

## CHAPTER 34

### CHANGES IN CHARTER AND OWNERSHIP FORM

#### §341. Applicability of chapter; fees

**1. Applicability.** The provisions of this chapter apply whenever a financial institution subject to the laws of this State seeks to convert or amend its charter in order to change its chartering authority, change to a different form of ownership or adopt a new corporate name for the institution.

[PL 1997, c. 398, Pt. F, §1 (AMD).]

**2. Fees.** An application made pursuant to section 342, subsection 1 or 2 or section 342-A, 343, 344, 345 or 345-A may not be considered complete by the superintendent unless accompanied by an application fee payable to the Treasurer of State to be credited and used as provided in section 214. The amount of the fee must be established by the superintendent according to different application requirements, but in no instance may it exceed \$2,000.

[PL 1999, c. 218, §15 (AMD).]

**3. Superintendent's approval.** Following approval by the governing body for changes under section 342, subsection 1 or 2 or section 342-A, 343, 344 or 345, the financial institution shall forward to the superintendent for approval or disapproval, pursuant to the procedures and requirements of section 252, a certified copy of the authorizing resolution adopted by the governing body and such other information as considered necessary by the superintendent. If the superintendent disapproves the conversion plan, the superintendent shall state the reasons for the disapproval in writing and furnish them to the institution. The institution must be given an opportunity to amend the conversion plan to obviate the reasons for disapproval.

[PL 1999, c. 218, §16 (AMD).]

#### SECTION HISTORY

PL 1975, c. 500, §1 (NEW). PL 1983, c. 201, §3 (AMD). PL 1997, c. 398, §F1 (AMD). PL 1999, c. 218, §§15,16 (AMD).

#### §342. Conversion to new charter: federal to State; State to federal; out of state to State

**1. Federal savings bank or savings and loan to state financial institution.** Any federal association or federal savings bank may convert to a financial institution organized under the laws of this State in the following manner. A federal savings bank or savings and loan association converting to a financial institution organized under the laws of this State may continue to use the designation "Federal" or "FSB" or derivatives of "Federal" or "FSB" in its corporate title, as long as the converted federal savings bank or savings and loan association also uses the designation "state association" or "S.A." in its corporate title.

A. At an annual meeting or a special meeting called for that purpose, a majority, or more if required by the institution's organizational documents, of the members or investors casting votes in person or by proxy must approve of the conversion. Notice of the meeting must be mailed to each member or investor at least 30 and not more than 60 days prior to the date of the meeting at the member's or investor's last known address as shown on the books of the institution. [PL 1997, c. 398, Pt. F, §2 (AMD).]

B. At the meeting required in paragraph A, the members or investors shall vote upon directors who will be the directors of the state-chartered institution after conversion becomes effective and the members shall also vote upon incorporators if a board of incorporators is to be established for the resulting state-chartered institution. [PL 1997, c. 398, Pt. F, §2 (AMD).]

C. Within 10 days after the meeting, a copy of the minutes of the meeting, verified by affidavit of the clerk or secretary, together with such additional information as the superintendent may require, must be submitted to the superintendent for the superintendent's approval or disapproval in writing of the proposed conversion pursuant to the procedures and requirements of section 252. The verified copies of the minutes of the meeting when filed are presumptive evidence of the holding and action of the meeting. [PL 1991, c. 34, §2 (AMD).]

D. Copies of the minutes of the meeting of members or investors, verified by affidavit of the clerk or secretary, and copies of the superintendent's written approval must be mailed to the Office of Thrift Supervision or its successor within 10 days after approval. [PL 1997, c. 398, Pt. F, §2 (AMD).]

E. Following compliance with all applicable requirements of federal law, if any, the directors elected pursuant to paragraph B shall execute 3 copies of the organizational documents upon which the superintendent shall endorse approval and those documents must be filed in accordance with the provisions of chapter 31 or 32. Each director shall sign and acknowledge the documents as a subscriber to the documents. [PL 1997, c. 398, Pt. F, §2 (AMD).]

