

Commerce & Labor

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IN THE SENATE

BY THE RULES COMMITTEE
BY REQUEST OF THE GOVERNOR

SENATE BILL NO. 40

IN THE LEGISLATURE OF THE STATE OF ALASKA

SECOND LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to savings associations and savings and loan associations; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

SHORT TITLE AND GENERAL DEFINITIONS

Section 1. SHORT TITLE. This Act may be cited as the "Alaska Savings Association Act."

Sec. 2. DEFINITIONS. When used in this Act, the following words and phrases shall have the following meanings, except to the extent that any such word or phrase is specifically qualified by its context:

(a) "Association" shall mean a savings association or savings and loan association authorized to do business under this Act.

(b) "Combination home and business structure" shall mean a building or buildings, including residences for not more than four families, which are used in part for business purposes. The residential use of such a building must be substantial and permanent, not merely transitory. The business use may predominate.

(c) "Commissioner" shall mean the Commissioner of Commerce of the State of Alaska.

(d) "Direct-reduction loan" shall mean a loan repayable in consecutive monthly installments, equal or unequal, beginning not later than ninety (90) days after the date of the advance of

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1 the loan, sufficient to retire the debt, interest, and principal
2 within thirty years; provided, however, that the initial loan
3 contract shall not provide for any subsequent monthly installment
4 of an amount larger than any previous monthly installment, and,
5 provided further, that in the case of construction loans the
6 first payment shall not be later than twelve months after the date
7 of the first advance. Any such loan is an amortized loan.

8 (e) "Dividend" shall mean that part of the net earnings
9 of an association which is declared payable on savings accounts
10 from time to time by the board of directors, and is the cost of
11 savings money to the association.

12 (f) "Gross income" shall mean the sum for an accounting
13 period of the following:

- 14 1. Operating income.
- 15 2. Real estate income.
- 16 3. All profits actually received during such ac-
17 counting period from the sale of securities, real estate,
18 or other property.
- 19 4. Other non-recurring income.

20 (g) "Home" shall mean a dwelling or dwellings for not
21 more than four families, the principal use of which is for resi-
22 dential purposes. A home on a farm is a home.

23 (h) "Home loan" shall mean a real estate loan the
24 security for which is home property.

25 (i) "Home property" shall mean real estate on which
26 there is located, or will be located pursuant to a home loan, a
27 home or a combination home and business structure.

28 (j) "Impaired condition" shall mean a condition in
29 which the assets of an association do not have an aggregate value

1 equal to the aggregate amount of liabilities of the association
2 to its creditors, including its members and all other persons.

3 (k) "Improved real estate" shall mean real estate on
4 which there is a structure or an enclosure, which is cultivated,
5 reclaimed, used for the purpose of agriculture in any form, or
6 otherwise occupied, made better, more useful, or of greater value
7 by care so as to produce an enjoyment thereof.

8 (l) "Insured association" shall mean an association
9 the savings accounts of which are insured wholly or in part by
10 the Federal Savings and Loan Insurance Corporation.

11 (m) "Member" shall mean a person owning a savings
12 account of an association, and a person borrowing from or assuming
13 or obligated upon a loan held by an association, or purchasing
14 property securing a loan held by an association, and any other
15 person obligated to an association. A joint and survivorship
16 relationship, whether of investors or borrowers, constituted a
17 single membership.

18 (n) "Net earnings" shall mean gross income for an ac-
19 counting period less the aggregate of the following:

- 20 1. Operating expenses.
- 21 2. Real estate expenses.
- 22 3. All losses actually sustained during such ac-
23 counting period from the sale of securities, real estate or
24 other property, or such portion of such losses as shall not
25 have been charged to reserves, pursuant to the provisions of
26 this Act.
- 27 4. All interest paid, or due but unpaid, on borrowed
28 money.
- 29 5. Other non-recurring charges.

1 (o) "Net earnings available for dividends" shall mean
2 net earnings for an accounting period less amounts transferred to
3 reserves as provided in this Act.

4 (p) "Operating expenses" shall mean all expenses ac-
5 tually paid, or due but unpaid, by an association during an account-
6 ing period, excluding the following:

- 7 1. Real estate expenses.
- 8 2. Interest on borrowed money.
- 9 3. Other non-recurring charges.

10 That portion of prepaid expenses which is not apportionable to
11 the period may be excluded from operating expenses, in which
12 event operating expenses for future periods shall include that
13 portion of such prepaid expenses apportionable thereto.

14 (q) "Operating income" shall mean all income actually
15 received by an association during an accounting period, excluding
16 the following:

- 17 1. Foreclosed real estate income.
- 18 2. Other non-recurring income.

19 (r) "Other real estate loan" shall mean a real estate
20 loan the security for which is improved real estate other than
21 home property.

22 (s) "Real estate expenses" shall mean all expenses
23 actually paid, or due but unpaid, in connection with the owner-
24 ship, maintenance, and sale of real estate (other than office
25 building or buildings and real estate held for investment) by an
26 association during an accounting period, excluding capital expen-
27 ditures and losses on the sale of real estate.

28 (t) "Real estate income" shall mean all income actually
29 received by an association during an accounting period from real

1 estate owned (other than from office building or buildings and
2 real estate held for investment) excluding profit from sales of
3 real estate.

4 (u) "Real estate loan" shall mean any loan or other
5 obligation secured by real estate, whether in fee or in a lease-
6 hold extending or renewable automatically for a period of at
7 least 50 years, or any transaction out of which a lien or claim
8 is created against such real estate.

9 (v) "Regular lending area" shall mean the judicial
10 district in which the home office of an association is located.

11 (w) "Savings account" shall mean that part of the
12 savings liability of the association which is credited to the
13 account of the holder thereof.

14 (x) "Savings liability" shall mean the aggregate amount
15 of savings accounts of members, including dividends credited to
16 such accounts, less redemptions and withdrawals.

17 (y) "Withdrawal value" shall mean the amount credited
18 to a savings account of a member, less lawful deductions there-
19 from, as shown by the records of the association.

20 INCORPORATION AND ORGANIZATION

21 Sec. 3. INCORPORATION

22 (a) Petition for certificate of incorporation. At any
23 time hereafter any five or more individuals (hereinafter referred
24 to as the "incorporators"), citizens of this state, may form an
25 association to promote thrift and home financing, subject to ap-
26 proval as hereinafter provided in this Act, by signing and ac-
27 knowledging, before an officer competent to take acknowledgments
28 of deeds, two duplicate originals of a petition for a certificate
29 of incorporation in the form prescribed by the Commissioner of

1 Commerce, and of the bylaws in the form set out below or in a
2 form approved by the Commissioner, which shall be filed with the
3 Commissioner, accompanied by the incorporation fee.

4 (b) Bylaws of association to be filed. The following
5 form of bylaws may be adopted and used by any association without
6 specific approval of the Commissioner. Such bylaws may be amended
7 and different bylaws may be adopted with the approval of the Com-
8 missioner.

9 BYLAWS

10 1. Annual meeting of members. The annual meeting of the
11 members of the association for the election of directors and for
12 the transaction of any other business of the association shall be
13 held at its office, at 2 o'clock in the afternoon on the third
14 Wednesday in January in each year, or, if a legal holiday, then
15 on the next succeeding day not a legal holiday. The annual meeting
16 may be held at such other time on such other day in January or at
17 such other place in the same community as the board of directors
18 may determine, but in such event at least ten days' written
19 notice thereof shall be sent to each member at his last known
20 address appearing upon the membership records of the association,
21 or ten days' notice of such other time, date, and place of meeting
22 shall be given by publication in a newspaper of general circulation
23 in the community. At each annual meeting, the officers shall make
24 a full report of the financial condition of the association and of
25 its progress for the preceding year, and shall outline a program
26 for the succeeding year.

27 2. Special meetings of members. A special meeting of the
28 members of the association may be called at any time by the chair-
29 man of the board of directors, the president, or the board of

1 directors, and shall be called by the president, a vice president,
2 or the secretary upon the written request of members of record
3 holding, in the aggregate, at least one-tenth of the capital of
4 the association. The written requests shall state the purposes
5 of the meeting and shall be delivered at the home office of the
6 association addressed to the president.

7 3. Notice of meetings of members. Except as hereinabove
8 provided, no notice of annual meetings of members need be given
9 to members. Notice of each special meeting of members shall
10 state the purposes for which the meeting is called, the place of
11 meeting, and the time when it shall convene, and shall be pub-
12 lished once a week for two consecutive calendar weeks (in each
13 instance on any day of the week), prior to the date on which such
14 special meeting shall convene, in a newspaper of general circu-
15 lation in the community in which the home office of the associa-
16 tion is located. In addition to such publication of the notice,
17 a copy shall be posted in a conspicuous place in the home office
18 of the association during the fourteen days immediately preceding
19 the date on which the special meeting shall convene.

20 4. Procedure for nomination of directors and proposal of
21 new business. On or before thirty days before the date of the
22 annual meeting the president, with the approval of the board of
23 directors, shall appoint a nominating committee of three members
24 of the association, and the nominating committee shall, on or
25 before twenty days before the date of the annual meeting, nominate
26 a suitable member of the association to serve as a director for
27 each vacancy in the board of directors of the association and to
28 succeed each director whose term is expiring at the annual meeting.
29 The nominations shall be in writing, signed by the members of the

1 nominating committee, and shall be filed with the secretary. Any
2 member of the association may nominate any qualified member of
3 the association for the office of director to fill any vacancy in
4 the board of directors or to succeed any director whose term is
5 expiring at the annual meeting, providing the nomination is made
6 in writing and filed with the secretary of the association at
7 least fifteen days before the meeting. The names of all nominees
8 nominated by the nominating committee and by members, as herein
9 provided, shall be printed, typed, or written upon ballots, which
10 shall be used in the election of directors at the annual meeting,
11 and no other nomination shall be considered at the meeting; pro-
12 vided, that, in the event the nominating committee has not made
13 nominations, as herein provided, nominations may be made from the
14 floor at the annual meeting. Any new business to be taken up at
15 the annual meeting, including any proposal to increase or decrease
16 the number of directors of the association, shall be stated in
17 writing and filed with the secretary of the association on or be-
18 fore twenty days before the date of the annual meeting, and all
19 business so stated, proposed, and filed shall be considered at
20 the annual meeting, but no other proposals shall be acted upon at
21 the annual meeting. Any member may make any other proposal at the
22 annual meeting and the same may be discussed; but unless stated
23 in writing and filed with the secretary twenty days before the
24 meeting such proposals shall be laid over for action at an adjourn-
25 ed, special, or regular meeting of the members taking place thirty
26 days or more after the annual meeting. But this provision shall
27 not prevent consideration at the annual meeting of the reports of
28 officers and reports of committees.

29 5. Meetings of the board of directors. The board of directors

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1 shall meet regularly without notice at least once each month at
2 the place, hour and date fixed by resolution of the board of
3 directors. Special meetings of the board of directors may be
4 held and shall be called by the secretary upon the written re-
5 quest of the president or of three directors. All special meet-
6 ings shall be held upon at least three days' written notice to
7 each director unless notice be waived in writing before or after
8 the meeting. The notice shall state the place, time, and purposes
9 of the meeting. No notice need be given of any meeting at which
10 every director shall be present. A majority of the directors
11 shall constitute a quorum for the transaction of business. The
12 act of a majority of the directors present at any meeting at which
13 there is a quorum shall be the act of the board of directors. If
14 the board of directors of the association elects a chairman of the
15 board of directors, he shall preside at all meetings of the board
16 of directors, if present, and may exercise any and all powers and
17 perform any and all duties which the board of directors, by reso-
18 lution, confers upon him. All meetings of the members and of the
19 board of directors shall be conducted in accordance with Roberts'
20 Rules of Order.

21 6. Resignation and removal of directors. Any director may
22 resign at any time by sending a written notice of resignation to
23 the office of the association addressed to the secretary. Unless
24 otherwise specified therein, the resignation shall take effect
25 upon receipt by the secretary. Any director may be removed either
26 with or without cause at any time by the majority of all votes
27 cast at any annual meeting of members, or at any special meeting
28 of members called for that purpose. Any director may be removed
29 for cause by a two-thirds vote of the entire board of directors

1 at any regular meeting or at any special meeting called for that
2 purpose. More than three consecutive absences from regular meet-
3 ings of the board of directors, unless excused by resolution of
4 the board of directors, automatically constitutes a resignation,
5 effective when the resignation is accepted by the board of direc-
6 tors.

7 7. Compensation of directors. The board of directors, by
8 resolution, may provide for reasonable compensation to be paid
9 to directors for services as directors, which compensation shall
10 not preclude any director from serving the association in any
11 other capacity and receiving compensation therefor.

12 8. Executive and other committees. The president with the
13 approval of the board of directors may appoint an executive com-
14 mittee of not less than three members which shall have all the
15 powers of the board of directors between meetings of the board of
16 directors. There may be other committees with such powers as
17 the president may appoint and empower with the approval of the
18 board of directors.

19 9. Officers. The officers of the association shall consist
20 of a president to be chosen from among the directors, one or more
21 vice presidents, a secretary, a treasurer, and any other officers
22 authorized by the board of directors, and shall be elected at the
23 first meeting of the board of directors which follows the annual
24 meeting of members, and which shall be held within thirty days
25 after the annual meeting of members. The board of directors may
26 appoint any additional officers and employees as it may from time
27 to time determine. Any one person may hold any two such offices,
28 except that during his tenure as president, the president may not
29 hold the offices of secretary or treasurer. The term of office

1 of all officers shall be one year or until their respective suc-
2 cessors are elected and qualified. Any officer may be removed at
3 any time by the board of directors for or without cause. The
4 officers shall have the powers, duties and authority generally
5 appropriate to the office held, subject to special provision made
6 by the board of directors at any time.

7 10. Execution of instruments. All contracts, notes, drafts,
8 acceptances, checks, endorsements, assignments, releases, deeds,
9 all evidences of indebtedness of the association, and all docu-
10 ments, instruments, or writings of any nature shall be signed,
11 executed, verified, acknowledged, and delivered by the officers,
12 agents, or employees of the association, or any one of them in
13 the manner as from time to time may be determined by resolution
14 of the board of directors. Proxies to vote with respect to
15 securities owned by the association may be executed and delivered
16 from time to time by the president, a vice president, the secretary
17 or treasurer of the association, or by any other person authorized
18 by resolution of the board of directors.

