

MAINE STATE LEGISLATURE

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N I N E T I E T H L E G I S L A T U R E

Legislative Document

No. 494

H. P. 1231

House of Representatives, February 5, 1941.

Referred to the Committee on Banks and Banking and 750 copies ordered printed. Sent up for concurrence.

HARVEY R. PEASE, Clerk.

Presented by Mr. Shesong of Portland.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
FORTY-ONE

**AN ACT Relative to Rate of Interest to be Charged by
Loan and Building Associations.**

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, as amended by chapter 43 of the public laws of 1935, is hereby further 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 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 interest and premium, a stated rate of annual interest of ~~not less than 5%, nor more than 8%~~, **determined by the directors** 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 instalments 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.'