

Original sponsor: Commerce Committee  
by request

Offered: 3/21/78  
Referred: Rules

1 IN THE HOUSE

BY THE COMMERCE COMMITTEE

2 CS FOR HOUSE BILL NO. 703

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to savings associations."

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

8 \* Section 1. AS 06.30.015 is amended by adding new paragraphs to read:

9 (11) establish, at the discretion of the commissioner, a re-  
10 serve or charge off that portion of an asset classified as loss in the  
11 Federal Savings and Loan Insurance Corporation report of examination or  
12 state report of examination;

13 (12) consider as bad debts and charge off all debts due to the  
14 association on which interest is past due and unpaid for a period of six  
15 months unless the debts are adequately secured and the association is in  
16 process of collection.

17 \* Sec. 2. AS 06.30.025 is amended to read:

18 Sec. 06.30.025. GENERAL RULE-MAKING AUTHORITY OF COMMISSIONER. In  
19 addition to express powers to adopt regulations, the commissioner may  
20 adopt regulations necessary to carry out this chapter [WHICH ARE NOT  
21 INCONSISTENT WITH THE REQUIREMENTS OF THE FEDERAL SAVINGS AND LOAN  
22 INSURANCE CORPORATION].

23 \* Sec. 3. AS 06.30.030 is amended to read:

24 Sec. 06.30.030. STANDARDS FOR REGULATIONS. The commissioner in  
25 the exercise of the power to issue regulations necessary to carry out  
26 this chapter shall act in the interests of a sound and competitive  
27 savings and loan system and in the interest of promoting and encouraging  
28 thrift, savings, investment, home financing, and the security of persons  
29 saving through savings associations.

1 \* Sec. 4. AS 06.30.035 is repealed and re-enacted to read:

2 Sec. 06.30.035. INCORPORATORS; ARTICLES OF INCORPORATION; CERTIFI-  
3 CATE OF INCORPORATION. (a) Five or more individuals may incorporate  
4 under this chapter for the purpose of conducting and carrying on a  
5 savings association business.

6 (b) The incorporators shall execute articles of incorporation,  
7 which shall specify

8 (1) the name assumed by the association;

9 (2) the judicial district in which the association is to be  
10 located and the community where the association is to locate its princi-  
11 pal place of business;

12 (3) the nature of its business;

13 (4) the amount of its capital stock, surplus, or reserves;

14 (5) the number of directors of whom there must be at least  
15 five but no more the 25;

16 (6) the period for which the association is organized, if  
17 limited.

18 (c) The articles of incorporation shall be signed by all of the  
19 incorporators and acknowledged before an officer authorized to take  
20 acknowledgements.

21 (d) Before commencing business, the incorporators of a proposed  
22 association shall obtain the approval of the department. In applying  
23 for the approval, the incorporators shall submit to the department

24 (1) an application signed by all of the incorporators in the  
25 form and containing the information the department requires, including  
26 but not limited to the following:

27 (A) a notice of the incorporator's intent to organize a  
28 savings association;

29 (B) the name and address of an individual in the state

1 to whom notice to all incorporators may be sent;

2 (C) if a stock association,

3 (i) the amount of its capital stock which shall be  
4 divided into shares of not less than \$1 each;

5 (ii) the name, residence and occupation of each in-  
6 corporator, and the amounts of stock subscribed and paid for  
7 by each;

8 (iii) any past and present connection with any bank  
9 or savings association, other than as a customer on terms  
10 generally available to the public, of each incorporator and  
11 proposed director and each pre-incorporation subscriber of  
12 more than five per cent of the capital stock;

13 (iv) the name, residence and occupation of each pre-  
14 incorporation subscriber and the number of shares subscribed  
15 for by each;

16 (D) if a mutual association,

17 (i) the aggregate amount of savings accounts sub-  
18 scribed by the incorporators and the amount of the expense  
19 fund;

20 (ii) the name, residence and occupation of each  
21 incorporator and the amounts of savings accounts subscribed by  
22 each;

23 (E) the address of the proposed place of business of the  
24 association or, if an address is not available, a legal description  
25 of the proposed place of business;

26 (2) the proposed articles of incorporation executed in tri-  
27 plicate together with the applicable fees provided in (e) of this sec-  
28 tion, payable to the department for filing;

29 (3) the proposed bylaws of the association, as provided in

1 sec. 40 of this chapter, executed in triplicate.