19 11. Evidence of savings account. Such officers or employees
20 as may be designated by the board of directors shall deliver to
21 each person upon the initial credit to his savings account in the
22 association an account book or other written evidence of the
23 account, as herein provided.

24 12. Corporate seal. The seal shall be two concentric
25 circles between which shall be the name of the association. The
26 year of incorporation and the name of this state shall, and an
27 emblem may, appear in the center.

28 13. Fiscal year. The fiscal year shall be the calendar
29 year.

1 14. Amendments. Amendments of these bylaws may be made,
2 from time to time, by majority vote of members present or by two-
3 thirds majority vote of the directors with the approval of the
4 Commissioner.

5 We, the undersigned, being the incorporators of the
6 Savings Association, do hereby adopt and for that purpose do sign
7 and acknowledge the foregoing bylaws as and for the bylaws of the
8 Savings Association,
9 thisday of, 19....

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16 (c) Action on petition; incorporation. Upon receipt
17 of these documents, the Commissioner shall execute duplicate
18 originals of a certificate of incorporation of the association
19 in a form prescribed by him, if he determines:

20 1. The addition of the proposed facilities in the
21 community is not detrimental to a sound banking and savings
22 system.

23 2. The incorporators have proceeded in a lawful
24 manner.

25 3. The name is not deceptively similar to that
26 of another savings association or is otherwise misleading.

27 4. The persons who are serving as incorporators
28 or will serve as directors and officers, insofar as such per-
29 sons are known, are qualified by character and experience.

1 5. All fees prescribed by this Act have been paid.

2 6. The incorporators have met all of the require-
3 ments of Alaska law.

4 (d) Commissioner to file certificate. If the Commis-
5 sioner of Commerce finds that the petition for a certificate of
6 incorporation conforms to law, he shall:

7 1. Endorse upon the two duplicate originals of
8 the petition the certificates of incorporation together
9 with the word "Filed", and the month, day and year of the
10 filing.

11 2. File one of the duplicate originals with a
12 duplicate original of the certificate of incorporation in
13 his office.

14 3. Issue a certificate of incorporation to which
15 he shall affix the other duplicate original of the petition.
16 The duplicate original of the certificate of incorporation,
17 together with the duplicate original of the petition affixed
18 thereto by the Commissioner of Commerce, shall be returned to
19 the incorporators or their representative.

20 In addition, the Commissioner shall retain one original
21 signed copy of the approved bylaws in his office and return one
22 copy to the association.

23 The failure of the Commissioner to file, return or retain
24 any such document shall not affect the validity of the incorpora-
25 tion of the association.

26 (e) When corporate existence begins. The corporate
27 existence of an association shall begin when the Commissioner
28 shall issue the certificate of incorporation of the association,
29 and such existence shall be perpetual unless terminated in ac-

1 cordance with the provisions of this Act.

2 Sec. 4. ORGANIZATION

3 (a) Selection of chairman of incorporators; capital
4 required in cities of various sizes. The incorporators shall
5 appoint one of their number as chairman of the incorporators. The
6 incorporators shall pay in cash to such chairman, as subscriptions
7 to the savings accounts of the proposed association, including
8 that part of the original subscription paid by such chairman, an
9 aggregate amount, fixed as follows in relation to the size of the
10 place in which the home office of the association is to be located:
11 (1) in places having not more than 10,000 inhabitants, the mini-
12 mum sum of \$15,000; (2) in places having more than 10,000, the
13 minimum sum of \$25,000; provided the Commissioner may, in his
14 discretion, require a larger amount to be paid in. The size of
15 the place shall be determined by the Commissioner in accordance
16 with the latest federal census.

17 (b) Chairman of incorporators to procure surety bond.
18 The chairman of the incorporators shall procure from a surety
19 company or other surety acceptable to the Commissioner, a surety
20 bond in form approved by the Commissioner in an amount at least
21 equal to the amount subscribed by the incorporators plus the ex-
22 pense fund. The bond shall name the Commissioner as obligee and
23 shall be delivered to him. It shall guarantee the safekeeping of
24 the funds subscribed and their delivery to the association after
25 the issuance of the certificate of incorporation and after the
26 bonding of the officers. In the event of the failure to complete
27 organization, the bond shall guarantee the return of the amounts
28 collected to the respective subscribers or their assigns, less
29 reasonable expense which shall be deducted from the expense fund.

1 (c) Expense fund for incorporation and organization.
2 The incorporators shall create an expense fund in an amount not
3 less than one-half of the minimum amount of savings account sub-
4 scriptions required to be paid in under this Act, from which ex-
5 pense fund the expense of organizing the association and its
6 operating expenses may be paid until such time as its earnings
7 are sufficient to pay its operating expenses in addition to such
8 dividends as may be declared and paid or credited to its savings
9 account holders from its earnings. The incorporators and others
10 shall deposit to the credit of the chairman of the incorporators
11 in cash the amount of the expense fund. The amounts contributed
12 to the expense fund by the incorporators and others shall not
13 constitute a liability of the association except as hereinafter
14 provided.

15 (d) Repayment of contributions made to expense fund.
16 Contributions made by the incorporators and others to the expense
17 fund may be repaid pro rata to the contributors from the net
18 earnings of the association after provision for statutory reserves
19 and declaration of dividends of not less than two percent on
20 savings accounts. In case of the liquidation of an association
21 before contributions to the expense fund have been repaid, any
22 contributions to the expense fund remaining unexpended, after the
23 payment of expenses of liquidation, all creditors, and the with-
24 drawal value of all savings accounts, shall be repaid to the con-
25 tributors pro rata. The books of the association shall reflect
26 the expense fund. Contributors to the expense fund shall be paid
27 dividends on the amounts paid in by them and for such purpose such
28 contributions shall in all respects be considered as savings ac-
29 counts of the association.

1 (e) Organization meeting. Within thirty days after
2 the corporate existence of an association shall begin, the directors
3 of the association shall hold an organization meeting and shall
4 elect officers pursuant to the provisions of this Act and the by-
5 laws. At the organization meeting the directors shall take such
6 other action as is appropriate in connection with beginning the
7 transaction of business by the association. The Commissioner
8 may extend by order the time for the organization meeting.

9 Sec. 5. NAME, OFFICE, AND FORFEITURE FOR NON-USE

10 (a) Corporate name. The name of every association
11 shall include either the words "Savings Association," or "Savings
12 and Loan Association." These words shall be preceded by an
13 appropriate descriptive word or words approved by the Commissioner.
14 An ordinal number may not be used as a single descriptive word
15 preceding the words "Savings Association," or "Savings and Loan
16 Association," unless such words are followed by the words "of
17, " the blank being filled by the name of the city
18 in which or near which the association has its home office. An
19 ordinal number may be used together with another descriptive word,
20 preceding the words "Savings Association" or "Savings and Loan
21 Association," provided the other descriptive word has not been
22 used in the corporate name of any other association in the state,
23 in which case the suffix mentioned above is not required to be
24 used. An ordinal number may be used, together with another des-
25 criptive word, preceding the words "Savings Association" or
26 "Savings and Loan Association," even when such other descriptive
27 word has been used in the corporate name of an association in the
28 state, provided the suffix "of, " as provided above,
29 is also used. The suffix provided above may be used in any cor-

1 porate name. The use of the words, "National," "Federal,"
2 "United States," "Insured," "Guaranteed," or any form thereof,
3 separately or in any combination with other words or syllables,
4 is prohibited as part of the corporate name of an association.
5 No certificate of incorporation of a proposed association having
6 the same name as a corporation authorized to do business under
7 the laws of this state or a name so nearly resembling it as to
8 be calculated to deceive shall be issued by the Commissioner, ex-
9 cept to an association formed by the reincorporation, reorganiza-
10 tion, or consolidation of other associations, or upon the sale
11 of the property or franchise of an association.

12 (b) Exclusiveness of name. No person, firm, company,
13 association, fiduciary, co-partnership, or corporation, either
14 domestic or foreign, unless he or it is lawfully authorized to do
15 business in this state under the provisions of this Act and is
16 actually engaged in carrying on a savings association business
17 shall transact business under any name or title which contains
18 the terms "savings association," "savings and loan association,"
19 "building and loan association," "building association," or any
20 combination or hyphenated form thereof, or use any sign or circu-
21 late or use any letterhead, billhead, circular or paper whatever,
22 or advertise or represent in any manner which indicates that his
23 or its business is the character or kind of business carried on
24 or transacted by an association or which is calculated to lead
25 any person to believe that his or its business is that of an
26 association. The Superior Court of Alaska may issue an injunction
27 to restrain any such entity from violating or continuing to violate
28 any of the foregoing provisions of this subsection. Any person
29 who violates any provision of this subsection shall be punished by

1 a fine of not more than \$5,000.

2 (c) Corporate office. Without the prior approval of
3 the Commissioner, as provided in this Act, no association shall
4 establish any office other than its home office, which shall be
5 in the city, or within fifteen miles of the city, named in the
6 certificate of incorporation. No office of an association shall
7 be moved from its immediate vicinity unless approved by the Com-
8 missioner.

9 (d) Change of name or office. The name or the location
10 of the home office of any association fixed in the certificate of
11 incorporation may be changed in the following manner:

12 The proposed new name or the new location of the home
13 office of the association shall be approved by a resolution adopted
14 by a majority of the entire board of directors. Immediately pre-
15 ceding application to the Commissioner for approval, notice of in-
16 tention to change the name or the location of the home office,
17 signed by two officers, shall be published once a week for two
18 successive weeks in a newspaper of general circulation in the city
19 or the vicinity in which the home office is located, and a copy
20 of the notice shall be displayed during the consecutive two weeks'
21 period in a conspicuous place in the home office of the association.
22 Four copies of an application to the Commissioner for approval
23 shall be signed by two officers of the association, acknowledged
24 before an officer competent to take acknowledgments of deeds and
25 filed with the Commissioner. Upon approval, the Commissioner shall
26 endorse on each copy of the application a certificate of approval.
27 Upon such approval, the name of the association shall be changed
28 immediately.

29 Upon approval of an application for change of location

1 of the home office of an association, the Commissioner shall en-
2 dorse on each copy of the application a certificate of approval.
3 When the Commissioner shall have endorsed the approval upon the
4 copies of an application for approval of change of name or change
5 of location of home office, he shall file two copies with the
6 Federal Home Loan Bank if the association is a member, return one
7 copy to the applicant association and retain the original copy in
8 the permanent files of his office.

9 (e) Forfeiture of charter for non-use. Any association,
10 which shall not commence business within six months after the date
11 upon which its corporate existence shall have begun, shall forfeit
12 its corporate existence, unless the Commissioner, before the ex-
13 piration of the six months' period shall have approved the exten-
14 sion of time within which it may commence business, upon a written
15 application stating the reasons for the delay. Upon forfeiture
16 the certificate of incorporation shall expire, and all action
17 taken in connection with the incorporation except the payment of
18 the incorporation fee, shall become void. Amounts credited on
19 savings accounts, less expenditures authorized by law, shall be
20 returned pro rata to the respective holders thereof.

21 MANAGEMENT

22 Sec. 6. FEES, FINES, AND PENALTIES. The association shall
23 not directly or indirectly charge any membership, admission, with-
24 drawal, or any other fee or sum of money for the privilege of be-
25 coming, remaining, or ceasing to be a member of the association,
26 except reasonable charges upon the making or modification of a loan.
27 The association shall not charge any member any sum of money by
28 the way of fine or penalty for any cause, except that a reasonable
29 charge may be made against borrowers for defaults or prepayments.

1 Sec. 7. MEETINGS OF MEMBERS

2 (a) Annual meeting of members. An annual meeting of
3 the members of each association shall be held in the month of
4 January, as fixed in the bylaws of the association, or in any
5 month designated in the bylaws of the association if the provision
6 for a meeting date other than in the month of January has been
7 approved by the Commissioner.

8 (b) Members entitled to vote. The members who shall
9 be entitled to vote at any meeting of the members shall be those
10 who are members of record at the end of the calendar month next
11 preceding the date of the meeting of members, except those who
12 have ceased to be members. The number of votes which members
13 shall be entitled to cast shall be in accordance with the books
14 on the said date determinative of entitlement to vote.

15 (c) Voting rights. In the determination of all ques-
16 tions requiring action by the members, each account holding member
17 shall be permitted to cast one vote for each \$100 or fraction
18 thereof of the withdrawal value of his savings account. Each
19 other member shall be permitted to cast one vote in addition to
20 the number of votes to which he is entitled as a savings account
21 holder. No member, however, shall cast more than fifty votes.

22 (d) Voting by proxy. At any meeting of the members,
23 voting may be in person or by proxy. Every proxy shall be in
24 writing and signed by the member or his duly authorized attorney-
25 in-fact and, when filed with the secretary, shall, unless other-
26 wise specified in the proxy, continue in force until revoked by
27 a writing duly delivered to the secretary or until superseded by
28 subsequent proxies.

29 (e) Quorum. Any number of members present in person

1 or by proxy at a regular or special meeting of members constitutes
2 a quorum. A majority of all votes cast at any meeting of members
3 shall determine any question.

4 Sec. 8. ACCESS TO BOOKS AND RECORDS; COMMUNICATION WITH
5 MEMBERS

6 (a) Exclusiveness of access. Every member shall have
7 the right to inspect such books and records of an association as
8 pertain to his loan or savings account. Otherwise, the right of
9 inspection and examination of the books and records shall be
10 limited (1) to the Commissioner or his duly authorized representa-
11 tives as provided in this Act, (2) to persons duly authorized to
12 act for the association, and (3) to any federal instrumentality
13 or agency authorized to inspect or examine the books and records
14 of an insured association. The accounts and loans of members
15 shall be kept confidential by the association, its directors,
16 officers and employees, and by the Commissioner, his examiners and
17 representatives, and no member or any other person shall have ac-
18 cess to the books and records or shall possess a partial or complete
19 list of the members except upon express action and authority of
20 the board of directors.

