

MAINE BUREAU OF FINANCIAL INSTITUTIONS
ORDER APPROVING APPLICATION OF MAINE EDUCATION CREDIT
UNION, AUGUSTA, MAINE TO MERGE WITH CHESTNUT COMMUNITY
CREDIT UNION, AUGUSTA, MAINE UNDER THE CHARTER AND WITH THE
TITLE OF MAINE EDUCATION CREDIT UNION

Maine Education Credit Union, Augusta, Maine ("Maine Education CU") applied to the Superintendent of the Maine Bureau of Financial Institutions ("the Superintendent"), pursuant to 9-B M.R.S.A. § 872-A, to merge on an expedited basis with Chestnut Community Credit Union, Augusta, Maine ("Chestnut Community CU") under the charter and with the title of Maine Education Credit Union. The application was accepted for processing on May 2, 2005. In light of the expedited nature of this transaction, no public notice was provided.

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.

At March 31, 2005, Maine Education CU had total assets of \$14 million and 2,512 members. As of the same date, Chestnut Community CU had total assets of \$7 million and 1,906 members. Chestnut Community CU experienced substantial net loan losses in fiscal 2004 and in the first quarter of 2005, which resulted in operating losses for both periods. The operating losses, in turn, have reduced capital to an unsatisfactory level. Additionally, the credit union has been without senior management since March 2005. This situation creates a potential hazard to the continued viability of Chestnut Community CU requiring expeditious action by the Bureau.

Maine Education CU is a multiple common bond-based credit union whose field of membership consists primarily of persons eligible to become members of the Maine Education Association. Maine Education CU also has two small select employee groups, Kennebec Valley Chamber of Commerce and Employment Specialists of Maine, in its field of membership. Chestnut Community CU is a community credit union whose field of membership consists of persons living or working in Augusta, Farmingdale or Hallowell, Maine. In order to facilitate the merger, Maine Education CU has proposed to amend its bylaws to expand its field of membership to include persons living or working in Augusta, Farmingdale or Hallowell. However, after the merger, Maine Education CU will continue to be a multiple common bond-based credit union.

The proposed transaction should ensure continued credit union service to members of Chestnut Community CU and provide them access to increased financial products and services. Maine Education CU has the managerial and

financial resources to absorb Chestnut Community CU without adversely affecting its overall condition. The merger should contribute to the long-term strength of Maine Education CU. Therefore, the application of Maine Education Credit Union to merge with Chestnut Community Credit Union is approved pursuant to Title 9-B M.R.S.A. § 872-A. In keeping with the expedited merger authority, the Order further waives the member vote requirement and any waiting period otherwise prescribed in statute. The field of membership amendment to the bylaws of Maine Education 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 close of business May 10, 2005.

/s/ Lloyd P. LaFountain III
Superintendent
Gardiner, Maine
May 9, 2005