2 (e) All reasonable investigation expenses incurred by the depart-  
3 ment in processing an application for approval of a proposed association  
4 shall be charged to and paid by the applicant in accordance with AS  
5 06.01.010. At the time of submitting the application for a certificate  
6 of incorporation to the department, the applicant shall pay to the  
7 department \$1,000 in partial payment of the investigative expenses  
8 incurred by the department. If the investigative expenses incurred by  
9 the department do not exceed \$1,000, the remainder shall be promptly  
10 refunded to the applicant.

11 (f) The department shall notify the incorporators of its decision  
12 on an application for a proposed association. If the application and  
13 accompanying documents required by (d) of this section do not conform to  
14 the requirements of this chapter and to the regulations adopted under  
15 this chapter, the department shall return the documents with an explana-  
16 tion of the defects. If the department does not act within 30 days of  
17 receipt of the application, the application shall be considered accepted;  
18 however, acceptance of the application does not constitute approval.

19 (g) The incorporators shall publish notice of the department's  
20 acceptance of the application for a proposed association and articles of  
21 incorporation once each week for two successive weeks in a newspaper of  
22 general circulation published in the community proposed as the associa-  
23 tion's principal place of business. If there is no newspaper in the  
24 proposed principal place of business, the notice shall be published in a  
25 newspaper of general circulation near the community. The first publi-  
26 cation of the notice shall appear within 15 days after the application  
27 and articles of incorporation have been accepted by the department. The  
28 notice shall state:

29 (1) the name of the proposed association;

1 (2) that the proposed association is to be incorporated under  
2 this chapter;

3 (3) the purpose of the proposed association;

4 (4) the names and addresses of the incorporators and the pro-  
5 posed initial board of directors as they appear in the articles of in-  
6 corporation.

7 (h) Proof of publication under (g) of this section shall be by  
8 affidavit of the publisher of the newspaper in which it was made and  
9 shall be filed with the department.

10 (i) Upon acceptance of an application for approval of a proposed  
11 association, the department shall conduct an investigation to ascertain  
12 whether

13 (1) the convenience and needs of the public will be served by  
14 the association;

15 (2) the population density or other economic characteristics  
16 of the area primarily to be served by the association afford reasonable  
17 promise of adequate support for the association;

18 (3) the character and fitness of the incorporators and the  
19 members of the initial board of directors are of a nature which commands  
20 the confidence of the community and warrants the belief that the busi-  
21 ness of the association will be honestly and efficiently conducted;

22 (4) the initial subscription account for a mutual association  
23 and the initial subscription account and the capital for a stock associ-  
24 ation are paid to at least an extent required by the department;

25 (5) the association will have personnel with adequate know-  
26 ledge and experience to conduct its business and officers who are of  
27 good character and financial responsibility;

28 (6) the addition of the association is not detrimental to a  
29 sound and competitive savings and loan system;

1 (7) the name is not deceptively similar to that of another  
2 association and is not otherwise misleading; and

3 (8) other facts and circumstances exist bearing on the asso-  
4 ciation and its relation to the community which the department considers  
5 relevant.

6 (j) No later than six months after the application for approval  
7 has been accepted, the department shall approve or deny it. The time  
8 may be extended by up to six additional months when warranted by excep-  
9 tional circumstances, as determined by the department. Within 30 days  
10 after the second publication of the notice required by (g) of this  
11 section, any person opposing the application may file with the depart-  
12 ment written objections to it and request a hearing on the matter. When  
13 it approves or denies the application, the department shall notify the  
14 incorporators and any other person who requested in writing that he be  
15 notified, and, if the application is denied, the department shall state  
16 the reasons for its decision and return all copies of the articles of  
17 incorporation.

18 (k) If the department approves the application, the approval shall  
19 be endorsed on the articles of incorporation, and the articles of in-  
20 corporation shall be filed and a certificate of incorporation issued.  
21 The department shall retain one copy of the approved articles for its  
22 files, file one copy with the Department of Revenue, and return one copy  
23 to the incorporators.

24 (l) At the time of the issuance of the certificate of incorpora-  
25 tion by the department the corporate existence begins, unless the  
26 certificate provides that it will begin on a stated day in the future in  
27 conformity with a provision of the articles of incorporation in which  
28 event the corporate existence begins on the date stated, without further  
29 action by either the incorporators or the department. The certificate

1 of incorporation is conclusive evidence that the association has been  
2 incorporated except as against the department in a proceeding instituted  
3 by it to dissolve the association under sec. 836 of this chapter.

4 (m) An association may amend its articles of incorporation in any  
5 manner consistent with this chapter by a vote of its members or stock-  
6 holders representing two-thirds of the capital at any regular meeting or  
7 at a special meeting called for that purpose. A certificate of the  
8 terms of the amendments shall be executed by a majority of the directors  
9 and filed in the same manner as the articles of incorporation.