21 (b) Communication with members. In the event, however,
22 that any member or members desire to communicate with the other
23 members of the association with reference to any question pending
24 or to be presented for consideration at a meeting of the members,
25 the association shall furnish upon request a statement of the ap-
26 proximate number of members of the association at the time of such
27 request, and an estimate of the cost of forwarding such communica-
28 tion. The requesting member or members shall then submit the com-
29 munication to the Commissioner who, if he finds it to be appro-

1 priate, truthful and in the best interests of the association and
2 all its members, shall execute a certificate setting out such
3 findings, forward the certificate together with the communication
4 to the association, and direct that the communication be prepared
5 and mailed by the association to the members upon the requesting
6 member's or members' payment to it of the expenses of preparation
7 and mailing.

8 (c) Applicability of section to federal associations.
9 Insofar as the provisions of this section are not inconsistent
10 with federal law, such provisions shall apply to federal savings
11 and loans associations whose home offices are located in this
12 state, and to the members, except that the communication provided
13 for in subsection (b) shall be submitted to the Federal Home Loan
14 Bank Board, Washington, D.C., in the case of a federal savings
15 and loan association and forwarded only upon that Board's certifi-
16 cate and direction.

17 Sec. 9. FINANCIAL STATEMENT. Every association shall pre-
18 pare and publish annually in the month of January in a newspaper
19 of general circulation in the city in which, or in the immediate
20 vicinity of which, the home office of the association is located,
21 and shall deliver to each member upon application, a statement of
22 its financial condition in the form prescribed or approved by the
23 Commissioner.

24 Sec. 10. DIRECTORS

25 (a) Association managed by board of directors. The
26 business of the association shall be managed by a board of directors
27 of not less than five or more than fifteen as determined and
28 elected by ballot from among the members by a plurality of the
29 votes of the members present. If authorized by vote of the members

1 the directors may elect all directors. At all times at least
2 two-thirds of the directors shall be bona fide residents of this
3 state.

4 (b) Qualifications required of directors. In order to
5 qualify as a director, a member of an association must hold a
6 savings account, the withdrawal value of which is at least \$400;
7 provided that, if the assets of the association exceed \$500,000,
8 the member must hold a savings account the withdrawal value of
9 which is at least \$1,000; and provided further, if the assets ex-
10 ceed \$2.5 million, the withdrawal value of the account must be at
11 least \$2,000. A director shall automatically cease to be a
12 director when he ceases to be a member, or when the net equity
13 above loans of all savings accounts in the association held by
14 him aggregates less than the minimum required to be eligible for
15 election as a director, provided no action of the board of direc-
16 tors shall be invalidated through the participation of the direc-
17 tor in such action; provided, that if a director becomes ineligible
18 under the terms of this subsection by reason of the exercise by
19 the association of the right of redemption of savings accounts
20 provided for in Section 21, he shall remain validly in office
21 until the expiration of his term or until he otherwise becomes
22 ineligible, whichever may occur first.

23 (c) Classification of directors. At the first annual
24 meeting, the directors shall by majority vote be divided into
25 three classes of as nearly equal numbers as possible. The term
26 of office of directors of the first class shall expire at the
27 annual meeting next after the first election; of the second class,
28 one year thereafter; and of the third class, two years thereafter,
29 and at each annual election thereafter directors shall be chosen

1 for a full term of three years to succeed those whose terms ex-
2 pire.

3 (d) Number of directors increased only by members.
4 The number of directors within the limits hereinabove specified
5 may be subsequently increased only by vote of the members.

6 (e) How vacancy on board of directors caused by increase
7 in number of directors is to be filled. If the members fail to
8 elect a director to fill each vacancy created by any such increase,
9 the directors may fill such vacancy by electing a director to
10 serve until the next annual meeting of the members, at which time
11 a director shall be elected to fill the vacancy for the unexpired
12 term for the class of director in which the vacancy exists.

13 (f) Classification of new directors elected to fill
14 vacancies. Whenever under the provisions hereof the number of
15 directors is changed and vacancies caused by the change are filled,
16 the directors so elected shall be classified in accordance with
17 the provisions hereof, so that each of the three classes shall
18 always contain numbers as nearly equal as possible.

19 (g) When vacancy on board of directors is to be filled
20 by directors. Any vacancy among directors, not so filled by the
21 members, may be filled by a majority vote of the remaining direc-
22 tors, though less than a quorum, by electing a director to serve
23 until the next annual meeting of the members, at which time a
24 director shall be elected to fill the vacancy for the unexpired
25 term for the class of director in which the vacancy exists. In
26 event of a vacancy on the board of directors from any cause, the
27 remaining directors shall have full power and authority to con-
28 tinue direction of the association until the vacancy is filled.

29 Sec. 11. INDEMNITY BONDS. All directors, officers, and

1 employees of an association shall, before entering upon the per-
2 formance of any of their duties, execute their individual bonds
3 with an adequate corporate surety payable to the association as
4 an indemnity for any loss the association may sustain of money
5 or other property by or through any fraud, dishonesty, forgery or
6 alteration, larceny, theft, embezzlement, robbery, burglary,
7 hold-up, wrongful or unlawful abstraction, misapplication, mis-
8 placement, destruction or misappropriation, or any other dishonest
9 or criminal act or omission by any such director, officer, em-
10 ployee, or agent. Associations which employ collection agents,
11 who for any reason are not covered by a bond as hereinabove re-
12 quired, shall provide for the bonding of each agent in an amount
13 equal to at least twice the average monthly collection of the
14 agent. The agents shall be required to make settlement with the
15 association at least monthly. No bond coverage will be required
16 of any agent which is a bank insured by the Federal Deposit In-
17 surance Corporation or an institution insured by the Federal
18 Savings and Loan Insurance Corporation. The amounts and form of
19 the bonds and sufficiency of the surety thereon shall be approved
20 by the board of directors and by the Commissioner. In lieu of
21 individual bonds, a blanket bond, protecting the association from
22 loss through any such act or acts on the part of any director,
23 officer, or employee, may be obtained. A true copy of every such
24 indemnity bond shall be filed at all times with the Commissioner.
25 The bonds shall provide that a cancellation either by the surety
26 or by the insured shall not become effective unless and until ten
27 days' notice in writing first shall have been given to the Commis-
28 sioner, unless he shall have approved such cancellation earlier.

29 Sec. 12. TRANSACTIONS OF OFFICERS, DIRECTORS, EMPLOYEES

1 (a) Prohibited transactions. It shall be unlawful for
2 an officer, director or employee of an association:

3 (1) To solicit, accept or agree to accept,
4 directly or indirectly, from any person other than the asso-
5 ciation any gratuity, compensation or other personal benefit
6 for any action taken by the association or for endeavoring
7 to procure any such action;

8 (2) Other than as provided in Section 23(c), to
9 have any interest, directly or indirectly, in the proceeds
10 of a loan or of a purchase or sale made by the association,
11 unless such loan, purchase or sale is authorized expressly
12 by this Act or by resolution of the board of directors, pro-
13 vided such resolution is approved by vote of at least two-
14 thirds of all the directors of the association, any interested
15 director taking no part in such vote;

16 (3) To have any interest, direct or indirect, in
17 the purchase at less than its face value of any evidence of
18 a savings account or other indebtedness issued by the asso-
19 ciation.

20 (b) Penalty. Any violation of the provision of sub-
21 section (a) shall be punishable as a misdemeanor.

22 Sec. 13. EXPENSES OF LITIGATION

23 (a) Reimbursement of officer, director or employee.
24 An association shall pay on behalf of or reimburse an officer,
25 director or employee for the expenses of defending a suit brought
26 on behalf of the association or the savings account holders, other
27 creditors or borrowers thereof, founded upon any act or acts per-
28 formed or omitted by the person acting as officer, director or
29 employee under the following conditions:

1 (1) If the person is adjudicated to be not liable,
2 then all reasonable expenses of such litigation shall be
3 paid by the association;

4 (2) If the person is held to be liable on certain
5 items and not liable on others, the association shall pay
6 the proportion of the total reasonable expense of the liti-
7 gation which the items on which he is held to be not liable
8 bear to all the items alleged.

9 (b) Compromise settlement. If, in the opinion of the
10 association, any such person is not liable upon the substantive
11 issues alleged, the association is authorized to compromise and
12 settle the claim or litigation in its discretion and to pay the
13 entire expense, including the compromise settlement, provided the
14 expense is reasonable. Any action taken by the association under
15 this subsection shall require approval by vote of at least two-
16 thirds of all the directors of the association, any interested
17 director taking no part in such vote, or by vote of the members.

18 Sec. 14. RECORDS

19 (a) Records to be kept at home office. Every associa-
20 tion shall keep at the home office correct and complete books of
21 account and minutes of the proceedings of members, directors, and
22 the executive committee. Complete records of all business trans-
23 acted at the home office shall be maintained at the home office.
24 Control records of all business transacted at each branch office
25 or agency shall be maintained at the home office.

26 (b) Records to be kept at branch office. Each branch
27 office shall keep detailed records of all transactions at such
28 branch office and shall furnish full control records to the home
29 office.

1 (c) Records to be kept by agents. Each agent of an
2 association shall keep an original record of each transaction of
3 business of the association and shall report promptly to the
4 home office. Complete detailed permanent records of the trans-
5 actions are not required to be maintained at the agency.

6 (d) Forms and accounting practices to be approved by
7 Commissioner. Every association shall use such forms and observe
8 such accounting principles and practices as are approved by the
9 Commissioner.

10 (e) Books to be closed at least semiannually. Every
11 association shall close its books at the close of business on
12 June 30 and December 31 of each year, or more often if authorized
13 for all associations by the Commissioner.

14 (f) Misdescription of assets. No association by any
15 system of accounting or any device of bookkeeping shall, either
16 directly or indirectly, enter any of its assets upon its books
17 in the name of any other person, partnership, association, or
18 corporation or under any title or designation that is not truly
19 descriptive of such assets.

20 (g) Charging off or setting up reserves against bad
21 assets. The Commissioner, after his determination of value, may
22 order that assets in the aggregate, to the extent that such assets
23 have depreciated in value, be charged off, or that a special re-
24 serve or reserves equal to such depreciation in value be set up
25 by transfers from undivided profits or reserves.

26 (h) Bonds and other obligations to be carried at
27 actual cost. The bonds or other interest-bearing obligations
28 purchased by an association shall not be carried on its books at
29 more than the actual cost.

1 (i) Real estate to be carried at amount invested in
2 same. An association shall not carry any real estate on its books
3 at a sum in excess of the total amount invested by the association
4 on account of such real estate, including advances, costs, and im-
5 provements but excluding accrued but uncollected interest.

6 (j) Appraisal of real estate owned and that securing
7 delinquent loans. Every association shall appraise each parcel of
8 real estate at the time of acquisition thereof. The report of
9 each appraisal shall be submitted in writing to the board of dir-
10 ectors and shall be kept in the records of the association. The
11 Commissioner may require the appraisal of real estate securing
12 loans which are delinquent more than twelve months.

13 (k) Maintenance of membership records. Every association
14 shall maintain membership records, which shall show the name and
15 address of the member, whether the member is a savings account
16 holder, or a borrower, or a savings account holder and borrower,
17 and the date of membership. In the case of account holding mem-
18 bers, the association shall obtain a card containing the signature
19 of the owner of the account or his duly authorized representative
20 and shall preserve the signature card in the records of the asso-
21 ciation.

22 (l) Reproduction and destruction of records. Any asso-
23 ciation may cause any or all records kept by the association to be
24 copied or reproduced by any photostatic, photographic or micro-
25 filming process which correctly and permanently copies, reproduces
26 or forms a medium for copying or reproducing the original record
27 on a film or other durable material, and the association may
28 thereafter dispose of the original record. Any such copy or re-
29 production shall be deemed to be an original record for all pur-

1 poses and shall be treated as an original record in all courts or
2 administrative agencies for the purpose of its admissibility in
3 evidence. A facsimile, exemplification or certified copy of any
4 such copy or reproduction reproduced from a film record shall,
5 for all purposes, be deemed a facsimile, exemplification or
6 certified copy of the original record.

7 SAVINGS OPERATIONS

8 Sec. 15. INSURANCE. No savings association incorporated
9 under this Act shall commence business until it has acquired
10 membership in the Federal Savings and Loan Insurance Corporation.
11 Loss of membership shall constitute cause for the Commissioner
12 of Commerce to take immediate possession of the assets of the
13 association and make application to the Superior Court of the
14 State of Alaska for the appointment of a conservator as pro-
15 vided in Sec. 38 of this Act.

16 Sec. 16. SAVINGS LIABILITY. The savings liability of an
17 association is not limited, but shall consist only of the ag-
18 gregate amount of savings accounts of its members, plus divi-
19 dends credited to such accounts, less redemption and withdrawal
20 payments. Except as limited by the board of directors from
21 time to time, a member may make additions to his savings ac-
22 counts in such amounts and at such times as he may elect.
23 Savings accounts shall be opened for cash. The members of an
24 association shall not be responsible for any losses which
25 its savings liability shall not be sufficient to satisfy,
26 and savings accounts shall not be subject to assessment, nor
27 shall the holders be liable for any unpaid installments on
28 their accounts. Dividends shall be declared in accordance
29 with the provisions of this Act. Except as to accounts

1 of \$10 or less, no association shall prefer one of its sav-
2 ings accounts over any other savings account as to the
3 right to participate in dividends as to time or amount. No
4 preference between savings account members shall be created
5 with respect to the distribution of assets upon voluntary or
6 involuntary liquidation, dissolution, or winding up of an
7 association. No association shall have power to contract
8 with respect to the savings liability in a manner inconsistent
9 with the provisions of this Act.

