

## CHAPTER 85

### LOANS

#### §851. Loans in general

**1. Authorization.** A credit union may make, sell, purchase, arrange, participate in, invest in and otherwise deal in loans to its members for any purpose in accordance with the provisions of this chapter. [PL 2003, c. 322, §36 (AMD).]

**2. Applicability of other sections.** In addition, a credit union is subject to sections 432, 433, 435 and 436. [PL 2003, c. 322, §36 (AMD).]

**3. Approvals required.** The credit committee provided for in section 845 shall approve all loans to members made by the credit union. In addition, the approval of the credit union's board of directors or executive committee shall be required for all loans other than personal loans to members. [PL 1975, c. 500, §1 (NEW).]

**4. Written loan policy.** The board of directors shall establish a written loan policy, which must be reviewed and ratified at least annually, that addresses at a minimum the following:

A. Individual lending officer authority; [PL 2003, c. 322, §36 (NEW).]

B. Loan mix and diversification; [PL 2003, c. 322, §36 (NEW).]

C. Loan quality parameters; and [PL 2003, c. 322, §36 (NEW).]

D. Delegation of authority to officers and committees responsible for administering the portfolio. [PL 2003, c. 322, §36 (NEW).]

[PL 2003, c. 322, §36 (NEW).]

#### SECTION HISTORY

PL 1975, c. 500, §1 (NEW). PL 1997, c. 398, §L9 (AMD). PL 2003, c. 322, §36 (AMD).

#### §852. Loan applications

**1. General procedures.** All applications for loans shall be made in writing, and shall state the purpose for which the loan is desired and the security, if any, offered. [PL 1975, c. 500, §1 (NEW).]

**2. Real estate mortgage loans.**

[PL 2003, c. 322, §37 (RP).]

#### SECTION HISTORY

PL 1975, c. 500, §1 (NEW). PL 2003, c. 322, §37 (AMD).

#### §853. Unsecured loans

**(REPEALED)**

#### SECTION HISTORY

PL 1975, c. 500, §1 (NEW). PL 1975, c. 666, §29 (AMD). PL 1983, c. 51, §7 (RP).

#### §854. Loans

**1. Authorization; limitations.** It is the duty of the board of directors to establish the policies of the credit union with respect to the granting of loans and the extending of lines of credit, including the

maximum amount that may be loaned to any one member. A loan may not be made to any member in an aggregate amount in excess of 10% of the credit union's total assets. Any loan made in violation of this subsection is subject to the remedies prescribed in section 465-A.

[PL 1991, c. 681, §4 (AMD).]

**2. Exception.** Loans fully secured by a pledge of shares of a credit union may be made without limitation as to amount.

[PL 1983, c. 51, §8 (RPR).]

**3. Rulemaking.** The superintendent may adopt rules to administer and carry out this section, including rules to define or further define terms used in this section and to establish limits or requirements other than those specified in this section. Rules adopted pursuant to this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

[PL 2003, c. 322, §38 (NEW).]

#### SECTION HISTORY

PL 1975, c. 500, §1 (NEW). PL 1983, c. 51, §8 (RPR). PL 1991, c. 681, §4 (AMD). PL 2003, c. 322, §38 (AMD).

#### §855. Real estate mortgage loans

**1. Limitations.** A credit union may make loans to its members secured by a mortgage on real estate located within this State, subject to the following conditions and limitations.

A. The total liability of any member upon loans within this section shall be as established in section 854, subsection 1. [PL 1985, c. 94 (RPR).]

B. No loan made pursuant to this section may exceed 90% of the appraised value of the property mortgage, as determined by the credit committee. Loans pursuant to this section may be made in an amount not exceeding 100% of the appraised value of the mortgage property if at least the top 20% of the loan is insured by a mortgage guarantee insurer licensed to do business in this State or if the loan is insured or guaranteed by the Federal Housing Administration or any other state or federal agency. [PL 1985, c. 94 (RPR).]

C. The note or other obligation evidencing a first mortgage loan shall require monthly payment of the interest and principal thereon sufficient to repay the entire loan within a period not exceeding 30 years, except that this provision does not apply to real estate loans insured by the Federal Housing Administration. [PL 1985, c. 94 (NEW).]