10 \* Sec. 5. AS 06.30.040 is repealed and re-enacted to read:

11 Sec. 06.30.040. BYLAW REQUIREMENTS. (a) The bylaws of a savings  
12 association doing business in this state shall be in conformity with the  
13 provisions of this chapter and the laws of this state and at all times  
14 during the regular hours of business shall be open to the inspection of  
15 the members, at its principal place of business.

16 (b) The bylaws, among other things, shall provide for

17 (1) the character and methods of conducting the business of  
18 the association, with rules governing the admission of members, issuance  
19 of certificates, and sale of its certificates;

20 (2) the custody, control, disposition, and investment of  
21 funds of the association;

22 (3) its loan procedure;

23 (4) the holding of an annual meeting of the association, and  
24 the method for providing adequate notification to members; however, the  
25 time and place of it may be set by resolution of the directors of the  
26 association;

27 (5) the holding of special meetings, and the method of pro-  
28 viding adequate notification to members;

29 (6) the duties of the officers and directors of the associa-

1 tion and the number of directors to be elected;

2 (7) the method and qualifications for voting at meetings of  
3 members which shall include the right of cumulative voting;

4 (8) the terms and conditions for withdrawal of funds by  
5 investors; the bylaws may provide that no funds may be withdrawn by  
6 investors during the 12 months immediately following the issuance of a  
7 contract or certificate if the prohibition is expressed in the contract  
8 or certificate.

9 \* Sec. 6. AS 06.30.045 is repealed and re-enacted to read:

10 Sec. 06.30.045. CERTIFICATE OF AUTHORITY. (a) Until it receives  
11 a certificate of authority from the department to engage in the savings  
12 association business, an association may not accept deposits or transact  
13 any business except what is incidental to its commencement of business  
14 or to obtaining payment from subscribers. If, in violation of this sub-  
15 section, an association transacts business before it receives a certifi-  
16 cate of authority to engage in the savings association business, the  
17 directors and officers who wilfully authorized or participated in the  
18 action are personally, jointly, and severally liable for the debts and  
19 liabilities of the association incurred before the certificate of  
20 authority to engage in the savings association business is received.

21 (b) The department shall issue a certificate of authority to  
22 engage in the savings association business to a proposed association if,  
23 upon review of the information required by this chapter, including the  
24 following, it approves the application:

25 (1) in the case of a stock association, certification by an  
26 officer of the association to the department by affidavit, that

27 (A) the capital, surplus, and savings subscriptions  
28 required by the department have been fully paid in cash and aggre-  
29 gate not less than the minimum amount required by the department;

1 (B) a list of stockholders, giving the name, address,  
2 and number of shares held by each has been filed with the depart-  
3 ment;

4 (2) in the case of a mutual association, a certification by  
5 an officer of the association to the department by affidavit that the  
6 initial subscriptions of each subscriber has been fully paid in cash and  
7 aggregate not less than the minimum amount required by the department;

8 (3) that bylaws have been adopted and filed with the depart-  
9 ment;

10 (4) that the association has received approval of its appli-  
11 cation for insurance of accounts from the Federal Savings and Loan  
12 Insurance Corporation; and

13 (5) that the association has complied with all the require-  
14 ments of this chapter and any conditions imposed by the department and  
15 has advised the department in writing of any changes that have occurred  
16 in the facts reflected in the material it filed under sec. 35 of this  
17 chapter.

18 \* Sec. 7. AS 06.30.060(b) is repealed and re-enacted to read:

19 (b) Before a certificate of authority is issued for a mutual  
20 association, the subscribers shall pay in cash to the chairman, their  
21 subscriptions to a savings account, approved by the department, includ-  
22 ing that part of the original subscription paid by the chairman, an  
23 aggregate amount, fixed as follows in relation to the population of the  
24 community in which the home office of the association is to be located:

25 (1) in communities having less than 25,000 inhabitants, the  
26 minimum sum of \$500,000;

27 (2) in communities having 25,001 to 100,000 inhabitants, the  
28 minimum sum of \$1,000,000;

29 (3) in communities having 100,001 or more inhabitants, the

1 minimum sum of \$2,000,000.