10 Sec. 17. SAVINGS ACCOUNTS

11 (a) Ownership. Savings accounts may be opened and
12 held solely and absolutely in his own right by, or in trust for,
13 any person, including an adult or minor individual, male or
14 female, single or married, a partnership, association, fiduciary,
15 corporation, or political subdivision or public or governmental
16 unit. Savings accounts shall be represented only by the account
17 of each savings account holder on the books of the association,
18 and shall be transferable only on the books of the association and
19 upon proper application by the transferee and upon acceptance of
20 the transferee as a member upon terms approved by the board of
21 directors. The association may treat the holder of record of a
22 savings account as the owner for all purposes without being affect-
23 ed by any notice to the contrary unless the association has ac-
24 knowledged in writing notice of a pledge of the savings account.

25 (b) Evidence of ownership. An account book may be is-
26 sued to each savings account holder on the books of the associa-
27 tion, and the account book shall, if issued, indicate the with-
28 drawal value of the savings account. A separate certificate for a
29 savings account may be issued in lieu of an account book, entitled

1 "Certificate of Savings Account," and if issued shall be in the
2 following form:

3 This certifies that.....is a member of the
4 undersigned and holds adollar savings
5 account therein, subject to the Savings Association Act,
6 the certificate of incorporation, and bylaws of the under-
7 signed.

8 (c) Duplicate account books and certificates. Upon
9 the filing with an association by the holder of record as shown
10 by the books of the association, or by his legal representative,
11 of an affidavit to the effect that the account book or certificate
12 evidencing his savings account with the association has been lost
13 or destroyed, and that such account book or certificate has not
14 been pledged or assigned in whole or in part, the association
15 shall issue a new account book or certificate in the name of the
16 holder of record, the book stating that it is issued in lieu of
17 the one lost or destroyed, and the association shall in no way be
18 liable thereafter on account of the original account book, provided
19 that the board of directors shall, if in its judgment it is neces-
20 sary, require a bond in an amount it deems sufficient to indem-
21 nify the association against any loss which might result from the
22 issuance of such new account book or certificate.

23 Sec. 18. RESERVE ACCOUNTS; UNDIVIDED PROFITS. Every associa-
24 tion shall set up and maintain the reserves required by, and may
25 set and maintain such additional reserves as are permitted by,
26 this Act. On or before any authorized closing date, after pay-
27 ment of or provision for all expenses, each association shall,
28 before the declaration of a dividend for the period, transfer to
29 a separate reserve account, which shall be set up and maintained

1 for the sole purpose of absorbing losses (termed in this Act
2 "general reserve"), an amount equal to at least ten percent of
3 its net earnings, until the general reserve is equal to at least
4 twelve percent of the savings liability. In the event that any
5 credit to the general reserve is made following the effective
6 date of this Act in excess of the minimum 10 percent requirement,
7 the dollar amount of any such excess may be carried over as a
8 credit toward the minimum requirement of any subsequent period. If
9 and whenever the general reserve is not equal to at least twelve
10 percent of its savings liability, credits, as above provided, shall
11 again be made to the general reserve until it shall again be equal
12 to at least twelve percent of its savings liability. The board
13 of directors may make additional transfers to other reserve ac-
14 counts. Interest receivable on all loans shall be accrued
15 monthly and an interest due and accrued account shall be main-
16 tained equivalent to all accrued and uncollected interest. On
17 or before each closing date, after payment or provision for all
18 expenses and appropriate transfers to reserves, the remainder of
19 net earnings for the period shall be credited to the undivided
20 profits account or to an unallocated reserve account.

21 Sec. 19. DIVIDENDS. As of one of the last three business
22 days before the closing of any period, the day to be determined
23 by the board of directors, the board may declare a dividend on
24 savings accounts of record on such date, and the dividend shall
25 be payable as of such date or a later date not more than 30 days
26 following the close of the period as determined by the board. No
27 dividends shall be declared except dividends payable as above.
28 Dividends shall be credited to savings accounts on the books of
29 the association on the dividend-payment date unless a savings

1 account holder shall have requested and the association shall
2 have agreed to pay dividends on all or part of any savings ac-
3 count in cash. Dividends payable in cash shall be paid on the
4 dividend-payment date and may be paid by check or bank draft.
5 All savings account holders shall participate equally in dividends
6 pro rata to the withdrawal value of their respective accounts;
7 provided that no association shall be required to pay or credit
8 dividends on accounts of \$10 or less or on short-term accounts
9 which are opened with the intention of closing them within one
10 year. Except as above provided, dividends shall be declared on
11 the withdrawal value of each savings account at the beginning of
12 the dividend period, plus additions thereto made during the divi-
13 dend period (less amounts withdrawn and noticed for withdrawal,
14 which for dividend purposes shall be deducted from the latest
15 previous additions) computed at the declared rate for the time
16 invested, determined as provided below. The date of investment
17 shall be the date of actual receipt by the association of an
18 account or an addition to an account, except that the board of
19 directors may fix a date, which shall not be later than the tenth
20 of the month, for determining the date of investment; provided,
21 however, that the board of directors may permit investments of
22 \$100 or more to receive dividends calculated from the date of
23 actual receipt by the association in any event. Accounts, or
24 additions thereto, affected by such determination date, received
25 by the association on or before the determination date, shall re-
26 ceive dividends as if invested on the first of the month in which
27 the payments were made.

28 Sec. 20. WITHDRAWAL. Any savings account holder may at any
29 time present a written application for withdrawal of all or any

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1 part of his savings accounts. No member shall have on file in
2 any one association more than one application at a time. Every
3 application shall request immediate withdrawal of a stated amount
4 in accordance with this section. Any member may cancel his appli-
5 cation at any time in whole or in part by a writing. Every asso-
6 ciation shall pay or number, date, and file in the order of actual
7 receipt every withdrawal application. Withdrawals shall be made
8 in the order of actual receipt of applications, except as provided
9 in this section. Upon withdrawal, an association shall pay the
10 value of any savings account, as determined by the board of direc-
11 tors, but not in excess of the withdrawal value thereof. If an
12 association so elects, it may at any time pay in full each and
13 every application as presented. It shall not, however, pay some
14 in full unless it pays every application on file in full, except
15 by paying all applications on file on the rotation plan prescribed
16 in this section. The board of directors shall, however, have an
17 absolute right to pay upon any application not exceeding \$200 to
18 any one account holder in any one month in any order. No associa-
19 tion can obligate itself to pay withdrawals on any plan other than
20 as provided in this Act. Savings account holders who have filed
21 written application for withdrawal shall remain savings account
22 members so long as their applications remain on file. No dividends
23 shall be declared upon that portion of an account which has been
24 noticed for withdrawal, which for dividend purposes is required
25 to be deducted from the latest previous additions to the account,
26 so long as the application is on file. The rotation plan of pay-
27 ment of withdrawals is as follows: On the first day of each month,
28 each application which has been on file since the first day of the
29 preceding month and which is reached in order shall be paid \$1,000

1 on account, or in full if the amount noticed for withdrawal or
2 the unpaid balance of such application is less than \$1,000. Each
3 application for more than \$1,000 so paid shall be deemed refiled
4 as if filed on that day. Such limited payment on the first day
5 of each month and such renumbering shall take place on the first
6 day of each subsequent month as long as there are applications
7 unpaid. At least one-third of the receipts of an association from
8 its members during the preceding calendar month shall be applied
9 on the first day of each month to the payment of applications
10 which have been on file since the first day of the preceding month.
11 Any association may apply to withdrawals an amount larger than
12 one-third of such receipts, but cannot obligate itself to do so.
13 When an application to withdraw is reached for payment as above
14 provided, a written notice shall be sent to the applicant by mail
15 at his last address recorded on the books, and unless the appli-
16 cant shall apply in person or in writing for the withdrawal within
17 thirty days from the date of the notice, no payment on account of
18 the application shall be made and the application shall be can-
19 celled.

20 Sec. 21. REDEMPTION. At any time funds are on hand for the
21 purpose the association shall have the right to redeem by lot or
22 otherwise, as the board of directors may determine, all or any
23 part of its savings accounts on a dividend date by giving thirty
24 days' notice by registered mail addressed to the account holders
25 at their last addresses recorded on the books of the association.
26 No association shall redeem any of its savings accounts when the
27 association is in an impaired condition or when it has applica-
28 tions for withdrawal which have been on file more than thirty
29 days and have not been reached for payment. The redemption price

1 Act shall have all the powers enumerated, authorized, and per-
2 mitted by this Act and such other rights, privileges, and powers
3 as may be incidental to or reasonably necessary for the accomp-
4 lishment of the objects and purposes of the association. Among
5 others, every association shall have the following powers:

6 (a) General corporate power. To sue and be sued,
7 complain and defend in any court of law or equity; to purchase,
8 hold, and convey real and personal estate consistent with its
9 objects and powers; to mortgage, pledge, or lease any real or
10 personal estate; to take property by gifts, devise, or bequest;
11 to have a corporate seal, which may be affixed by imprint, fac-
12 simile, or otherwise; to appoint officers, agents, and employees
13 as its business shall require and allow them suitable compensa-
14 tion; to provide for life, health and casualty insurance for of-
15 ficers and employees and to adopt and operate reasonable bonus
16 plans and retirement benefits for such officers and employees;
17 to adopt and amend bylaws as provided in this Act; to insure its
18 accounts with the Federal Savings and Loan Insurance Corporation
19 and qualify as a member of a Federal Home Loan Bank; to become
20 a member of, deal with, or make contributions to any organization
21 to the extent that such organization assists in furthering or
22 facilitating the association's purposes or powers and to comply
23 with conditions of membership; to accept savings as provided in
24 this Act.

25 (b) Loans on security of savings accounts. To make
26 loans on the sole security of savings accounts. No such loan shall
27 exceed the withdrawal value of the accounts owned or otherwise
28 pledged for or by the borrower. No such loan shall be made when
29 an association has applications for withdrawal which have been on

1 file more than sixty days, and not reached for payment.

2 (c) Home loans. To make direct-reduction home loans of
3 any amount and secured by home property situated anywhere subject
4 to the following limitations: No such loan shall exceed \$45,000,
5 except when made under the thirty percent of assets lending power;
6 no home property securing such a loan shall be situated beyond
7 the regular lending area, except when the loan is made under the
8 thirty percent of assets lending power; no such loan shall be
9 made to a director, an officer, or employee, except when secured
10 by home property owned and occupied by the director, officer, or
11 employee.

12 (d) Other loans. To use an aggregate amount not ex-
13 ceeding thirty percent of the assets at the time of such use, or
14 a larger amount with the approval of the Commissioner, to make
15 loans as follows: Home loans, which are either direct-reduction
16 home loans or not, but which exceed \$45,000 each, regardless of
17 where the home property securing the loan is situated; home loans
18 of any amount, which are direct-reduction home loans, but which
19 are secured by home property situated beyond the regular lending
20 area; home loans of any amount, which are not direct-reduction
21 home loans, regardless of where the home property securing the
22 loan is situated; other real estate loans, whether amortized or
23 unamortized, regardless of amount or location of real estate sec-
24 uring the loan. This power is herein referred to as the "thirty
25 percent of assets lending power." A subsequent reduction of
26 capital shall not affect in any way outstanding loans made under
27 the thirty percent of assets lending power.

28 (e) Insured and guaranteed loans. To make without re-
29 gard to the foregoing any loan, secured or unsecured, which is

1 insured or guaranteed in any manner and in any amount by the
2 United States or any instrumentality thereof or by this state or
3 any instrumentality thereof.

4 (f) Dealing with successors in interest. In the case
5 of loans made under subsections (c), (d) and (e) of this section,
6 in the event the ownership of the real estate security or any
7 part thereof becomes vested in a person other than the party or
8 parties originally executing the security instruments, and pro-
9 vided there is not an agreement in writing to the contrary, an
10 association may, without notice to such party or parties, deal
11 with the successor or successors in interest with reference to
12 said mortgage and the debt thereby secured in the same manner
13 as with the party or parties, and may forbear to sue or may extend
14 time for payment of or otherwise modify the terms of the debt
15 secured, without discharging or in any way affecting the original
16 liability of the party or parties thereunder or upon the debt
17 thereby secured.

18 (g) Property improvement and small loans. To make
19 property improvement loans to home owners and other property
20 owners for maintenance, repair, modernization, improvement, and
21 equipment of their properties, with or without security, provided
22 that no such loan without security shall exceed \$4,500, and provided
23 further that not in excess of twenty-five percent of the assets
24 of the association shall be so invested; to make loans to members
25 not exceeding \$2,500, with or without security, provided that not
26 in excess of fifteen percent of the assets of the association
27 shall be so invested and provided further that not exceeding a
28 total of twenty-five percent of the assets of the association
29 shall be invested under this subsection.

1 (h) Power to purchase and to lend upon loans. The
2 power to make loans shall include (1) the power to purchase loans
3 of any type that the association may make and (2) the power to
4 make loans upon the security of loans of any type that the asso-
5 ciation may make.

6 (i) Participation loans. An association may partici-
7 pate with other lenders in loans of any type that such an associa-
8 tion may otherwise make, provided that the other participants
9 are instrumentalities of or corporations owned wholly or in part
10 by the United States or this State, or are associations or corpora-
11 tions insured by the Federal Savings and Loan Insurance Corpora-
12 tion or the Federal Deposit Insurance Corporation, or are life
13 insurance companies with assets in excess of \$100 million.

14 (j) Servicing loans. To service mortgages and trust
15 deeds subject to such regulations and restrictions as may be
16 prescribed by the Commissioner, provided such mortgages and trust
17 deeds originally are made by the association and subsequently
18 sold. The maximum principal amount of mortgages and trust deeds
19 thus serviced by an association at any one time shall not exceed
20 two-thirds of the amount of the savings liability of the associa-
21 tion.

22 Sec. 24. LOAN PLANS. Real estate loans may be made as
23 authorized by this Act, or upon any other loan plan approved by
24 the Commissioner. No real estate loan shall be made until a quali-
25 fied person selected by the board of directors shall have sub-
26 mitted a signed appraisal of the real estate securing the loan.
27 Payments on real estate loans shall be applied first to the pay-
28 ment of interest on the unpaid balance of the loan and the re-
29 mainder of the reduction of principal; provided that if the loan

1 is in default in any manner, payments may be applied by the mort-
2 gagee in any manner approved by the Commissioner.

