

§464. Loans on shares of stock

1. Prohibition. A financial institution shall not make loans or discounts on the security of the shares of its own capital stock or the capital stock of its parent holding company or its subsidiaries, if any, nor shall an institution be the purchaser or holder of any such shares unless necessary to prevent loss upon a debt previously contracted for in good faith, and all stock so acquired shall be disposed of at public or private sale within one year after its acquisition, in accordance with such requirements as the superintendent deems appropriate.

[PL 1975, c. 500, §1 (NEW).]

2. Extension of time for disposition of shares. The time for disposition of shares acquired in subsection 1 may be extended by the superintendent for good cause shown, upon application in writing to the superintendent.

[PL 1975, c. 500, §1 (NEW).]

3. Purchase of own shares. Nothing in this section shall be construed as prohibiting an institution, with the prior written approval of the superintendent, from:

A. Redeeming shares of its capital stock of any type pursuant to provisions of its bylaws or articles of incorporation; [PL 1977, c. 152, §4 (NEW).]

B. Purchasing shares of its capital stock of any type for the purpose of reducing its outstanding shares pursuant to provisions of its bylaws or articles of incorporation; or [PL 1977, c. 152, §4 (NEW).]

C. Purchasing shares of any type of its own capital stock or the capital stock of its parent financial institution holding company pursuant to any stock option plan, stock bonus plan or other incentive plan for any or all directors, officers and employees duly adopted by the financial institution's board of directors. [PL 1975, c. 546, §48 (AMD).]

[PL 1977, c. 564, §48 (AMD).]

SECTION HISTORY

PL 1975, c. 500, §1 (NEW). PL 1977, c. 152, §4 (AMD). PL 1977, c. 564, §48 (AMD).

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