

MAINE STATE LEGISLATURE

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LAWS
OF THE
STATE OF MAINE
AS PASSED BY THE

ONE HUNDRED AND TENTH LEGISLATURE

SECOND SPECIAL SESSION

September 25, 1981

AND

THIRD SPECIAL SESSION

December 9, 1981

AND

SECOND REGULAR SESSION

January 6, 1982 to April 13, 1982

AND AT THE

FOURTH SPECIAL SESSION

April 28, 1982 to April 29, 1982

AND AT THE

FIFTH SPECIAL SESSION

May 13, 1982

PUBLISHED BY THE DIRECTOR OF LEGISLATIVE RESEARCH IN
ACCORDANCE WITH MAINE REVISED STATUTES ANNOTATED,
TITLE 3, SECTION 164, SUBSECTION 6.

J.S. McCarthy Co.
Augusta, Maine
1981

PUBLIC LAWS
OF THE
STATE OF MAINE

AS PASSED AT THE
SECOND AND THIRD SPECIAL SESSIONS

and

SECOND REGULAR SESSION

and

FOURTH AND FIFTH SPECIAL SESSIONS

of the

ONE HUNDRED AND TENTH LEGISLATURE

1981

§2665. Involuntary admission

Any client recommended for regular admission to a facility pursuant to section 2655 may be admitted as an involuntary patient. The procedure for involuntary admission to a mental retardation facility for care, training and treatment shall follow those procedures set forth in section 2334 for the involuntary commitment of mentally ill individuals, except that, where a finding of mental illness is required, a finding of mental retardation, as defined by section 2602, shall be substituted.

Effective July 13, 1982.

CHAPTER 646

S.P. 942 - L.D. 2083

AN ACT to Amend the Banking Code
Regarding the Investment and Lending
Powers of Thrift Institutions and
Regarding Service Corporations.

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

Sec. 1. 9-B MRSA §131, sub-§37, as amended by PL 1981, c. 352, §1, is further amended to read:

37. Service corporation. "Service corporation" means a corporation substantially all the activities of which consist of originating, purchasing, selling and servicing loans and participation interests therein; or clerical, bookkeeping, accounting and statistical or similar functions related to a financial institution or real estate activities; or management, personnel, marketing or investment counseling related to a financial institution or real estate activities; or establishing or operating one or more satellite facilities; or any activity authorized by the superintendent by regulation which activity has been authorized under federal law for service corporations owned or controlled by federally-chartered savings and loan associations or federally-chartered savings banks. The purpose of authorizing any such activity is to maintain competitive equality between federally-chartered and state-chartered insti-

tutions.

Sec. 2. 9-B MRSA §534-A is enacted to read:

§534-A. Commercial loans

1. Authorization. A savings bank may make commercial loans.

2. Limitations. Loans to any one borrower pursuant to this section shall not exceed 1% of the bank's deposits. The aggregate amount of these loans shall not exceed 10% of the deposits of the bank, except as provided in section 537.

Sec. 3. 9-B MRSA §535, as amended by PL 1977, c. 152, §5-A, is further amended to read:

§535. Loan participations

1. Authorization. A savings bank may purchase a participation interest in any loan, other than a real estate mortgage loan, originated by a commercial bank authorized to do business in this State, subject to the restrictions set forth in subsections 2 and 3. Participations in real estate mortgage loans shall be pursuant to section 434.

2. Conditions. A participation interest purchased pursuant to this section shall meet the following conditions:

A. It shall not exceed 75% of the amount of the loan, and the selling bank seller shall maintain at all times a minimum participation of 25% of the outstanding loan balance;

B. It shall be evidenced by a participation certificate signed by the selling bank seller;

C. It shall be subject to a specific repayment schedule;

D. If the loan in which the participation interest is sold is a commercial loan, the selling bank seller shall prepare and supply to the purchasing savings bank a comprehensive analysis of balance sheets, earnings statements and surplus reconciliations covering the most recent 5 years of the borrower's operations, or for the number of years in operation if less than 5 years; and

E. The selling bank seller shall annually supply to the savings bank a report of the loan, its security, if

any, and the financial status of the borrower.

3. Limitations. Total participations in loans to any one borrower shall not exceed 1% of the bank's deposits; and the aggregate amount of such loans shall not exceed 10% of the deposits of the bank, except as provided in section 537.

Sec. 4. 9-B MRSA §537, sub-§2, as enacted by PL 1975, c. 500, §1, is amended to read:

2. Change in loan limitations. The superintendent may by regulation adjust the percentage limitations contained in sections 534, 534-A, 535 and 536; provided that at no time shall may the total loans outstanding under sections 534, 534-A, 535 and 536 exceed 30% 40% of the deposits of a savings bank.