3 Every loan shall be evidenced by a note or bond for the
4 amount of the loan. The note or bond shall specify the amount,
5 rate of interest, terms of repayment and may contain all other
6 terms of the loan contract.

7 Every real estate loan shall be secured by a mortgage, trust
8 deed, or other instrument constituting a first lien, or the full
9 equivalent thereof, upon the real estate securing the loan, ac-
10 cording to any lawful or well-recognized practice which is best
11 suited to the transaction. Any such instrument, constituting a
12 first lien, is herein termed a "mortgage." Such mortgage shall
13 provide specifically for full protection to the association with
14 respect to the loan and additional advances and the usual insur-
15 ance risks, taxes, assessments, other governmental levies, main-
16 tenance, and repairs. It may provide for an assignment of rents,
17 which assignment shall be absolute upon the borrower's default,
18 becoming operative upon written demand made by the association.
19 All such mortgages shall be recorded in accordance with the law
20 of this state.

21 Any mortgage that can be made by an association under
22 the provisions of this Act may be made to secure existing debts
23 or obligations, to secure debts or obligations created simul-
24 taneously with the execution of the mortgage, to secure future
25 advances necessary to protect the security, and to secure
26 future advances to be made at the option of the parties, and
27 all such debts, obligations, and future advances shall,
28 from and as of the time the mortgage is filed for record
29 as provided by the law of this state, be secured

1 by such mortgage equally with, and have the same priority over the
2 rights of all persons who subsequent to the recording of the
3 mortgage acquire any rights in or liens upon the mortgaged real
4 estate, as the debts and obligations secured thereby at the time
5 of the filing of the mortgage for record; except that (1) the
6 mortgagor or his successor in title is hereby authorized to file
7 for record, and the same shall be recorded, a notice limiting the
8 amount of optional future advances secured by the mortgage to not
9 less than the amount actually advanced at the time of the filing,
10 provided a copy of the filing is also filed with the mortgagee,
11 and (2) if any optional future advance shall be made by the mort-
12 gagee to the mortgagor or his successor in title after written
13 notice of any mortgage, lien, or claim against the real property
14 which is junior to such mortgage, then the amount of the advance
15 shall be junior to the mortgage, lien or claim of which written
16 notice was given.

17 An association may pay taxes, assessments, insurance premiums,
18 and other similar charges for the protection of its real estate
19 loans. All such payments shall be added to the unpaid balance of
20 the loan and shall be equally secured by the first lien on the
21 property as provided above. An association may require life in-
22 surance to be assigned as additional collateral upon any real
23 estate loan. In such event, the association shall obtain a first
24 lien upon the policy and may advance premiums thereon, and such
25 premium advances shall be added to the unpaid balance of the loan
26 and shall be equally secured by the first lien on the property as
27 provided above.

28 An association may require the borrower to pay monthly in
29 advance, in addition to interest or interest and principal pay-

1 ments, the equivalent of one-twelfth of the estimated annual taxes,
2 assessments, insurance premiums, and other charges upon the real
3 estate securing a loan, or any of such charges, so as to enable
4 the association to pay such charges as they become due from the
5 funds so received. The amount of the monthly charges may be in-
6 creased or decreased so as to provide reasonably for the payment
7 of the estimated annual taxes, assessments, insurance premiums,
8 and other charges, The association may carry such funds in trust
9 in an account or may credit the same to the indebtedness and ad-
10 vance the money for taxes, insurance, or other charges. Every
11 association shall keep a record of the status of taxes, assess-
12 ments, insurance premiums, and other charges on all real estate
13 securing its loans and on all real and other property owned by it.

14 All real estate loans may be prepaid in part or in full, at
15 any time, and the association shall not charge for such privilege
16 of anticipatory payment an amount greater than one and one-half
17 percent of the amount of such anticipatory payment. Unless agreed
18 in writing to the contrary, any prepayment of principal shall be
19 applied on the final installment of the note or other obligation
20 until fully paid, and thereafter on the installments in the in-
21 verse order of their maturity.

22 Sec. 25. LOAN EXPENSES.

23 (a) Fees and charges. Every association may require
24 borrowing members to pay all reasonable expenses incurred in con-
25 nection with the making, closing, disbursing, extending, readjust-
26 ing, or renewing of real estate loans. Without limiting the
27 generality of the foregoing, such expenses may include appraisal,
28 attorneys', abstract, recording, and registration fees, title
29 examination, mortgage insurance, credit report, survey, drawing of

1 papers, escrow services, loan closing costs, and taxes or charges
2 imposed upon or in connection with the making and recording of any
3 mortgage. Every association also may require borrowing members to
4 pay the cost of all other necessary and incidental services ren-
5 dered by the association or by others in connection with real es-
6 tate loans in such reasonable amounts as may be fixed by the board
7 of directors. Without limiting the generality of the foregoing,
8 such costs may include the costs of services of inspectors, en-
9 gineers, and architects. Such reasonable initial charges may be
10 collected by the association from the borrower and paid to any
11 persons, including any director, officer, or employee of the
12 association rendering the services, or paid directly by the bor-
13 rower. In lieu of such initial charges to cover the expenses and
14 costs, an association may make a reasonable charge, part or all
15 of which may be retained by the association which renders the
16 service, or part or all of which may be paid to others who render
17 the services. No director, officer, or employee of an association
18 shall receive any fee or other compensation of any kind in con-
19 nection with procuring any loan for an association, except for
20 services actually rendered as above provided. The association
21 shall furnish a loan settlement statement to each borrower upon
22 the closing of the loan, indicating in detail the charges and fees
23 the borrower has paid or obligated himself to pay to the associa-
24 tion or to any other person in connection with the loan. A copy
25 of the statement shall be retained in the records of the associa-
26 tion.

27 (b) Inapplicability of usury laws. Because it is in
28 the public interest to encourage thrift and home ownership, and
29 because of the cooperative nature of savings associations, any

1 association and any federal savings and loan association, and the
2 rates of interest, together with any discounts, fees and charges
3 which may accrue to such institutions on or incidental to any loan,
4 shall be exempt from the usury laws of this state.

5 Sec. 26. INVESTMENTS. Every association shall have power to
6 invest in securities and real estate as follows:

7 (a) Securities. Without limit, in obligations of, or
8 guaranteed as to principal and interest by, the United States or
9 this State; in stock of a Federal Home Loan Bank of which it is
10 eligible to be a member, and in any obligations or consolidated
11 obligations of any Federal Home Loan Bank or Banks; in stock or
12 obligations of the Federal Savings and Loan Insurance Corporation;
13 in stock or obligations of a national mortgage association or any
14 successor or successors thereto; in demand, time, or savings de-
15 posits with any bank or trust company the deposits of which are
16 insured by the Federal Deposit Insurance Corporation; in stock or
17 obligations of any corporation or agency of the United States or
18 this State, or in deposits therewith to the extent that such corp-
19 oration or agency assists in furthering or facilitating the associa-
20 tion's purposes or powers; in savings accounts of any association
21 operating under the provisions of this Act and of any federal
22 savings and loan association; in bonds, notes, or other evidences
23 of indebtedness which are a general obligation of any city, town,
24 village, school district, or other municipal or political sub-
25 division of this state. In other stocks, securities or obligations
26 which the Commissioner shall approve and place on a published list,
27 and the Commissioner is directed to make such a list. An associa-
28 tion investing in securities which are listed by the Commissioner
29 shall not be required to dispose of those securities if at a later

1 time the Commissioner shall remove the securities from the list.
2 (b) Real estate. An amount not exceeding the sum of
3 its undivided profits and reserve accounts (although a larger
4 amount may be authorized by application to and approval of the
5 Commissioner) in such real estate as may be or reasonably antici-
6 pated to be necessary or convenient for the transaction of its
7 business, from portions of which a revenue may be derived by
8 rentals or otherwise. In real estate purchased at a Service Sec-
9 tion (of Department of Public Safety) sale or at any other sale,
10 public or private, judicial or otherwise, upon which the associa-
11 tion has a lien or claim, legal or equitable; in real estate ac-
12 cepted by the association in satisfaction of any obligation; in
13 real estate purchased for sale, or improvement and sale, upon con-
14 tracts, at the cost of land and improvements, when such contracts
15 are executed concurrently with or prior to the purchase, such
16 transactions to be subject to all the limitations herein provided
17 with respect to real estate loans; in real estate acquired by
18 the association in exchange for real estate owned by the associa-
19 tion; in real estate acquired by the association in connection
20 with salvaging the value of property owned by the association; an
21 amount not exceeding the sum of its reserves and undivided profits
22 in the purchase and development of real estate for the purpose
23 of producing income or for sale or for improvement thereof and the
24 erection of buildings thereon for sale or rental purposes. Title
25 to all real estate shall be taken and held in the name of the
26 association and such title shall immediately be recorded in ac-
27 cordance with law.

28 Sec. 27. POWER TO BORROW. If and when an association is not
29 a member of a Federal Home Loan Bank, it shall have power to bor-

1 row not more than an aggregate amount equal to one-fourth of its
2 savings liability on the date of borrowing. If and when an as-
3 sociation is a member of a Federal Home Loan Bank, it shall have
4 power to secure advances of not more than an aggregate amount
5 equal to one-half of its savings liability. Within such amount
6 equal to one-half of its savings liability, the association may
7 borrow from sources other than the Federal Home Loan Bank an
8 aggregate amount not in excess of ten percent of its savings lia-
9 bility. A subsequent reduction of savings liability shall not
10 affect in any way outstanding obligations for borrowed money. All
11 such loans and advances may be secured by property of the associa-
12 tion.

13 Sec. 28. WITHDRAWALS AND REDEMPTION OF ACCOUNTS AND BONUS.
14 An association shall have power to pay withdrawals and redeem
15 accounts in accordance with the provisions of this Act and to pay
16 a bonus to savings account members in accordance with the provi-
17 sions of this Act and no other bonus.

18 Sec. 29. FISCAL AGENT. If and when an association is a mem-
19 ber of a Federal Home Loan Bank, it shall have power to act as
20 fiscal agent of the United States, and, when so designated by
21 the Secretary of the Treasury, it shall perform, under such regu-
22 lations as he may prescribe, all such reasonable duties as fiscal
23 agent of the United States as he may require, and shall have power
24 to act as agent for any instrumentality of the United States and
25 as agent of this state or any instrumentality thereof.

26 Sec. 30. BONUS. In order to stimulate systematic thrift
27 and to provide regular funds for the financing of homes, the mem-
28 bers at a regular or special meeting may adopt the bonus plan
29 prescribed below.

1 (a) Authorization. The members may adopt the bonus
2 plan by adopting the following resolution:

3 RESOLVED, That effective on the next succeeding dividend
4 date the association shall be obligated to pay a cash bonus
5 as authorized in the Savings Association Act.

6 (b) The bonus plan. An association which has adopted
7 the bonus plan as provided in this Act shall pay or credit to each
8 member opening a bonus plan account a bonus of one-fourth of one
9 percent (calculated on the amount in the account from time to
10 time) when the account equals fifty times the agreed monthly pay-
11 ment; one-half of one percent (calculated on the amount in the
12 account from time to time since the last bonus credit and one-
13 fourth of one percent on the same basis for the previous period)
14 when the account equals one hundred times the agreed monthly pay-
15 ment; three-fourths of one percent (calculated on the amount in
16 the account from time to time since the last bonus credit and
17 one-fourth of one percent on the same basis for the previous
18 periods) when the account equals one hundred fifty times the
19 agreed monthly payment; and one percent (calculated on the amount
20 in the account from time to time since the last bonus credit and
21 one-fourth of one percent on the same basis for the previous
22 periods) when the account equals two hundred times the agreed
23 monthly payment. Such payment or credit shall be made only if
24 the agreed monthly payments shall have been made each and every
25 month without a delay of more than sixty days in the payment of
26 any monthly payment and without any prepayment of more than twelve
27 months, and if during that period no application has been made
28 for withdrawal of any part of the account. To determine the
29 amount of the bonus the association shall divide the dollar amount

1 of each dividend declared on the account by a figure equal to
2 four times the annual rate of percent of such dividend declared
3 for the one-fourth of one percent bonus, two times the rate for
4 the one-half of one percent bonus (calculated upon dividend from
5 the date of the first bonus credit to the date of the second plus
6 one-fourth of one percent for the first bonus period), one and
7 one-third times the rate for the three-fourths of one percent bonus
8 (calculated upon dividends from the date of the second bonus
9 credit to the date of the third plus one-fourth of one percent for
10 the previous periods) and one times the rate for the one percent
11 bonus (calculated upon dividends from the date of the third bonus
12 credit to the date of the fourth plus one-fourth of one percent
13 for the previous periods). The amount of the bonus is the sum of
14 the quotients so obtained.

15 (c) Advertisement of bonus plan. The association which
16 has become obligated as provided in this section to pay a cash
17 bonus may advertise the bonus plan and may refer to the bonus
18 rate on such bonus plan as being a bonus of $1/4$, $1/2$, $3/4$ or one
19 percent per annum as the case may be.

20 (d) Bonus plan may be abolished. The members at a
21 regular or special meeting may abolish the bonus plan as to ac-
22 counts opened after the date of the action.

23 Sec. 31. CONTRACTS FOR SAVINGS PROGRAMS. An association
24 shall have power to contract with the proper authorities of any
25 public or non-public elementary or secondary school or other insti-
26 tution of higher learning, or any public or charitable institution
27 caring for minors, for the participation and implementation by the
28 association in any school or institutional thrift or savings plan,
29 and it may accept savings accounts at such a school or institution,

1 either by its own collector or by any representative of the school
2 or institution which becomes the agent of the association for such
3 purpose.