F. So far as applicable, the provisions of this Title apply to the resulting institution. [PL 1991, c. 34, §2 (AMD).]

G. The rights of dissenting investors of a converting federal savings bank or federal savings and loan are governed by federal law. [PL 1997, c. 398, Pt. F, §2 (NEW).]

H. Upon approval of the superintendent and evidence that the converting institution has complied with all applicable state and federal laws, rules and regulations, the superintendent shall issue to the resulting institution a certificate specifying the name of the converting institution and shall file a copy of the certificate with the Secretary of State. This certificate, once filed, is conclusive evidence of the conversion and of the correctness of all proceedings relating to the conversion in all courts and places. Unless a later date is specified in the certificate, the conversion is effective upon issuance of the certificate. [PL 2005, c. 82, §6 (NEW).]

[PL 2005, c. 82, §6 (AMD).]

**2. National bank to financial institution.** A national bank may convert to a financial institution organized under the laws of this State in the following manner. A national bank converting to a financial institution organized under the laws of this State may continue to use the designation "National" or "NA" or derivatives of "National" or "NA" in its corporate title, as long as the converted national bank also uses the designation "state association" or "S.A." in its corporate title.

A. The national bank must comply with the conditions and limitations imposed by the laws of the United States governing the conversion. [PL 1997, c. 398, Pt. F, §2 (AMD).]

B. The converting national bank may apply for a State charter by filing with the superintendent an application signed by its president and by a majority of its governing body setting forth the corporate action taken in compliance with the laws of the United States in paragraph A and affixing to the application the organizational documents governing the bank as a financial institution. [PL 1999, c. 218, §18 (AMD).]

C. [PL 1997, c. 398, Pt. F, §2 (RP).]

D. The rights of dissenting investors of a converting national bank are governed by federal law. [PL 1997, c. 398, Pt. F, §2 (AMD).]

E. Upon approval of the superintendent and evidence that the converting institution has complied with all applicable state and federal laws, rules and regulations, the superintendent shall issue to the resulting institution a certificate specifying the name of the converting institution and shall file a copy of the certificate with the Secretary of State. This certificate, once filed, is conclusive

evidence of the conversion and of the correctness of all proceedings related to the conversion in all courts and places. Unless a later date is specified in the certificate, the conversion is effective upon issuance of the certificate. [PL 2005, c. 82, §7 (NEW).]

[PL 2005, c. 82, §7 (AMD).]

**3. Thrift institution to federal savings and loan.**

[PL 1997, c. 398, Pt. F, §2 (RP).]

**4. Trust company to national bank.**

[PL 1997, c. 398, Pt. F, §2 (RP).]

**5. Other conversions.**

[PL 1997, c. 398, Pt. F, §2 (RP).]

**6. State to federal charter.** A financial institution organized under provisions of this Title may convert to a federal association or to a national bank in accordance with applicable federal laws and regulations and the following provisions.

A. A majority of the institution's investors or mutual voters, or more if required by the institution's organizational documents, must approve the conversion at an annual meeting or at a special meeting. Notice of the meeting must be mailed not less than 20 nor more than 30 days prior to the meeting to each investor or mutual voter at the investor's or voter's last known address as shown on the books of the institution. [PL 1997, c. 398, Pt. F, §2 (NEW).]

B. Upon completion of the conversion, the financial institution shall certify in writing that the conversion has been completed under applicable federal law. The charter of the converting financial institution terminates automatically upon issuance of the federal charter or certificate. Upon receipt of a copy of the charter or certificate showing the organization of the institution as a federal institution, the superintendent shall notify the Secretary of State that the conversion has been effected. [PL 1997, c. 398, Pt. F, §2 (NEW).]

C. The rights of dissenting investors of a financial institution converting to a federal charter are those specified in section 352, subsection 5. [PL 1997, c. 398, Pt. F, §2 (NEW).]

