

MAINE STATE LEGISLATURE

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CHAPTER 205

PROHIBITIONS

Sec.

2381. Unlawful acts.

§ 2381. Unlawful acts

No industrial bank shall:

1. Loan limitations; rates of loan to capital and surplus.

Hold at any one time the direct obligation or obligations of any one person, firm or corporation for more than 4% of the amount of capital and surplus of such industrial bank or the indirect obligation or obligations of any one person, firm or corporation for more than 15% of the amount of capital and surplus of such industrial bank. Nothing in this subsection shall be construed to limit the holdings of an industrial bank in the obligations of the United States or the State of Maine, and in amounts authorized by a vote of a majority of the directors or the executive committee. For the purpose of this subsection bills of exchange, including trade acceptances, shall be deemed to be the direct obligations of the acceptors thereof, and the indirect obligations of the drawers thereof;

2. Loan limitations; 2-year limit.

Make any loan for a longer period than 2 years from the date thereof, except in the case of loans that are eligible for insurance under the National Housing Act and for the insurance of which under that Act seasonable application is made pursuant to the National Housing Act, Title I;

3. Deposit of funds in other banks.

Deposit any of its funds with any other moneyed corporation unless such corporation has been designated as such depository by a vote of a majority of the directors or of the executive committee, exclusive of any director who is an officer, director or trustee of the depository so designated;

4. Borrowing limitations.

Be at any time indebted for borrowed money to an amount in excess of its capital, surplus and undivided profits, except that by vote of a majority of its entire board of directors or executive committee setting forth the reasons therefor, and upon receiving the written consent of the commissioner thereto, it may borrow money to redeem its certificates

9 § 2381 **BANKS—FINANCIAL INSTITUTIONS** **Title 9**

of investment or prevent loss by sale of assets, and may rediscount notes, or pledge bonds, notes or other securities as collateral therefor. Copies of all votes authorizing such excess borrowing shall be promptly forwarded by the secretary to the commissioner. Rediscount shall be considered as borrowed money for the purpose of this subsection.

R.S.1954, c. 59, § 206.