4 Sec. 32. CONVERSION

5 (a) Conversion into federal savings and loan associa-
6 tion. Any association or corporation of this state doing a home-
7 financing business may convert itself into a federal savings and
8 loan association in accordance with the provisions of Section 5 of
9 the Home Owners' Loan Act of 1933, as now or hereafter amended,
10 upon a vote of fifty-one percent or more of the votes of the mem-
11 bers cast at an annual meeting or at any special meeting called
12 to consider such action. A copy of the minutes of the proceedings
13 of such meeting of the members, verified by the affidavit of the
14 secretary or an assistant secretary, shall be filed in the office
15 of the Commissioner within ten days after the date of the meeting.
16 A sworn copy of the proceedings of the meeting, when so filed,
17 shall be presumptive evidence of the holding and action of the
18 meeting. Within three months after the date of such meeting, the
19 association shall take such action in the manner prescribed and
20 authorized by the laws of the United States as shall make it a
21 federal savings and loan association. There shall be filed with
22 the Commissioner a copy of the charter issued to the federal
23 savings and loan association by the Federal Home Loan Bank Board
24 or a certificate showing the organization of such association as a
25 federal savings and loan association, certified by the secretary
26 or assistant secretary of the Federal Home Loan Bank Board. No
27 failure to file any such instruments with the Commissioner shall
28 affect the validity of the conversion. Upon the grant to any
29 association of a charter by the Federal Home Loan Bank Board, the

1 association receiving the charter shall cease to be an association
2 incorporated under this Act and shall no longer be subject to the
3 supervision and control of the Commissioner. Upon the conversion
4 of any association into a federal savings and loan association,
5 the corporate existence of such association shall not terminate,
6 but such federal association shall be deemed to be a continuation
7 of the entity of the association so converted and all property of
8 the converted association, including its rights, titles, and in-
9 terests in and to all property of whatever kind, whether real,
10 personal, or mixed, and things in action, and every right, privi-
11 lege, interest, and asset of any conceivable value or benefit
12 then existing, or pertaining to it, or which would inure to it,
13 shall immediately by act of law and without any conveyance or
14 transfer and without any further act or deed remain and be vested
15 in and continue and be the property of such federal association
16 into which the state association has converted itself, and such
17 federal association shall have, hold, and enjoy the same in its
18 own right as fully and to the same extent as the same was pos-
19 sessed, held, and enjoyed by the converting association, and such
20 federal association as of the time of the taking effect of the
21 conversion shall continue to have and succeed to all the rights,
22 obligations, and relations of the converting association. All
23 pending actions and other judicial proceedings to which the con-
24 verting state association is a party shall not be deemed to have
25 abated or to have discontinued by reason of the conversion, but
26 may be prosecuted to final judgment, order, or decree in the same
27 manner as if the conversion into such federal association had not
28 been made and such federal association resulting from the con-
29 version may continue such action in its corporate name as a federal

1 association, and any judgment, order, or decree may be rendered
2 for or against it which might have been rendered for or against the
3 converting state association theretofore involved in such judicial
4 proceedings. Any association or corporation, which has heretofore
5 converted itself into a federal savings and loan association under
6 the provisions of the Home Owners' Loan Act of 1933 and has re-
7 ceived a charter from the Federal Home Loan Bank Board, shall
8 hereafter be recognized as a federal savings and loan association,
9 and its federal charter shall be given full credence by the courts
10 of this state to the same extent as if such conversion had taken
11 place under the provisions of this Section; provided, however,
12 that there shall have been compliance with the foregoing require-
13 ments with respect to the filing with the Commissioner of a copy
14 of the federal charter or a certificate showing the organization
15 of such association as a federal savings and loan association. All
16 such conversions are hereby ratified and confirmed, and all the
17 obligations of such an association which has so converted shall
18 continue as valid and subsisting obligations of the federal
19 savings and loan association, and the title to all of the property
20 of such an association shall be deemed to have continued and
21 vested, as of the date of issuance of such federal charter, in
22 the federal savings and loan association as fully and completely
23 as if the conversion had taken place since the enactment of this
24 Act pursuant to this section.

25 (b) Conversion into state-chartered association. Any
26 federal savings and loan association may convert itself into an
27 association under this Act upon a vote of fifty-one percent or
28 more of the votes of members of the federal savings and loan as-
29 sociation cast at an annual meeting or at any special meeting

1 called to consider such action. Copies of the minutes of the
2 proceedings of the meetings of members, verified by the affidavit
3 of the secretary or an assistant secretary, shall be filed in the
4 office of the Commissioner and mailed to the Federal Home Loan
5 Bank Board, Washington, D.C., within ten days after the meeting.
6 Such verified copies of the proceedings of the meeting when so
7 filed shall be presumptive evidence of the holding and action of
8 the meeting. At the meeting at which conversion is voted upon,
9 the members shall also vote upon the directors who shall be the
10 directors of the state-charters association after conversion
11 takes effect. The directors then shall execute two copies of the
12 petition for certificate of incorporation provided for in this
13 Act and two copies of the bylaws, as provided in this Act. The
14 Commissioner may insert in the certificate of incorporation, at
15 the end of the paragraph preceding the testimonium clause, the
16 following:

17 This association is incorporated by conversion from a
18 federal savings and loan association.

19 Each of the directors chosen for the association shall
20 sign and acknowledge the petition for certificate of incorporation
21 as subscribers thereto and the proposed bylaws as incorporators
22 of the association. The provisions of this Act shall, so far as
23 applicable, apply to such conversion under this Act. The Commis-
24 sioner may provide, by regulation, for the procedure to be followed
25 by any such federal savings and loan association converting into
26 an association under this Act. All the provisions regarding
27 property and other rights contained in the preceding subsection
28 shall apply, in reverse order, to the conversion of a federal
29 savings and loan association into an association incorporated under

1 this Act, so that the state-chartered association shall be a con-
2 tinuation of the corporate entity of the converting federal as-
3 sociation and continue to have all of its property and rights.

4 Sec. 33. POWER TO MERGE OR REORGANIZE. An association shall
5 have power to merge with another institution within its regular
6 lending area, or reorganize in the manner approved by the Commis-
7 sioner.

8 Sec. 34. DISSOLUTIONS

9 (a) Dissolution. Any association may, by a majority
10 of the votes cast at any annual meeting of the members or any
11 special meeting called for that purpose, vote to terminate its
12 existence.

13 (b) Certificate of dissolution. Upon such vote, five
14 copies of a certificate of dissolution, which shall state the
15 vote cast in favor of dissolution, shall be signed by two officers
16 and acknowledged before an officer competent to take acknowledg-
17 ments of deeds. Four copies of the certificate shall be filed
18 with the Commissioner, who shall examine the association, and, if
19 he finds that it is in a safe and sound condition, shall so note,
20 together with his approval of the dissolution, upon all the copies
21 of the certificate of dissolution. The Commissioner shall place
22 a copy in the permanent files of his office and return the re-
23 maining copies to the parties filing the same.

24 (c) Association continues as corporate entity for sole
25 purpose of winding up affairs. Upon such approval, the associa-
26 tion shall be dissolved and shall cease to carry on business but
27 nevertheless shall continue as a corporate entity for the sole
28 purpose of paying, satisfying, and discharging existing liabili-
29 ties and obligations, collecting and distributing assets, and

1 doing all other acts required to adjust, wind up, and dissolve
2 its business and affairs.

3 (d) Directors to act as liquidating trustees. The
4 board of directors shall act as trustees for liquidation. They
5 shall proceed as speedily as may be practicable to wind up the
6 affairs of the association and, to the extent necessary or ex-
7 pedient to that end, shall exercise all the powers of the dis-
8 solved association and, without prejudice to the generality of
9 such authority, may fill vacancies, elect officers, carry out the
10 contracts, make new contracts, borrow money, mortgage or pledge
11 the property, sell its assets at public or private sale, or com-
12 promise claims in favor of or against the association, apply as-
13 sets to the discharge of liabilities, distribute assets either in
14 cash or in kind among savings account members according to their
15 respective pro rata interests after paying or adequately provid-
16 ing for the payment of other liabilities, and perform all acts
17 necessary or expedient to the winding up of the association. All
18 deeds or other instruments shall be in the name of the association
19 and executed by the president or a vice president and the secre-
20 tary or an assistant secretary. The board of directors shall also
21 have power to exchange or otherwise dispose of or to put in trust
22 all, or substantially all, or any part of the assets, upon such
23 terms and conditions and for such considerations, which may be
24 money, stock, bonds, shares, or accounts of any insured associa-
25 tion, or of any federal savings and loan association, or other
26 instruments for the payment of money, or other property, or other
27 considerations, as the board of directors may deem reasonable or
28 expedient, and may distribute such considerations or the proceeds
29 thereof, or trust receipts, or certificates of beneficial interest

1 among the savings account members in proportion to their pro rata
2 interests therein. In the absence of fraud, any determination of
3 value made by the board of directors for any such purposes shall
4 be conclusive.

5 (e) Association subject to Commissioner during liquid-
6 ation. The association, during the liquidation of the assets of
7 the association by the board of directors, shall continue to be
8 subject to the supervision of the Commissioner, and the board of
9 directors shall report the progress of the liquidation to the
10 Commissioner from time to time as he may require. Upon completion
11 of liquidation, the board of directors shall file with the Com-
12 missioner a final report and accounting of the liquidation. The
13 approval of the report by the Commissioner shall operate as a
14 complete and final discharge of the board of directors or any mem-
15 ber thereof in connection with the liquidation of the association.
16 No dissolution or any action of the board of directors in con-
17 nection therewith shall impair any contract right between the
18 association and any borrower or other person or persons or the
19 vested rights of any member of the association.

20 Sec. 35. HOME OFFICE, BRANCH OFFICES AND AGENCIES

21 (a) Home office defined. The home office is the corp-
22 orate office named in the certificate of incorporation or as it
23 exists after change of its name or location as provided in this
24 Act.

25 (b) Branch office defined. A branch office is a legally
26 established place of business of the association other than the
27 home office or any agency, authorized by the board of directors
28 and approved by the Commissioner, at which savings accounts and
29 loan payments may be accepted and applications for loans may be

1 received, and at which account books and membership certificates
2 may be issued and loans may be closed.

3 (c) Agency defined. An agency of an association is the
4 place of business, stationary or mobile, other than the home of-
5 fice or a branch office, at which an agent or agents of the as-
6 sociation transact authorized business of the association. At
7 any such agency savings accounts and loan payments may be received
8 solely for transmission to the home office or a branch office of
9 the association but may not be accepted for or on behalf of the
10 association. At any such agency an agent or agents may, however,
11 perform such other special duties as may be directed from time to
12 time by the home office or a branch office. No such agency shall
13 be authorized, however, to issue account books and membership
14 certificates.

15 (d) Branch offices and agencies subject to direction
16 from home office. Each association shall be operated from the
17 home office. All branch offices and agencies shall be subject to
18 direction from the home office.

19 (e) Commissioner must approve establishment of branch
20 offices and agencies. No association may establish or maintain a
21 branch office or agency without the prior written approval of the
22 Commissioner, except that temporary and incidental agencies may be
23 created for individual transactions and for special temporary pur-
24 poses without such approval, and except for the purposes of Sec-
25 tion 31 of this Act. Each application for approval of the estab-
26 lishment and maintenance of a branch office or an agency shall
27 state the proposed location thereof, the need, the functions to be
28 performed, the estimated annual expense, and the mode of payment.
29 Each application shall be accompanied by a budget of the associa-

1 tion for the current dividend period and for the next succeeding
2 semiannual period, which reflects the estimated additional ex-
3 pense of the maintenance of such a branch office or agency. Upon
4 the receipt by the Commissioner of an application, he shall det-
5 ermine whether the establishment and maintenance of the office
6 will unduly injure any properly conducted existing association or
7 federal savings and loan association in the community where the
8 branch office or agency is proposed to be established or in any
9 neighboring community. If he finds that no undue injury is likely
10 to result and that the establishment and maintenance of the
11 branch office or agency is advisable, he may approve the appli-
12 cation.

13 (f) Approval of change of location of office. When-
14 ever the Commissioner shall receive from any association an ap-
15 plication for approval of change of location of its home office,
16 he shall first determine whether the association has complied
17 with the provisions of this Act; and if he shall so find, he
18 shall inquire into the advisability of approving the application,
19 and thereupon he shall approve or disapprove the application and
20 immediately notify the association requesting the change.

21 (g) Commissioner may revoke his approval of branch
22 office or agency. The Commissioner may revoke his approval of
23 the maintenance of any branch office or agency by a written no-
24 tice to the association if the association has not commenced
25 making active use of the branch office within twelve months after
26 the approval is granted.

27 Sec. 36. SUPERVISORY POWER OF COMMISSIONER

28 (a) Division of Savings Associations created. There
29 is created a Division of Savings Associations in the Department

1 of Commerce of this state which shall be administered by the Com-
2 missioner of Commerce. The Commissioner may appoint a Director
3 of Savings Associations to act under his executive direction.

4 (b) General supervisory power. The Commissioner shall
5 have general supervision over all associations and corporations
6 which are subject to the provisions of this Act.

7 (c) Specific powers. The Commissioner shall have power
8 to require savings associations to do any of the following things,
9 provided that he shall not have the power to require any savings
10 association to do anything which is contrary to or in violation
11 of the requirements of the Federal Savings and Loan Insurance
12 Corporation:

13 (1) Maintain its accounts in accordance with such
14 regulations as it may prescribe, having regard to the size
15 of the organization.

16 (2) Observe methods and standards which it may
17 prescribe for determining the value of various types of
18 assets.

19 (3) Charge off the whole or part of an asset which
20 at the time of the Commissioner's action could not lawfully
21 be acquired.

22 (4) Write down an asset to its market value.

23 (5) Record liens and other interests in property.

24 (6) Obtain a financial statement from a prospec-
25 tive borrower to the extent that the savings association can
26 do so.

27 (7) Obtain insurance against damage to real estate
28 taken as security.

29 (8) Search, or obtain insurance upon, the title to

1 real estate taken as security.

2 (9) Maintain adequate insurance against such other
3 risks and assets as the Commissioner may determine to be
4 necessary and appropriate for the protection of the members
5 of the association.

6 (10) Maintain and preserve records and to issue
7 regulations classifying records and prescribing the period
8 for which records of each class shall be retained.

9 (d) Power to enforce orders. The Commissioner may
10 order any person to cease violating a provision of this Act or any
11 lawful regulation of the Commissioner promulgated pursuant to this
12 Act. Any person aggrieved and directly affected by an order of
13 the Commissioner under this Act may appeal to the Superior Court
14 of the State of Alaska under the Administrative Procedure Act
15 within 30 days after the issuance of the order. The filing of a
16 petition for review shall not stay enforcement of an order, unless
17 the Court orders a stay upon such terms as it deems proper.