D. The financial institution must notify and provide the superintendent with a copy of the application filed with the appropriate federal regulator within 3 days of filing with the federal regulator. [PL 2007, c. 79, §7 (NEW).]

[PL 2007, c. 79, §7 (AMD).]

**7. Out of state to State charter.** A financial institution organized under the laws of another state may convert to a financial institution organized under the laws of this State in the manner set out in this section.

A. The financial institution organized under the laws of another state must comply with the conditions and limitations imposed by the laws of that state governing the conversion. [PL 2009, c. 228, §4 (NEW).]

B. The converting financial institution may apply for a state charter by filing with the superintendent an application signed by its president and by a majority of its governing body setting forth the corporate action taken in compliance with the laws of the state under which it is organized and affixing to the application the organizational documents governing the bank as a financial institution. [PL 2009, c. 228, §4 (NEW).]

C. Upon approval of the superintendent and evidence that the converting institution has complied with all applicable state and federal laws, rules and regulations, the superintendent shall issue to the resulting institution a certificate specifying the name of the converting institution and shall file a copy of the certificate with the Secretary of State. This certificate, once filed, is conclusive

evidence of the conversion and of the correctness of all proceedings related to the conversion in all courts and places. Unless a later date is specified in the certificate, the conversion is effective upon issuance of the certificate. [PL 2009, c. 228, §4 (NEW).]

The rights of dissenting investors of a converting financial institution organized under another state are governed by the laws of that state.

[PL 2009, c. 228, §4 (NEW).]

#### SECTION HISTORY

PL 1975, c. 500, §1 (NEW). PL 1979, c. 663, §39 (AMD). PL 1983, c. 600, §§2,3 (AMD). PL 1985, c. 647, §6 (AMD). PL 1991, c. 34, §2 (AMD). PL 1991, c. 386, §§5,6 (AMD). PL 1997, c. 398, §F2 (AMD). PL 1999, c. 218, §§17,18 (AMD). PL 2005, c. 82, §§6,7 (AMD). PL 2007, c. 79, §7 (AMD). PL 2009, c. 228, §4 (AMD).

#### **§342-A. Authority for expedited conversion to new charter; federal to state**

Notwithstanding any other provision of law or any charter, certificate of organization, articles of association, articles of incorporation or bylaw of any participating institution, when a charter conversion is approved by the directors of a financial institution authorized to do business in this State and that charter conversion is necessary for the protection of depositors, shareholders or the public and following compliance with any applicable requirements of federal law, the superintendent may order that the charter conversion become effective immediately. Any person aggrieved by a charter conversion executed pursuant to this section is entitled to judicial review of the superintendent's order in accordance with Title 5, chapter 375, subchapter VII. [PL 1997, c. 22, §9 (NEW).]

#### SECTION HISTORY

PL 1997, c. 22, §9 (NEW).

#### **§343. Conversion of institutional charter**

A financial institution organized under Part 12 may convert its charter to do business as another institution organized under Part 12 or as a universal bank, and a universal bank organized under chapter 31 may convert to a financial institution organized under Part 12 in the following manner. [PL 1997, c. 398, Pt. F, §3 (AMD).]

**1. Adoption of plan.** The institution's governing body shall adopt by a 2/3 vote of all members a conversion plan that must include:

A. The name of the institution and its location; [PL 1975, c. 500, §1 (NEW).]

B. The type of the institution that resulting institution is to be; [PL 1997, c. 398, Pt. F, §3 (AMD).]

C. A method and schedule for terminating any nonconforming activities that would result from such conversion; [PL 1997, c. 398, Pt. F, §3 (AMD).]

D. A statement of the competitive impact resulting from such conversion, including the loss of particular financial services in the market area resulting from such conversion; [PL 1997, c. 398, Pt. F, §3 (AMD).]

E. A statement that the conversion is subject to approval of the superintendent and the institution's investors; and [PL 1997, c. 398, Pt. F, §3 (AMD).]

