

MAINE STATE LEGISLATURE

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N I N E T Y - F I R S T L E G I S L A T U R E

Legislative Document

No. 55

H. P. 55

House of Representatives, January 21, 1943.

Referred to Committee on Banks and Banking, sent up for concurrence and ordered printed.

HARVEY R. PEASE, Clerk.

Presented by Mr. Flagg of Portland.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
FORTY-THREE

AN ACT Relating to Regulation of Loans by Trust Companies.

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

R. S., c. 57, § 77, amended. Section 77 of chapter 57 of the revised statutes, as amended, is hereby further amended to read as follows:

‘Sec. 77. Regulation of loans. No trust company shall loan to any person, firm, business syndicate, or corporation, an amount or amounts, at any time outstanding in excess of 10% of its total capital, unimpaired surplus and net undivided profits, except on the approval of a majority of its entire board of directors or executive committee, unless secured by collateral which shall be of value equal to the excess of said loans above said 10%, and the total amount of loans to any person, firm, business syndicate or corporation, shall at no time exceed 20% of said total capital, unimpaired surplus and net undivided profits; provided, that in determining said amount every person, firm, syndicate, or corporation appearing on any loan as endorser, guarantor, or surety, shall be regarded as an original promissor. But the discount of bills of exchange drawn in good faith against actually existing values, and the discount of commercial or business paper actually owned by the person negotiating the same, and the renewal or renewals in whole or in part of such commercial or business paper so discounted for periods not exceeding in all 3 years for any such

paper, shall not be considered as money borrowed. Loans to municipal corporations located within the state upon their bonds or notes shall not be affected by the provisions hereof; **nor shall the limitations and restrictions of this section apply to any loan or loans to the extent that they are secured or covered by guaranties, or by commitments or agreements to take over to purchase the same, made by any Federal Reserve Bank or by the United States or any department, bureau, board, commission or establishment of the United States, including any corporation wholly owned directly or indirectly by the United States.** In all cases where loans in excess of said 10% are granted, without collateral, the records of the company shall show who voted in favor thereof, and said records and those required by section 78 shall constitute prima facie evidence of the truth of all facts stated therein in prosecutions and suits to enforce the several provisions and penalties enumerated in section 79.'