STATE OF MAINE
DEPARTMENT OF PROFESSIONAL & FINANCIAL REGULATION
BUREAU OF FINANCIAL INSTITUTIONS

Janet T. Mills
Governor

Lloyd P. LaFountain, III
Superintendent

Joan F. Cohen
Commissioner

132nd Maine Legislature, Second Regular Session

Joint Standing Committee on Health Coverage, Insurance, and Financial Services

January 13th, 2026, at 1:00pm

Testimony of Chase Hewitt, Staff Attorney
Bureau of Financial Institutions
Department of Professional and Financial Regulation
In Support of L.D. 2072

An Act to Make Changes to the Laws Governing Financial Institutions and to Eliminate Certain Administrative Fees Paid by Banks and Credit Unions Under the Maine Consumer Credit Code

Senator Bailey, Representative Mathieson, and Members of the Committee:

My name is Chase Hewitt and I am the Staff Attorney for the Maine Bureau of Financial Institutions. On behalf of the Bureau and the Administration, I am here to testify in support of L.D. 2072: An Act to Make Changes to the Laws Governing Financial Institutions and to Eliminate Certain Administrative Fees Paid by Banks and Credit Unions Under the Maine Consumer Credit Code.

L.D. 2072 proposes various technical changes and modifications to the laws impacting banks and credit unions in the following manner.

First, the bill corrects a drafting error in the elder financial exploitation program enacted last session by clarifying that the act applies to individuals 65 years of age or older, or adults protected under the Adult Protective Services Act. As written, the law contained conflicting definitions of an "eligible adult." The change proposed by the Bureau removes the conflicting reference and aligns the definition with the original intent of the legislature. For background, that program aims to protect Mainers from financial exploitation by allowing a bank or credit union to delay a disbursement from the account of an eligible adult if they reasonably believe that the disbursement may result in financial exploitation. The financial institution may also report the instance to the Maine Office of the Attorney General or local law enforcement.

L.D. 2072 also updates the definition of the term "supervisory agency" in the Maine Banking Code to capture all current and future federal financial institution regulators.

Moreover, the bill proposes to extend the time period for the Bureau to publish notice of orders issued by the Superintendent from 5 to 14 days. Orders issued by the Superintendent, such as an order approving a bank merger, must be published in local newspapers. At times, the short 5-day period has proven challenging to coordinate given the variety of newspaper publication requirements. For that reason, the Bureau is seeking extra time to alleviate these difficulties while ensuring adequate public notice is still given for orders issued by the Superintendent.

L.D 2072 also amends the approval requirement for boards of directors of mutual banks seeking to increase their compensation. Currently, compensation for the directors of a mutual bank is approved by the bank corporators or by the Superintendent. Under Maine law, other banking entities, such as traditional investor-owned institutions, are not required to seek the Superintendent's approval to increase board compensation. There are also existing FDIC guidelines that prohibit excessive board compensation for all types of banks, including mutuals. The bill simply removes the Superintendent as an option, leaving the approval decision to the bank corporators, and aligning mutuals with other financial institution charters under Maine law.

Next, the bill seeks to eliminate assessments paid to the Bureau by banks and credit unions based on their volume of consumer loans. Originally, volume fee assessments were intended to compensate the Bureau for its role as co-Administrator of the Maine Consumer Credit Code, Title 9-A. However, the Bureau's primary source of revenue is the examination fees and assessment fees based on assets. The Bureau has determined it can perform all its duties, including as Administrator of the Consumer Credit Code, without the additional compensation from the volume fees. This change is part of the Bureau's initiative to reduce the overall fee burden on Maine banks and credit unions while continuing to fully fund Bureau operations.

Lastly, the bill provides that, when a Maine chartered credit union "participates" in a loan, the loan borrower must be a member of any one of the participating credit unions and not necessarily the Maine chartered credit union, and that any real estate securing the loan need not be located in this State. Please note that "participation" is a term of art in the lending industry, referring to a practice where one institution is joining other financial institutions in funding a single loan.

Thank you for the opportunity to testify before you today. I would be happy to answer any questions now or at the work session.