F. Such additional information as the superintendent may require, pursuant to regulations or otherwise. [PL 1975, c. 500, §1 (NEW).]

[PL 1997, c. 398, Pt. F, §3 (AMD).]

**2. Superintendent's approval.** The superintendent shall approve a conversion plan in accordance with section 341, subsection 3.

[PL 1997, c. 398, Pt. F, §3 (AMD).]

**3. Vote of investors.** The conversion plan, as approved by the superintendent, must be submitted to the investors for their approval at an annual meeting, or at a special meeting called for that purpose, pursuant to the requirements of section 352, subsection 3. Approval requires a majority vote or higher if required by the institution's organizational documents of those entitled to vote.

[PL 1997, c. 398, Pt. F, §3 (AMD).]

**4. Executed plan; certificate; and effective date.** The following provisions apply to the executed plan, certificate and effective date.

A. Upon approval by the investors of the institution, the institution shall submit the executed conversion plan to the superintendent, together with all necessary amendments to the institution's organizational documents, each certified by an executive officer, clerk or secretary. [PL 1997, c. 398, Pt. F, §3 (AMD).]

B. The superintendent shall file one copy of the items set forth in paragraph A with the Secretary of State for record and issue to the resulting institution a certificate specifying the name of the converting institution and the name and organizational structure of the resulting institution. This certificate is conclusive evidence of the conversion and of the correctness of all proceedings relating to the conversion in all courts and places. The certificate may be filed in any office for the recording of deeds to evidence the new name in which property of the converting institution is to be held. [PL 1997, c. 398, Pt. F, §3 (AMD).]

C. Unless a later date is specified in the conversion plan, the action becomes effective upon the issuance of the certificate in paragraph B, and the former charter of the converting institution terminates automatically. [PL 1997, c. 398, Pt. F, §3 (AMD).]

[PL 1997, c. 398, Pt. F, §3 (AMD).]

**5. Effect of disapproval.**

[PL 1997, c. 398, Pt. F, §3 (RP).]

## SECTION HISTORY

PL 1975, c. 500, §1 (NEW). PL 1977, c. 155, §2 (AMD). PL 1991, c. 670, §4 (AMD). PL 1997, c. 398, §F3 (AMD).

### §344. Conversion: mutual ownership change

With the superintendent's approval, and in accordance with the provisions of this section and regulations adopted under this section, a mutual financial institution may convert to a cooperative financial institution, a cooperative financial institution may convert to a mutual financial institution and either a cooperative or mutual financial institution may convert to a financial institution organized under chapter 31 or 81 if the conversion is conducted in a manner equitable to all parties to the conversion, in the following manner. [PL 1997, c. 398, Pt. F, §4 (AMD).]

**1. Adoption of plan.** The financial institution's governing body shall adopt, by a 2/3 vote of all members of the governing body, a conversion plan, the provisions of which must comply with the requirements set forth in regulations adopted by the superintendent and that ensure that the interests of depositors and account holders in the net worth of the institution are equitably provided for.

[PL 1997, c. 398, Pt. F, §4 (AMD).]

**2. Public hearing.** The following provisions govern a public hearing.

A. [PL 1997, c. 398, Pt. F, §4 (RP).]

B. Public hearings on the conversion plan may be conducted by the superintendent in the community where the financial institution has its principal office. Such hearings may be held to determine whether the plan provides fair and equitable treatment to the depositors and to the

institution. Hearings pursuant to this paragraph may be combined with any hearing on the application that may be scheduled pursuant to section 252. [PL 1997, c. 398, Pt. F, §4 (AMD).]

