

MAINE BUREAU OF FINANCIAL INSTITUTIONS
DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION
STATE OF MAINE
ORDER APPROVING APPLICATION OF DOWN EAST FEDERAL CREDIT
UNION TO CONVERT TO A STATE-CHARTERED CREDIT UNION WITH THE
NAME OF DOWN EAST CREDIT UNION

Down East Federal Credit Union, Baileyville, Maine ("Down East FCU") applied to the Superintendent of the Maine Bureau of Financial Institutions ("the Superintendent"), pursuant to 9-B M.R.S.A. Chapter 87, to convert to a state-chartered credit union with the name Down East Credit Union ("Down East CU") and to merge Capital Area Federal Credit Union, Augusta, Maine ("CAFCU") with and into Down East CU. Down East CU also filed a bylaw amendment notice to amend its field of membership to include persons who live, work, worship or attend school in Washington, Hancock, Penobscot, Waldo, Lincoln and Kennebec Counties, Maine. The requested field of membership would have combined the existing fields of membership of Down East CU and Capital Area FCU.

The application was accepted for processing on June 7, 2006. Public notice, as required by Title 9-B M.R.S.A. 252.2(B), was provided by publication, posting on the Bureau's website and e-mail to interested parties affording them an opportunity to either submit written comments or request a hearing. No comments were received by the Bureau during the public comment period which ended July 12, 2006. On August 7, 2006, DEFCU withdrew the application to merge with CAFCU and on August 9, 2006 the Bureau provided notice to interested parties of the application withdrawal; the notice of withdrawal was published in local newspapers on August 17 and August 18, 2006. Processing of the application was suspended, at the applicant's request, on September 11, 2006, for a time period not to exceed thirty days.

A Principal Bank Examiner of the Maine Bureau of Financial Institutions conducted an investigation of this transaction. All evidence and pertinent material that were considered by the Examiner were also considered by the Superintendent in reaching his decision.

Down East FCU (originally known as St. Croix Federal Credit Union) was established in 1941 to serve the employees of St. Croix Pulp and Paper Company. In 1996 its field of membership was expanded to include Washington County and, in 2004, its field of membership was expanded to add Hancock, Penobscot and Waldo Counties. Its field of membership currently consists of persons who live, work, worship or attend school in, and businesses and other legal entities located in Washington, Hancock, Penobscot or Waldo Counties.

The financial and managerial resources of Down East FCU are satisfactory. The credit union, which operates four branch offices in Machias, Unity, Belfast and Bangor, has assets of \$50 million with adequate capital and earnings. Inasmuch as there are no material differences between the powers of a federal credit union and a Maine-chartered credit union, the conversion to state-charter will have no effect on the competitive abilities and future prospects of Down East FCU, both of which are considered satisfactory. Similarly, the conversion will have no effect on convenience and needs nor will it have any effect on competing financial institutions. Accordingly, the conversion of Down East Federal Credit Union to a state-chartered credit union with the name "Down East Credit Union" is approved.

The conversion shall be completed within one year of the effective date of this Order, unless a written extension is granted by the Superintendent. The field of membership amendment to the bylaws of Down East CU is also approved.

Any person aggrieved by this Order shall be entitled to a judicial review of the Order in accordance with the Maine Administrative Procedure Act, Title 5, Chapter 375, subchapter VII.

By order of the Superintendent, effective November 10, 2006.

/s/ Lloyd P. LaFountain III
Superintendent
Gardiner, Maine
October 11, 2006