18 (e) General rule making authority. In addition to any
19 express powers to promulgate regulations, the Commissioner shall
20 have power to promulgate such regulations as are necessary to
21 carry out the provisions of this Act which are not inconsistent
22 with the requirements of the Federal Savings and Loan Insurance
23 Corporation.

24 (f) Standards for regulations. The Commissioner in the
25 exercise of the power to issue regulations under this Act, shall
26 act in the interests of promoting and encouraging thrift, savings,
27 investment, home financing, and the security of persons saving
28 through savings associations.

29 Sec. 37. REPORTS AND EXAMINATIONS

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1 (a) Annual report. On or before the last day of January
2 in each year, every association shall make an annual written report
3 to the Commissioner, upon a form to be prescribed and furnished by
4 the Commissioner, of its affairs and operations, which shall in-
5 clude a complete statement of its financial condition, including a
6 statement of income and expense since its last previous similar
7 report, for the twelve months ending on the 31st day of December
8 of the previous year. Every such report shall be verified by the
9 president and treasurer.

10 (b) Other reports. Every association also shall make
11 such other reports as the Commissioner may from time to time re-
12 quire, which shall be in such form and filed at such date as he
13 may prescribe and shall, if required by him, be verified in the
14 same manner as the annual report.

15 (c) Annual audit and examination. The Commissioner
16 shall, at least once each year, without previous notice, examine
17 or cause an examination to be made into the affairs of every associa-
18 tion subject to this Act. If an association is not audited at
19 least once each year in a manner satisfactory to the Commissioner,
20 the examination of such association shall include an audit.

21 (d) Commissioner authorized to accept examinations made
22 by Federal Home Loan Bank Board or Federal Savings and Loan In-
23 surance Corporation. In lieu of such examination, the Commissioner
24 may accept any examination made by a Federal Home Loan Bank, the
25 Federal Home Loan Bank Board, or by the Federal Savings and Loan
26 Insurance Corporation. Two copies of any audit, signed and certi-
27 fied by the auditor making such audit, shall be filed promptly
28 with the Commissioner.

29 (e) Extra or additional reports. Whenever, in the

1 judgment of the Commissioner, the condition of any association
2 renders it necessary or expedient to make an extra examination or
3 to devote any extraordinary attention to its affairs, the Commis-
4 sioner shall cause such work to be done. A full and complete copy
5 of the report of all examinations shall be furnished to the as-
6 sociation examined. Such report of examination or audit shall be
7 presented by the president to the board of directors at its next
8 regular or special meeting.

9 (f) Commissioner to have free access to all books and
10 papers of association and may issue summons, administer oaths, and
11 examine witnesses. The Commissioner, any deputy commissioner, or
12 his examiners or auditors shall have free access to all books and
13 papers of an association which relate to its business and books
14 and papers kept by any officer, agent, or employee, relating to or
15 upon which any record of its business is kept, and may summon wit-
16 nesses and administer oaths or affirmations in the examination of
17 the directors, officers, agents, or employees of any such associa-
18 tion or any other person in relation to its affairs, transactions,
19 and conditions, and may require and compel the production of rec-
20 ords, books, papers, contracts, or other documents by court order,
21 if not voluntarily produced.

22 (g) Personnel of Department must not divulge any inform-
23 ation acquired in discharge of their duties, except as required by
24 law. The Commissioner, his deputies, and his employees shall not
25 divulge any information acquired by them in the discharge of their
26 duties as prescribed by this Act, except insofar as the same may
27 be rendered necessary by law or under order of court; provided
28 that the Commissioner may furnish information as to the condition
29 of any association to the Federal Home Loan Bank Board, the Federal

1 Savings and Loan Insurance Corporation, any Federal Home Loan
2 Bank, or to the Savings Association Departments of other states.

3 Sec. 38. CONSERVATORSHIP

4 (a) Commissioner may order association to discontinue
5 any unsafe or illegal practice. If the Commissioner, as a result
6 of any examination or from any report made to him, shall find
7 that any association is violating the provisions of its certifi-
8 cate or incorporation or bylaws, or the laws of this state or of
9 the United States, or any lawful order of the Commissioner, he
10 shall, by a formal written order delivered to the association as
11 aforesaid state any alleged violation, together with a statement
12 of the facts alleged to be the violation, and direct discontinu-
13 ance of the violation and require conformance with all require-
14 ments of law.

15 (b) Conservator. If within a reasonable time satis-
16 factory corrective action has not been taken pursuant to the fore-
17 going subsection, the Commissioner, if he believes that the public
18 interest may be served by the appointment of a conservator, is
19 authorized, acting through the Attorney General, to apply to the
20 Superior Court of the State of Alaska in the Judicial District
21 where the association has its principal office for the appoint-
22 ment of a conservator. The court is authorized to appoint a con-
23 servator if it finds that the association: (1) Is in an im-
24 paired condition; (2) is in substantial violation of any valid
25 and applicable law or regulation; or (3) is concealing any of its
26 assets, books, or records. The Commissioner, or his deputy, or
27 examiner, or another person may be appointed by the court as con-
28 servator, and a certified copy of the order of the court making
29 the appointment shall be evidence thereof, and such conservator

1 shall have the power and authority provided in this Act and such
2 other power and authority as may be expressed in the order of the
3 court. The conservator shall endeavor promptly to remedy the
4 situations complained of in the petition for his appointment.
5 Within six months of the date of such appointment, or within
6 twelve months if the court shall extend the six months' period,
7 such association shall be returned to its board of directors and
8 thereafter shall be managed and operated as if no conservator
9 had been appointed, or a receiver shall be appointed as herein-
10 after provided. If the Commissioner, or his deputy, or examiner
11 is appointed conservator, he shall receive no additional compen-
12 sation, but if another person is appointed, then the compensation
13 of the conservator, as determined by the court, shall be paid by
14 the association. A certified copy of the order of the court dis-
15 charging such conservator and returning the association to its
16 directors shall be sufficient evidence thereof.

17 (c) Conservator possesses all powers of directors,
18 officers and members. Any conservator appointed shall have all
19 the rights, powers, and privileges possessed by the officers,
20 board of directors, and members of the association.

21 (d) Conservator not to employ special counsel or ex-
22 perts or incur expense other than normal operating expenses. The
23 conservator shall not retain special counsel or other experts,
24 incur any expense other than normal operating expenses, or liquidate
25 assets except in the ordinary course of operations.

26 (e) Conservator, with approval of Commissioner, may
27 remove any officer or director. The directors and officers shall
28 remain in office and the employees shall remain in their respec-
29 tive positions, but the conservator may remove any director,

1 officer, or employee, provided the order of removal of a director
2 or officer shall be approved in writing by the Commissioner.

3 (f) Under conservator, association may be operated as
4 a "going concern." While the association is in the charge of a
5 conservator, members of such association shall continue to make
6 payments to the association in accordance with the terms and con-
7 ditions of their contracts, and the conservator, in his discretion,
8 may permit savings account holders to withdraw their accounts
9 from the association pursuant to the provisions of this Act or
10 under and subject to such rules and regulations as the Commis-
11 sioner may prescribe. The conservator shall have power to accept
12 savings accounts and additions to savings accounts, but any such
13 amounts received by the conservator may be segregated if the Com-
14 missioner shall so order in writing; if so ordered, such amounts
15 shall not be subject to offset and shall not be used to liquidate
16 any indebtedness of the association existing at the time the con-
17 servator was appointed for it or any subsequent indebtedness in-
18 curred for the purposes of liquidating the indebtedness of any
19 such association existing at the time the conservator was ap-
20 pointed. All expenses of the association during such conservator-
21 ship shall be paid by the association.

22 Sec. 39. RECEIVERSHIP

23 (a) Appointment of receiver. If irregularities com-
24 plained of in an order of the Commissioner, as provided in the
25 previous section, are not corrected, or if any irregularities
26 complained of in a petition for the appointment of a conservator
27 are not corrected, or in the case of any emergency, the Commis-
28 sioner may, if in his judgment the public interest requires it,
29 acting through the Attorney General, apply to the Superior Court

1 of the State of Alaska in the Judicial District of the principal
2 office of any association for the appointment of a receiver. The
3 court is authorized to appoint a receiver if it finds that the
4 association: (1) Is in an impaired condition; (2) is in substantial
5 violation of any valid and applicable law or regulation; or (3)
6 is concealing any of its assets, books, or records. The Commis-
7 sioner, or his deputy, or examiner, or other person may be ap-
8 pointed by the court as receiver, and a certified copy of the
9 order of the court making the appointment shall be evidence there-
10 of, and such receiver shall have the power and authority provided
11 in this Act and such other power and authority as may be expressed
12 in the order of the court. If the Commissioner or his deputy
13 or examiner is appointed receiver, he shall receive no additional
14 compensation, but if another person is appointed, then the compen-
15 sation of the receiver, as determined by the court, shall be paid
16 from the assets of the association.

17 (b) Appointment of Federal Savings and Loan Insurance
18 Corporation as receiver or co-receiver. If the association is an
19 institution insured by the Federal Savings and Loan Insurance
20 Corporation, the Federal Savings and Loan Insurance Corporation
21 shall be tendered appointment as receiver or co-receiver. If it
22 accepts such appointment, it may, nevertheless, make loans on the
23 security of or purchase at public or private sale any part or all
24 of the assets of the association of which it is receiver or co-
25 receiver, provided such loan or purchase is approved by the court.

26 (c) Procedure. The procedure in such receivership
27 action shall be in all other respects in accordance with the prac-
28 tice in the court, including all rights of appeal and review.

29 Sec. 40. CORRECTION OF WRONGDOINGS BY SOLVENT INSTITUTION.

1 shall conduct a complete examination of the applicant at its ex-
2 pense as determined by the Commissioner and shall approve the
3 application if it appears that savers and investors are reason-
4 ably protected as provided in this Act and that the applicant's
5 home-financing policy is sound and economic and reasonably consis-
6 tent with the law of this state. The approval shall be withdrawn
7 when such conditions do not exist.

8 (c) Examination and supervision. The Commissioner
9 shall examine and supervise all such foreign associations oper-
10 ating in this state in the same manner as he examines and super-
11 vises associations of this state, and they shall pay all of the
12 reasonable costs as determined by the Commissioner.

13 (d) Unapproved foreign associations. The Commissioner
14 is authorized and directed acting through the Attorney General to
15 take any action necessary to prevent any foreign association from
16 doing any business of a savings association in this state without
17 approval.

18 (e) Transactions which are not considered "doing busi-
19 ness." For the purposes of this section and any other law of this
20 state restricting or regulating the doing of business in this
21 state by foreign corporations, a foreign association shall not be
22 considered to be doing business in this state by reason of pur-
23 chase, acquisition, holding, sale, assignment, transfer and en-
24 forcement of obligations or any interest therein secured by real
25 estate mortgages or deeds of trust covering real property located
26 in this state, or by reason of the foreclosure of such instru-
27 ments, or by acquisition of title to such property by foreclosure
28 or by deed in lieu of foreclosure, or otherwise, as a result of
29 default under such mortgage or deed of trust, or by reason of the

1 establishment of branch office, or change of name. There
2 shall accompany each application to the Commissioner for
3 leave to change the location of the home office, to establish
4 a branch office, or to change the name of the association a
5 fee of \$15.

6 (4) Supervision and examination fee. At the time
7 of filing its annual report each association shall pay to the
8 Commissioner as a fee for supervision and examination an
9 annual assessment of \$50, and a dollar amount equal to 25
10 cents per \$1,000 of its savings liability as of December 31
11 of the preceding year of \$5,000, whichever is the lesser.
12 Such assessment shall be in lieu of all other license fees
13 and charges of any kind whatsoever to any other state de-
14 partment or office, municipality, or other political sub-
15 division; provided, that the Commissioner may assess against
16 any such association the actual and necessary expenses inci-
17 dental to any additional examinations, or to supervision,
18 or to any special audit made pursuant to an order of the
19 Commissioner acting under authority of this Act.

20 (5) Merger fee. At the time of filing with the
21 Commissioner any merger agreement, the associations proposing
22 to so merge shall submit therewith a fee of \$150, which fee
23 shall be paid in equal parts by the associations parties to
24 the proposed merger.

25 (6) Fee for reorganization, transfer of assets,
26 and dissolution. There shall accompany every proposed plan of
27 reorganization, every proposal for the transfer of assets in
28 bulk, and every certificate of dissolution, filed with the
29 Commissioner for approval, a fee of \$50.

1 (7) Fee for filing copy of charter of federal
2 savings and loan association. A fee of \$10 shall accompany
3 each copy of the charter of a federal savings and loan asso-
4 ciation or certificate showing such organization by con-
5 version, filed with the Commissioner.

6 (8) Fee for approval of Commissioner. The Commis-
7 sioner is authorized, in his discretion, to charge a fee of
8 not exceeding \$10 upon each application for his approval, as
9 provided by this Act.

10 Sec. 45. TAXES

11 (a) Associations and their members required to pay
12 taxes upon all property except values already taxed. Associations
13 organized or operating under this Act shall pay state and local
14 taxes upon their real or personal property as other taxpayers,
15 provided that the mortgages and other securities which represent
16 values already subject to taxation levied upon the homes or other
17 real estate or property against which such mortgages or other
18 securities were issued shall not be subject to additional taxation.

19 (b) State associations subject to same taxation as
20 federal associations. State savings associations and their mem-
21 bers shall be subject to the same taxation and upon the same basis
22 as federal savings and loan associations.

23 GENERAL

24 Sec. 46. GENERAL

25 (a) Exemption from "Blue Sky" laws. The sale of savings
26 accounts of any association or federal savings and loan associa-
27 tion is hereby exempted from all provisions of law of this state
28 which provide for the supervision and regulation of the sale of
29 securities, and the sale of any such accounts shall be legal with-

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1 out any action or approval whatsoever on the part of any official
2 authorized to license, regulate, and supervise the sale of secur-
3 ities.