Sec. 5. 9-B MRSA §542, sub-§1, as amended by PL 1979, c. 663, §45, is further amended to read:

1. Limitations. In addition to real estate owned for offices and facilities pursuant to section 337, a savings bank may invest in or otherwise hold real estate located anywhere within the State the book value of which, acquire real estate or interests in real estate which is located within the State by mortgage foreclosure, purchase or by any other means, and may hold the real estate or interests in real estate for investment purposes and may improve, develop, lease, contract, convey and otherwise deal with the real estate or interests in real estate, so long as the book value of the real estate, together with real estate invested in pursuant to section 337, shall not exceed 60% of its total capital and reserves in the case of a bank organized pursuant to chapter 31, or 60% of its surplus account in a bank organized pursuant to chapter 32; provided that the superintendent may approve in writing an additional percentage. The percentage limitations in this subsection are cumulative to the percentage limitations in section 445, subsection 2.

Sec. 6. 9-B MRSA §554, sub-§2, as amended by PL 1975, c. 666, §24, is further amended to read:

2. Limitations. An institution shall not acquire or hold stock and obligations described in subsection 1 both by way of investment and as security for loans in excess of 10% 30% of its deposits; nor shall it acquire or hold stock and obligations of any one bank or holding company not operating in this State in excess of 1% 5% of its deposits; nor shall it acquire or hold such stock in excess of 10% of the capital stock of any one bank or holding company; provided, ~~however,~~ that nothing in this section shall may be construed to

prohibit the acquisition or holding of shares pursuant to chapters 35 and 101.

Sec. 7. 9-B MRSA §556, as enacted by PL 1975, c. 500, §1, is amended by adding at the end the following new sentence:

This section does not limit the authority of savings banks and savings and loan associations to invest in securities specifically regulated by this chapter; rather, this section gives additional authority to invest 10% in any type of prudent security.

Sec. 8. 9-B MRSA §641, as enacted by PL 1975, c. 500, §1, is repealed and the following enacted in its place:

§641. Real and personal property

In addition to real estate owned for offices and facilities pursuant to section 337, a trust company may acquire all property, real, personal and mixed, by mortgage foreclosure, purchase or by any other means, and may hold the property for investment purposes and may improve, develop, lease, contract, convey and otherwise deal with the property.

Sec. 9. 9-B MRSA §734-A is enacted to read:

§734-A. Commercial loans

1. Authorization. A savings and loan association may make commercial loans.

2. Limitations. Loans made to any one borrower pursuant to this section shall not exceed 1% of the association's deposits. The aggregate amount of these loans shall not exceed 10% of the deposits of the association, except as provided in section 737.

Sec. 10. 9-B MRSA §735, as enacted by PL 1975, c. 500, §1, is amended to read:

§735. Loan participations

1. Authorization. A savings and loan association may purchase a participation interest in any loan originated by a commercial bank authorized to do business in this State, subject to the restrictions set forth in subsections 2 and 3.

2. Conditions. A participation interest purchased pursuant to this section shall meet the following condi-

tions:

A. It shall not exceed 75% of the amount of the loan and the selling bank seller shall maintain at all times a minimum participation of 25% of the outstanding loan balance;

B. It shall be evidenced by a participation certificate signed by the selling bank seller;

C. It shall be subject to a specific repayment schedule;

D. If the loan in which the participation interest is sold is a commercial loan, the selling bank seller shall prepare and supply to the purchasing association a comprehensive analysis of balance sheets, earnings statements and surplus reconciliations covering the most recent 5 years of the borrower's operations, or for the number of years in operation if less than 5 years; and

E. The selling bank seller shall annually supply to the association a report of the loan, its security, if any, and the financial status of the borrower.

3. Limitations. Total participations in loans to any one borrower shall not exceed 1% of the association's deposits; and the aggregate amount of such loans shall not exceed 10% of the deposits of the association, except as provided in section 737.

Sec. 11. 9-B MRSA §737, sub-§2, as enacted by PL 1975, c. 500, §1, is amended to read:

2. Change in loan limitations. The superintendent may by regulation adjust the percentage limitations contained in sections 734, 734-A, 735 and 736; provided that at no time shall may the total loans outstanding under sections 734, 734-A, 735 and 736 exceed 30% 40% of the deposits of a savings and loan association.

Sec. 12. 9-B MRSA §742, as enacted by PL 1975, c. 500, §1, is repealed and the following enacted in its place:

§742. Real estate other than for offices

Savings and loan associations may hereafter own real estate other than for offices to the same extent as savings banks may do pursuant to section 542.