

**LD 224, An Act To Modify Requirements for Multiple-party Accounts,
Limited Purpose Financial Institutions and Mergers**

SUMMARY:

This bill has been submitted by the Bureau of Financial Institutions.

Sections 1 and 3 of the bill authorize mutual holding companies organized under the laws of this State to acquire by merger a federal mutual financial institution or other state mutual financial institution under certain conditions.

Section 2 of the bill removes inconsistent language requiring a signature card or other document establishing a multiple-party account to provide notice to the depositor that on the depositor's death the balance in the account will belong to the surviving party. The bill retains in law the requirement that when a multiple-party account is established the parties establishing the account must indicate in writing their intent as to whether or not the balance in the account will belong to the surviving party on the depositor's death.

Sections 4, 5 and 6 of the bill require new nondepository trust companies, merchant banks and uninsured banks organized under the laws of this State to locate their principal offices in this State, have one resident of the State on its governing board and hold at least one of its governing board meetings in the State.

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ISSUES FOR CONSIDERATION:

1. The Bureau of Financial Institutions suggested a technical amendment to the bill and proposed the following language at the hearing to make the following changes to sections 1 and 3 in the bill:

Sec. 1. 9-B M.R.S. § 354, sub -§ 2, as amended by PL 1997, c. 398, §4 is further amended to read:

2. Resulting investor-owned institution. Except as the superintendent may authorize pursuant to section 354-A, a mutual financial institution may not merge into an investor- owned institution organized under the laws of this State without prior compliance with section 344 and all rules adopted under that section. In accordance with section 1054, subsection 3, paragraph B, a mutual holding company may acquire a ~~state or federal~~ **mutual financial institution or mutual federal association** through merger into a subsidiary universal bank or an interim subsidiary universal bank of the mutual holding company without prior compliance with section 344 and all rules adopted under that section.

Sec. 3. 9-B MRSA §1054, sub-§3, ¶B, as amended by PL 2009, c. 228, §15, is further amended to read:

B. Acquire a ~~state or federal~~ mutual financial institution **or a mutual federal association** through merger into a subsidiary universal bank or an interim subsidiary universal bank of the mutual holding company;

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ISSUES FOR CONSIDERATION (cont'd):

2. Consider adding an emergency preamble and emergency clause so that bill, if enacted, would become effective once signed by Governor? Emergency legislation would require 2/3 vote of both House and Senate.

FISCAL INFORMATION: Not yet determined