C. [PL 1997, c. 398, Pt. F, §4 (RP).]  
[PL 1997, c. 398, Pt. F, §4 (AMD).]

**3. Account holders; informational meetings and approval.** The conversion plan must be presented to the members who are eligible account holders at special informational meetings held in each county where a branch office of the financial institution is located. The superintendent shall monitor these meetings. The conversion plan, as approved by the superintendent, must be submitted to the members who are eligible account holders of the financial institution for their approval at an annual meeting or at a special meeting called for that purpose, pursuant to the requirements of section 353, subsection 3, with such information in the notice as the superintendent may prescribe. A 2/3 vote of the members or eligible account holders is necessary to approve the conversion plan. Voting on the conversion plan may be in person or by written ballot. Any members or eligible account holders not present at the meeting in person or any member or eligible account holder not returning a written ballot must be regarded as having affirmatively voted for the conversion and must be counted among the required 2/3 vote if notice of this fact has been contained in the published and mailed notices and if the notice, along with a ballot, was mailed to the member or eligible account holder as required in section 351, subsection 4, paragraph A. The voting rights of account holders in a mutual financial institution organized under chapter 32 are the same as granted to members of cooperative financial institution organized under chapter 32 pursuant to section 325.

The superintendent may waive, upon written request by the applicants and for good cause shown, the requirement for informational meetings for a mutual financial institution converting to a cooperative financial institution or a cooperative financial institution converting to a mutual financial institution. [PL 1997, c. 398, Pt. F, §4 (AMD).]

**4. Executed plan, certificate and effective date.** Upon approval of the plan of conversion by the members or eligible account holders, the institution shall comply with section 343, subsection 4 for the conversion to become effective, provided that the superintendent shall determine as a condition precedent to issuing a certificate that all applicable requirements of federal law, if any, have been complied with by the converting institution. [PL 1997, c. 398, Pt. F, §4 (AMD).]

**5. Effect of disapproval.**  
[PL 1997, c. 398, Pt. F, §4 (RP).]

**6. Superintendent's authority.** In implementing this section, the superintendent may issue any and all rules, regulations and orders necessary to ensure that conversion to an equity institution or to another form of mutual organization is conducted in a fair and equitable manner, so as to ensure the safety and soundness of the institution and the protection of the institution's net worth including, but not limited to, restrictions on the transfer or disposition of shares in the resulting institution, or mergers or consolidations by the resulting institution. [PL 1997, c. 398, Pt. F, §4 (AMD).]

#### SECTION HISTORY

PL 1975, c. 500, §1 (NEW). PL 1981, c. 553, §1 (AMD). PL 1985, c. 251 (AMD). PL 1997, c. 398, §F4 (AMD).

#### §345. Conversion; investor to mutual ownership

With the superintendent's approval, and in accordance with the provisions of this section and rules adopted under this section, a financial institution organized under chapter 31 may convert to a financial

institution organized under chapter 32, if this conversion is conducted in a manner fair and equitable to its investors, in the following manner. [PL 1997, c. 398, Pt. F, §5 (AMD).]

**1. Procedure.** The governing body must adopt and approve by a 2/3 vote a conversion plan that addresses conditions as the superintendent may require.  
[PL 1997, c. 398, Pt. F, §5 (AMD).]

**1-A. Vote of investors.** The conversion plan, as approved by the superintendent, must be submitted to the investors for their approval at an annual meeting or at a special meeting called for that purpose. Approval requires a majority vote of investors, unless a higher percentage is required by the institution's organizational documents.  
[PL 1997, c. 398, Pt. F, §5 (NEW).]

**2. Dissenting investor.** The rights of any investors not voting for the conversion plan are as set forth in section 352, subsection 5.  
[PL 1997, c. 398, Pt. F, §5 (AMD).]

#### SECTION HISTORY

PL 1975, c. 500, §1 (NEW). PL 1997, c. 398, §F5 (AMD).

#### §345-A. Authority for expedited charter conversions

Notwithstanding any other provision of law, or any organizational document of any participating institution, when a charter conversion is approved by the governing body of a financial institution authorized to do business in this State as a component of a plan of merger, consolidation or acquisition with another financial institution or financial institution holding company, regardless of this institution's or holding company's domicile, and following compliance with all applicable requirements of federal law, if any, the superintendent may order that the charter conversion become effective immediately. The superintendent may take such action if the superintendent believes that it is necessary for the protection of depositors or the public. Any person aggrieved by a charter conversion executed pursuant to this section is entitled to judicial review of the superintendent's order in accordance with the Maine Administrative Procedure Act, Title 5, chapter 375, subchapter VII. [PL 1997, c. 398, Pt. F, §6 (AMD).]

