

## BUREAU OF BANKING

Department of Professional and Financial Regulation

State of Maine

January 2, 1985

### BULLETIN #32 CONVERSION MUTUAL TO STOCK CHARTER

To the Chief Executive Officer Addressed:

The Banking Bureau has received inquiries regarding the procedure to be followed in applying for charter conversion from mutual to stock form of ownership. Title 9-B M.R.S.A. § 344 sets forth the voting requirements necessary in order to implement a plan for conversion. A 2/3 vote of all board members is required to adopt the conversion plan. Formal approval of the plan must be obtained from the Superintendent as well as 2/3 of the eligible account holders or member of the converting financial institution, in accordance with the above mentioned section of the Banking Code.

One area which is not directly addressed in the law is what information must be contained in the conversion plan and what constitutes an application format which is acceptable to the Superintendent.

The Bureau of Banking has adopted the format prescribed in Part 563b of the Federal Home Loan Bank Rules and Regulations as provided generally acceptable information for a formal application. This also contains guidelines for the contents of a plan of conversion. Upon receipt of an application prepared in accordance with these guidelines, we will review it for completeness and any additional information deemed necessary will be requested prior to formal acceptance. Once accepted, the publication and decision-making process described in Title 9-B M.R.S.A. § 252 will govern. No application will be considered complete unless accompanied by an application fee of \$2,000 payable to Treasurer, State of Maine.

This Bulletin should not be considered an indication that the Bureau is encouraging stock conversion. Certainly for institutions that are critically short of capital and are unable to margin their deposit growth through retained earnings, stock conversion may be essential. Others may feel that their plans for growth and diversification require a stock form of organization structure. The mutual form of ownership may be long-term viability for many other institutions. At this time, we only want to point out that Maine law provides a straight forward process for conversion to stock if a board sees it in the best interest of the institution.

/s/ H. Donald DeMatteis  
Superintendent