D. The note or other obligation evidencing a loan other than a first mortgage loan shall require monthly payment of the interest and principal thereon sufficient to repay the entire loan within a period not exceeding 15 years. [PL 1985, c. 94 (NEW).]

[PL 1985, c. 94 (RPR).]

**2. Loans to secure future advances.** An interest in real estate that may be mortgaged to a credit union pursuant to this section may be mortgaged in the manner set forth in section 436 or in the manner set forth in Title 33, section 505 subject to the terms and conditions set forth in that section. An interest in real estate that may be mortgaged to a credit union organized under the laws of the United States may be mortgaged in the manner set forth in section 436 or in the manner set forth in Title 33, section 505 subject to the terms and conditions set forth in that section. The maximum loan terms established in subsection 1, paragraphs C and D, apply to each loan or advance secured by a mortgage under section 436 or Title 33, section 505.

[PL 1993, c. 229, §2 (AMD).]

**3. Aggregate mortgage loan limitation.**

[PL 1991, c. 110, §1 (RP).]

**4. Loan policy.** The board of directors shall establish a policy addressing real estate mortgage loans, including home equity loans. At a minimum, this policy must address the following:

- A. Aggregate limitation on total real estate mortgage loans as a percentage of total loans and total assets; [PL 1991, c. 110, §2 (NEW).]
- B. Maximum loan-to-value standards; [PL 1991, c. 110, §2 (NEW).]
- C. Types of property eligible for loans; [PL 1991, c. 110, §2 (NEW).]
- D. Guidelines for selecting real estate appraisers; [PL 1991, c. 110, §2 (NEW).]
- E. Maximum debt-to-income ratios for borrowers; and [PL 1991, c. 110, §2 (NEW).]
- F. All other standards essential to the prudent management of real estate lending including the responsibility of 3rd-party contractors who prepare documentation for loans on behalf of the credit union. [PL 1991, c. 110, §2 (NEW).]

This policy must be reviewed and ratified by the board of directors at least annually.  
[PL 1991, c. 110, §2 (NEW).]

#### SECTION HISTORY

PL 1975, c. 500, §1 (NEW). PL 1985, c. 94 (RPR). PL 1991, c. 110, §§1,2 (AMD). PL 1993, c. 229, §2 (AMD).

#### **§856. Loans to other credit unions**

Subject to the approval of its board of directors, a credit union may make loans to other credit unions located in this State; provided that the aggregate loans outstanding at any one time to any one credit union shall not exceed 10% of the share capital and surplus of the lending credit union. [PL 1975, c. 500, §1 (NEW).]

#### SECTION HISTORY

PL 1975, c. 500, §1 (NEW).

#### **§857. Lines of credit**

**(REPEALED)**

#### SECTION HISTORY

PL 1975, c. 500, §1 (NEW). PL 1979, c. 133, §1 (RP).

#### **§857-A. Lines of credit**

**1. Authorization; limitations.** Subject to the limitations set forth in sections 854 and 855, the credit committee of a credit union may approve a line of credit to a member upon written application by the member, and advances may be made to that member within the limits of that extension of credit. A line of credit given pursuant to this section must be reviewed periodically by a loan officer or the credit committee in accordance with the policy established under section 854.  
[PL 1995, c. 512, §3 (AMD).]

**2. Repayment.** Repayment of advances made pursuant to a line of credit shall be on such terms as shall be mutually agreed upon by the member and the credit union.  
[PL 1979, c. 133, §2 (NEW).]

#### SECTION HISTORY

PL 1979, c. 133, §2 (NEW). PL 1987, c. 405, §31 (AMD). PL 1995, c. 512, §3 (AMD).

#### **§858. Federal funds loans or sales**

A credit union may lend or sell to any member bank of the Federal Reserve System, or to any bank, savings bank or savings and loan association whose deposits are insured by the Federal Deposit Insurance Corporation. [PL 1997, c. 398, Pt. L, §10 (AMD).]

**SECTION HISTORY**

PL 1975, c. 500, §1 (NEW). PL 1997, c. 398, §L10 (AMD).

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