#### SECTION HISTORY

PL 1981, c. 539, §1 (NEW). PL 1987, c. 40, §1 (AMD). PL 1997, c. 398, §F6 (AMD).

#### §345-B. Conversion; investor to investor ownership

With the superintendent's approval and in accordance with the provisions of this section and rules adopted under this section, which are routine technical rules pursuant to Title 5, chapter 375, subchapter II-A, an equity financial institution organized under chapter 31 may convert its ownership structure to another type of ownership structure permissible under chapter 31 if this conversion is conducted in a manner fair and equitable to its investors, in the following manner. [PL 1997, c. 398, Pt. F, §7 (NEW).]

**1. Procedure.** The governing body must adopt and approve by a 2/3 vote a conversion plan that addresses conditions as the superintendent may require.  
[PL 1997, c. 398, Pt. F, §7 (NEW).]

**2. Vote of investors.** The conversion plan, as approved by the superintendent, must be submitted to the investors for their approval at an annual meeting or at a special meeting called for that purpose. Approval requires a majority vote of investors, unless a higher percentage is required by the institution's organizational documents.  
[PL 1997, c. 398, Pt. F, §7 (NEW).]

**3. Dissenting investors.** The rights of any investors not voting for the conversion plan are as set forth in section 352, subsection 5.

[PL 1997, c. 398, Pt. F, §7 (NEW).]

#### SECTION HISTORY

PL 1997, c. 398, §F7 (NEW).

#### §346. Change of institutional name

**1. Authorization; prohibitions.** Any financial institution may change its corporate name to another name if the name selected is not the same or deceptively similar to the name of any other financial institution authorized to do business in this State.

[PL 1997, c. 398, Pt. F, §8 (AMD).]

**2. Requirements.** A change in the name of a financial institution requires compliance with the following requirements:

A. Approval pursuant to section 314-A or 325 by investors or mutual voters and the superintendent to amend the name set forth in the institution's organizational document; and [PL 1997, c. 398, Pt. F, §8 (AMD).]

B. [PL 1997, c. 398, Pt. F, §8 (RP).]

C. The superintendent shall notify forthwith the institution of the superintendent's decision; and, if the superintendent approves the name change, the superintendent shall file a certificate with the Secretary of State indicating approval. [PL 1997, c. 398, Pt. F, §8 (AMD).]

[PL 1997, c. 398, Pt. F, §8 (AMD).]

**3. Effective date.** The name change shall become effective from the time of filing with the Secretary of State, or upon a date subsequent thereto if such date is fixed in the certificate, and shall become the corporate title of the institution thereafter.

[PL 1975, c. 500, §1 (NEW).]

**4. Continuing entity.** The adoption of a new name shall not affect the validity of any acts, transactions or documents wherein the former name was used. All deeds, mortgages, contracts, judgments, proceedings and records made, received, entered into, carried on, or done by an institution before adoption of the change of name, but wherein the institution is called by the name so subsequently adopted, shall be as valid as if the institution was called therein by the name set forth in its original articles of incorporation.

[PL 1975, c. 500, §1 (NEW).]

#### SECTION HISTORY

PL 1975, c. 500, §1 (NEW). PL 1997, c. 398, §F8 (AMD).

#### §347. Effect of conversion or amendment; nonconforming activities

The financial institution resulting from any action taken pursuant to the authority granted in this chapter is subject to the provisions of sections 357 and 358 and shall comply with the requirements of these sections and rules adopted under these sections. [PL 1997, c. 398, Pt. F, §9 (AMD).]

#### SECTION HISTORY

PL 1975, c. 500, §1 (NEW). PL 1997, c. 398, §F9 (AMD).

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