

MAINE STATE LEGISLATURE

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Maine
REVISED STATUTES
1964

*Prepared Under the Supervision
of the
Committee on Revision of Statutes*

Being the Tenth Revision of the
Revised Statutes of the State
of Maine, 1964

Volume 1
CONSTITUTION

Titles 1 to 10



Boston, Mass.
Boston Law Book Co.

Orford, N. H.
Equity Publishing Corporation

St. Paul, Minn.
West Publishing Co.

Text of Revised Statutes
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CHAPTER 99

LOANS

Sec.

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§ 1131. Regulation

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. In determining said amount, every person, firm, syndicate or corporation appearing on any loan as indorser, guarantor or surety shall be regarded as an original promisor. 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 1132 shall constitute prima facie evidence of the truth of all facts

stated therein in prosecutions and civil actions to enforce the several provisions and penalties enumerated in section 1133.

R.S.1954, c. 59, § 112; 1963, c. 414, § 50.

§ 1132. Loans to officers; approval recorded; vote of directors; credit expires

No trust company shall make any loan to any of its directors, officers, agents or to any other person in its employ, or on which any such director, officer, agent or employee is an indorser, guarantor or surety, or to any firm or business syndicate of which such director, officer, agent or employee is a member, or to any person or on the indorsement or guaranty of any person who is a partner of, or member of a business syndicate with such director, officer, agent or employee, or to any corporation of which any such director, officer, agent or employee is a director, officer, superintendent or manager, until the proposition to make such loan shall have been submitted by the person desiring the same to the board of directors of such company, or to the executive committee thereof, if any, and accepted and approved by a majority of the entire membership of such board or committee. No director of such company who is interested in said loan in any of the above capacities or who is connected or associated with the borrower in any of the above ways shall be regarded as voting in the affirmative on such loan. For the purposes of this section each renewal shall be considered as an original loan. Such approval, if the loan is made, shall be spread upon the records of the company; and this record shall, in every instance, give the names of the directors authorizing the loan. Nothing in this section or section 1131 shall make it unlawful for a trust company to give any person, firm, syndicate or corporation a line of credit to an amount not exceeding 20% of its total capital, unimpaired surplus and net undivided profits, subject to the several restrictions as to percentage of entire board and right of interested persons to vote on same contained in said sections. The records of the company shall show how every director voted on the same, and when such line of credit is given, the treasurer or other authorized officer may pay out loans in accordance therewith without further approval. A line of credit so given shall expire in 6 months unless renewed in the same manner in which it is originally given.

R.S.1954, c. 59, § 113; 1961, c. 103.

§ 1133. Responsibility of officers and directors

Every director, officer, agent and employee of a trust company, who authorizes or assists in procuring, granting or causing the granting of a loan in violation of section 1131, or pays or willfully permits the payment of any funds of the company on such loan, and every director of a company who votes on a loan in violation of any of the provisions of section 1132, and every director, officer, agent or employee who willfully and knowingly permits or causes the same to be done shall be personally responsible for the payment thereof and shall be guilty of a misdemeanor. All loans granted in violation of either of said sections shall be due and payable immediately and without demand, whether they appear on their face to be time loans or otherwise. When the commissioner shall find any loans outstanding in violation of either of said sections, he shall notify the president or treasurer of the company to cause the same to be paid forthwith. If they are not paid within 30 days or such further time as said commissioner shall determine, he shall report the facts to the Attorney General, who shall commence a civil action in the name and for the benefit of such company for the collection of the same. The Attorney General may employ special counsel to prosecute said civil action, and said company shall pay all expenses thereof, to be recovered in a civil action in the name of the State.

R.S.1954, c. 59, § 114; 1961, c. 317, § 168.

§ 1134. Loans on shares of capital stocks forbidden

Trust companies shall not make loans or discounts on the security of the shares of their own capital stock nor be the purchasers or holders of any such shares unless necessary to prevent loss upon a debt previously contracted in good faith, and all stock so acquired shall, within one year after its acquisition, be disposed of at public or private sale. The time for such disposition may be extended by the commissioner for good cause shown upon application to him in writing.

R.S.1954, c. 59, § 117.

§ 1135. Guaranteed loans for veterans; minors

Without regard to any other law, any bank or trust company of this State or any insurance company authorized to do business in this State is authorized to make or buy and sell any loan secured or unsecured which is insured or guaranteed in any manner in part or in full by the United States or any instru-

mentality thereof, or by this State or instrumentality thereof, or for which there is a commitment to so insure or guarantee or for which a conditional guarantee has been issued. The disability of minority of any person otherwise eligible for a loan, or guaranty or insurance of a loan, pursuant to the Act of the Congress of the United States entitled the Servicemen's Readjustment Act of 1944 (58 Stat. 284), as heretofore or hereafter amended (38 U.S.C. 693 et seq.), and of the minor spouse of any eligible veteran, in connection with any transaction entered into pursuant to said Act of the Congress of the United States, as heretofore or hereafter amended, shall not affect the binding effect of any obligation incurred by such eligible person or spouse as an incident to any such transaction, including incurring of indebtedness and acquiring, encumbering, selling, releasing or conveying property, or any interest therein, if all or part of any such obligation be guaranteed or insured by the government or the Administrator of Veterans' Affairs pursuant to said Act and amendments thereto; or if the administrator be the creditor, by reason of a loan or a sale pursuant to said Act and amendments. This section shall not create or render enforceable any other or greater rights or liabilities than would exist if neither such person nor such spouse were a minor.

R.S.1954, c. 59, § 91.