4 (b) Directors, employees, and members of association
5 may acknowledge instruments to which it is a party. No public
6 officer qualified to take acknowledgments or proofs of written
7 instruments shall be disqualified from taking the acknowledgment
8 or proof of any instrument in writing in which an institution is
9 interested by reason of his membership in or employment by an
10 institution so interested, and any such acknowledgments or proofs
11 heretofore taken are hereby validated.

12 (c) Operating contracts must be approved by Commis-
13 sioner. No association may hereafter make any operating or
14 management contract with any person or persons, except with the
15 approval of the Commissioner; nor shall existing contracts be ex-
16 tended, renewed, or transferred without such approval.

17 (d) Married women and minors. An association and any
18 federal savings and loan association may issue savings accounts
19 to any married woman or minor as the sole and absolute owner of
20 the savings account, and pay withdrawals and act with respect to
21 the accounts on the order of the married woman or minor. Any pay-
22 ment or delivery of rights to a married woman or to any minor, or
23 a receipt or acquittance signed by a married woman or by a minor,
24 who holds a savings account, shall be a valid and sufficient re-
25 lease and discharge of such institution for any payment so made or
26 delivery of rights to the married woman or minor. In the case of
27 a minor, the receipt, acquittance or other action required by the
28 institution to be taken by the minor shall be binding upon the
29 minor with like effect as if he were of full age and legal capacity

1 The parent or guardian of the minor shall not in his capacity as
2 parent or guardian have the power to attach or in any manner to
3 transfer any savings account issued to or in the name of the
4 minor, provided, however, that in the event of the death of the
5 minor the receipt or acquittance of either parent or of a person
6 standing in loco parentis to the minor shall be a valid and
7 sufficient discharge of such institution for any sum or sums not
8 exceeding in the aggregate \$1,000 unless the minor shall have
9 given written notice to the institution not to accept the signa-
10 ture of the parent or person.

11 (e) Accounts in two or more names. When a savings ac-
12 count is opened in any association or federal savings and loan
13 association, in the names of two or more persons, whether minor
14 or adult, in such form that the moneys in the account are payable
15 to either or the survivor or survivors then such account and all
16 additions thereto shall be the property of such persons as joint
17 tenants. The moneys in the account may be paid to or on the order
18 of any one of such persons during their lifetimes or to or on the
19 order of any one of the survivors of them after the death of any
20 one or more of them. The opening of the account in such form shall,
21 in the absence of fraud or undue influence, be conclusive evidence
22 in any action or proceeding to which either the association or
23 the surviving party or parties is a party, of the intention of all
24 of the parties to the account to vest title to the account and
25 the additions thereto in such survivor or survivors. By written
26 instructions given to the institution by all the parties to the
27 account, the signatures of more than one of the persons during
28 their lifetimes or of more than one of the survivors after the
29 death of any one of them may be required on any check, receipt, or

1 withdrawal order, in which case the institution shall pay the
2 moneys in the account only in accordance with such instructions,
3 but no such instructions shall limit the right of the survivor or
4 survivors to receive the moneys in the account.

5 Payment of all or any of the moneys in the account as
6 provided in the preceding paragraph of this section shall dis-
7 charge the institution from liability with respect to the moneys
8 so paid, prior to receipt by the institution of a written notice
9 from any one of them directing the institution not to permit with-
10 draws in accordance with the terms of the account or the in-
11 structions. After receipt of such notice an institution may re-
12 fuse, without liability, to honor any check, receipt, or withdrawal
13 order on the account pending determination of the rights of the
14 parties. No institution paying any survivor in accordance with
15 the provisions of this subsection shall thereby be liable for any
16 estate, inheritance or succession taxes which may be due this state.

17 (f) Pledge to association of savings accounts in joint
18 tenancy. The pledge to any association or federal savings and
19 loan association of all or part of a savings account in joint
20 tenancy signed by that person or those persons who are authorized
21 in writing to make withdrawals from the account shall, unless
22 the terms of the savings account provide specifically to the con-
23 trary, be a valid pledge and transfer to the association of that
24 part of the account pledged, and shall not operate to sever or
25 terminate the joint and survivorship ownership of all or any part
26 of the account.

27 (g) Accounts of deceased nonresidents. When a savings
28 account is held in any association or federal savings and loan
29 association by a person residing in another state or country, the

1 account, together with additions thereto and earnings thereon, or
2 any part thereof, may be paid to the administrator or executor
3 appointed in the state or country where the account holder resided
4 at the time of death, provided such administrator or executor has
5 furnished the association with (1) authenticated copies of his
6 letters and of the order of the court which issued the letters to
7 him authorizing him to collect, receive, and remove the personal
8 estate, and (2) an affidavit by the administrator or executor that
9 to his knowledge no letters then are outstanding in this state and
10 no petition for letters by an heir, legatee, devisee or creditor
11 of the decedent is pending on the estate in this state, and that
12 there are no creditors of the estate in this state. Upon payment
13 or delivery to the representative after receipt of the affidavit
14 and authenticated copies, the association is released and dis-
15 charged to the same extent as if the payment or delivery had been
16 made to a legally qualified resident executor or administrator,
17 and is not required to see to the application or disposition of
18 the property. No action at law or in equity shall be maintained
19 against the association for payment made in accordance with the
20 above provisions.

21 (h) Accounts of administrators, executors, guardians,
22 custodians, trustees, and other fiduciaries. Any association or
23 federal savings and loan association may accept savings accounts
24 in the name of any administrator, custodian, executor, guardian,
25 trustee, or other fiduciary in trust for a named beneficiary or
26 beneficiaries. Any such fiduciary shall have power to vote as a
27 member as if the membership were held absolutely, to open and to
28 make additions to, and to withdraw any such account in whole or
29 in part. The withdrawal value of any such account, and dividends

1 thereon, or other rights relating thereto may be paid or delivered,
2 in whole or in part, to the fiduciary without regard to any notice
3 to the contrary as long as the fiduciary is living. The payment
4 or delivery to any such fiduciary or a receipt or acquittance
5 signed by any such fiduciary to whom any such payment or any such
6 delivery of rights is made shall be a valid and sufficient release
7 and discharge of an institution for the payment or delivery so
8 made. Whenever a person holding an account in a fiduciary capacity
9 dies and no written notice of the revocation or termination of the
10 fiduciary relationship shall have been given to an institution and
11 the institution has no notice of any other disposition of the
12 beneficial estate, the withdrawal value of the account, and divi-
13 dends thereon, or other rights relating thereto may, at the op-
14 tion of an institution, be paid or delivered, in whole or in part,
15 to the beneficiary or beneficiaries. Whenever an account shall
16 be opened by any person, describing himself in opening such ac-
17 count as trustee for another and no other or further notice of
18 the existence and terms of a legal and valid trust than such
19 description shall have been given in writing to the association,
20 in the event of the death of the person so described as trustee,
21 the withdrawal value of the account or any part thereof, together
22 with the dividends or interest thereon, may be paid to the person
23 for whom the account was thus stated to have been opened, and the
24 account and all additions thereto shall be the property of such
25 person. The payment or delivery to any such beneficiary, bene-
26 ficiaries or designated person, or a receipt or acquittance signed
27 by any such beneficiary, beneficiaries or designated person for
28 any such payment or delivery shall be a valid and sufficient re-
29 lease and discharge of an institution for the payment or delivery

1 so made. No institution paying any such fiduciary or beneficiary
2 in accordance with the provisions of this subsection shall thereby
3 be liable for any estate, inheritance or succession taxes which
4 may be due this state.

5 (i) Powers of attorney on savings accounts. Any as-
6 sociation or federal savings and loan association may continue
7 to recognize the authority of an attorney authorized in writing
8 to manage or to make withdrawals either in whole or in part from
9 the savings account of a member until it receives written notice
10 or is on actual notice of the revocation of his authority. For
11 the purposes of this subsection, written notice of the death or
12 adjudication of incompetency of such member shall constitute
13 written notice of revocation of the authority of his attorney.
14 No such institution shall be liable for damages, penalty or tax
15 by reason of any payment made pursuant to this subsection.

16 (j) Savings accounts as legal investments and as
17 security for bonds. Administrators, executors, custodians,
18 guardians, trustees, and other fiduciaries of every kind and
19 nature, insurance companies, business and manufacturing companies,
20 banks, credit unions and all other types of financial institutions,
21 charitable, educational, eleemosynary and public corporations
22 and organizations, and municipalities and other public corpora-
23 tions and bodies, and public officials hereby are specifically
24 authorized and empowered to invest funds held by them, without
25 any order of any court, in savings accounts of savings associa-
26 tions which are under state supervision, and in accounts of fed-
27 eral savings and loan associations organized under the laws of
28 the United States and under federal supervision, and such invest-
29 ment shall be deemed and held to be legal investments for such

1 funds. With respect to investments by custodians, savings asso-
2 ciations hereby are deemed to be "banks" within the meaning of
3 that term as used in any legislation defining proper investments
4 by custodians for minors.

5 Whenever, under the laws of this state or otherwise, a
6 deposit of securities is required for any purpose, the securities
7 made legal investments by this section shall be acceptable for
8 such deposits, and whenever, under the laws of this state or
9 otherwise, a bond is required with security such bond may be
10 furnished, and the securities made legal investments by this sec-
11 tion in the amount of such bond, when deposited therewith, shall
12 be acceptable as security without other security.

13 The provisions of this section are supplemental to any
14 and all other laws relating to and declaring what shall be legal
15 investments for the persons, corporations, organizations, and
16 officials referred to in this section and the laws relating to
17 the deposit of securities and the making and filing of bonds for
18 any purpose.

19 (k) Right to act to avoid loss. Nothing in this Act
20 or the statute law of the state shall be construed as denying to
21 an association the right to invest its funds, operate a business,
22 manage or deal in property, or take any other action over whatever
23 period of time may reasonably be necessary to avoid loss on a
24 loan or investment theretofore made or an obligation created in
25 good faith.

26 (1) Accounts subject to garnishment and execution.
27 Savings accounts of associations and federal savings and loan
28 associations shall be subject to garnishment, attachment, execution
29 or any similar process to the same extent as are savings accounts

1 in federal savings and loan associations. Without inquiry into
2 the validity of any garnishment or similar process, such institu-
3 tions are authorized to pay any funds in excess of \$1,000 in any
4 such savings account into any court or to any qualified official
5 making demand therefor, pursuant to any such process or on any
6 judgment pursuant thereto.

7 (m) Statute of limitations on savings accounts. All
8 claims shall be barred in this state on any inactive savings ac-
9 count. For the purposes of this subsection, "inactive savings
10 account" shall mean a savings account with respect to which there
11 has been an absence for at least ten years of (1) additions to
12 the account, other than dividend creditings, (2) withdrawals from
13 the account, and (3) written communication from the holder thereof.

14 (n) Defamation of institutions prohibited. Whoever
15 willfully and knowingly makes, issues, circulates, transmits or
16 causes or knowingly permits to be made, issued, circulated or
17 transmitted, any statement or rumor, written, printed, reproduced
18 in any manner, or by word of mouth, which is untrue in fact and
19 is directly or by inference false, malicious in that it is cal-
20 culated to injure reputation or business, or derogatory to the
21 reputation, financial condition or standing, of any association,
22 federal savings and loan association, Federal Home Loan Bank, the
23 Federal Home Loan Bank Board, or the Federal Savings and Loan In-
24 surance Corporation, shall be fined not more than \$1,000 or im-
25 prisoned for not more than one year, or both.

26 (o) All thrift and home-financing organizations, ex-
27 cept savings banks, to be subject to provisions of savings as-
28 sociation act. All persons accepting moneys from the public and
29 engaged in home financing, whether or not incorporated, and every

1 corporation heretofore incorporated under the statutes of this
2 state which has for its purpose the promotion of thrift and the
3 financing of homes, except savings banks, by whatever name known,
4 shall at the time this Act becomes effective be subject to the
5 provisions of this Act and shall meet all the requirements of
6 this Act, including, but not limited to the requirements set forth
7 in this Act for incorporation and organization, except that the
8 obligations of any such existing corporation, whether between the
9 corporation and its members, or any of them, or any other person
10 or persons, or any valid contract between the members of any such
11 corporation, or between the corporation and any other person or
12 persons, existing at the time this Act takes effect, shall not be
13 in any way impaired by the provisions of this Act.

14 (p) All obligations heretofore contracted may be en-
15 forced. All obligations to any such corporation heretofore con-
16 tracted shall be enforceable by it and in its name, and demands,
17 claims, and rights of action against any such corporation may be
18 enforced against it as fully and completely as they might have
19 been enforced heretofore.

20 (q) Act controlling. Insofar as the provisions of this
21 Act are inconsistent with the provisions of any other law affect-
22 ing savings associations the provisions of this Act shall control.

23 (r) Saving clause. This Act does not affect rights
24 and duties that matured, penalties that were incurred, and pro-
25 ceedings that were begun, before its effective date. This Act
26 does not affect the right of the state or of any person to com-
27 mence an action of either a civil or criminal nature against any
28 person or corporation because of acts or omissions of that person
29 or corporation occurring in the course of a savings and loan

1 association business before such business shall have become quali-
2 fied to engage in such business. Nothing in this Act shall bar
3 the state from prosecuting any violation of the Alaska Banking
4 Code, the Alaska Securities Act or any other law because of acts
5 or omissions occurring in the course of any savings and loan
6 association type of business in Alaska before the effective date
7 of this Act.

8 (s) Separability. If any provision, clause, or phrase
9 of this Act or the application thereof to any person or circum-
10 stance is held invalid such invalidity shall not affect other
11 provisions or applications of this Act which can be given effect
12 without the invalid provisions or application, and to this end
13 the provisions of this Act are declared to be separable.

14 (t) Effect of subsequent legislation. This Act, being
15 a general act intended as a comprehensive coverage of its subject
16 matter, shall not be deemed to be impliedly repealed in whole or
17 in part by subsequent legislation not specifically repealing it
18 if such construction can be avoided.

19 Sec. 47. EFFECTIVE DATE. This Act takes effect on the day
20 after its passage and approval or on the day it becomes law without
21 such approval.

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