenses, and for the withdrawal of shares, the moneys of the association shall be loaned to the members at a rate of monthly premium to be fixed by the directors, which shall in no case exceed 40c a share. Any member may, upon giving security satisfactory to the directors, receive a loan of \$200 **or** \$300 for each share held by him, or such fractional part of \$200 **or** \$300 as the by-laws may allow. Any association may provide in its by-laws that instead of the interest and premium, a stated rate of annual interest of not less than 5%, nor more than 8%, may be charged upon the sum desired, payable in monthly instalments. Such rate shall include the whole interest and premium to be paid upon the loan. **Loans on real estate may also be made to members repayable in monthly instal-**

ments sufficient to amortize the same, paying off interest and principal in not less than 5 years nor more than 20 years. The mortgage and mortgage note shall require a monthly payment sufficient to amortize the debt in said periods and such payments shall be applied first to the interest on the unpaid balance of the debt, and the remainder to the unpaid principal of the debt, until the same is paid in full. Any balance remaining unloaned to members may be invested in such securities as are legal for the investment of deposits in savings banks, or with the approval of the bank commissioner may be loaned in whole or in part to other loan and building associations in this state. No loan shall be made on the gross premium plan.'