2 \* Sec. 8. AS 06.30.060(e) is amended to read:

3 (e) The incorporators, in addition to their subscriptions to  
4 savings accounts in the case of a mutual association, or capital stock  
5 in the case of a stock association, shall create an expense fund in an  
6 amount not less than that specified by the department [ONE-HALF OF THE  
7 MINIMUM AMOUNT OF SAVINGS ACCOUNT SUBSCRIPTIONS REQUIRED TO BE PAID IN  
8 UNDER THIS CHAPTER]. The expense of organizing the association and its  
9 operating expenses may be paid from the expense fund until the earnings  
10 of the association are sufficient to pay its operating expenses in addi-  
11 tion to such dividends as may be declared and paid or credited to its  
12 savings account holders from its earnings. The incorporators and  
13 others, before a certificate of incorporation is issued, shall deposit  
14 to the credit of the chairman of the incorporators in cash the amount of  
15 the expense fund. The amounts contributed to the expense fund by the  
16 incorporators and others are not a liability of the association except  
17 as provided in this chapter.

18 \* Sec. 9. AS 06.30.060(f) is amended to read:

19 (f) Contributions made to the expense fund may be repaid pro rata  
20 to the contributors from the net earnings of the association after pro-  
21 vision for statutory additions to the surplus and reserve accounts have  
22 been made as provided in sec. 445 of this chapter [RESERVES AND DECLARA-  
23 TION OF DIVIDENDS OF NOT LESS THAN TWO PER CENT ON SAVINGS ACCOUNTS].  
24 If an association is liquidated before contributions to the expense fund  
25 have been repaid, contributions to the expense fund remaining unex-  
26 pended, after the payment of expenses of liquidation, all creditors, and  
27 the withdrawal value of all savings accounts, shall be repaid to the  
28 contributors pro rata. The books of the association shall reflect the  
29 expense fund. Contributors to the expense fund shall be paid dividends

1 on the amounts paid in by them and for this purpose contributions shall  
2 be considered as savings accounts of the association.

3 \* Sec. 10. AS 06.30.060 is amended by adding a new subsection to read:

4 (h) Before a certificate of authority is issued for a stock asso-  
5 ciation, (1) the stock subscribers shall pay in cash to the chairman,  
6 their subscriptions to the capital stock and contribution to the surplus  
7 account of the proposed association, approved by the department, in-  
8 cluding that part of the original subscription paid by the chairman, an  
9 aggregate amount not less than those amounts prescribed for mutual  
10 associations in (b) or (c) of this section; and (2) the savings sub-  
11 scribers shall pay in cash to the chairman, their subscriptions to a  
12 savings account of the proposed association, approved by the department,  
13 including that part of the original subscription paid by the chairman,  
14 an aggregate amount of one-half that specified for the stock subscrip-  
15 tion account.

16 \* Sec. 11. AS 06.30.090 is amended to read:

17 Sec. 06.30.090. CHANGE OF NAME [OR OFFICE]. The name [OR THE LO-  
18 CATION] of the home office of an association may be changed in the  
19 following manner.

20 (1) The board of directors shall by resolution approve the  
21 proposed new name [OR THE NEW LOCATION] of the home office of the asso-  
22 ciation. Immediately preceding application to the commissioner for  
23 approval, notice of intention to change the name [OR THE LOCATION] of  
24 the home office, signed by two officers, shall be published once a week  
25 for two successive weeks in a newspaper of general circulation in the  
26 city or the vicinity in which the home office is located, and a copy of  
27 the notice shall be displayed during the consecutive two weeks' period  
28 in a conspicuous place in the home office of the association.

29 (2) The association shall file four copies of an application

1 for approval with the commissioner. The application shall be signed by  
2 two officers of the association and acknowledged before an officer  
3 authorized [COMPETENT] to take acknowledgments [OF DEEDS].

4 (3) Upon approval of an application for change of name, the  
5 commissioner shall endorse on each copy of the application a certificate  
6 of approval. Upon approval, the name of the association shall be  
7 changed immediately.

8 [(4) UPON APPROVAL OF AN APPLICATION FOR CHANGE OF LOCATION  
9 OF THE HOME OFFICE OF AN ASSOCIATION, THE COMMISSIONER SHALL ENDORSE ON  
10 EACH COPY OF THE APPLICATION A CERTIFICATE OF APPROVAL.

11 (5) AFTER THE COMMISSIONER ENDORSES THE APPROVAL UPON THE  
12 COPIES OF AN APPLICATION FOR APPROVAL OF CHANGE OF NAME OR CHANGE OF  
13 LOCATION OF THE HOME OFFICE, HE SHALL FILE TWO COPIES WITH THE FEDERAL  
14 HOME LOAN BANK IF THE ASSOCIATION IS A MEMBER, RETURN ONE COPY TO THE  
15 APPLICANT ASSOCIATION AND RETAIN THE ORIGINAL COPY IN THE PERMANENT  
16 FILES OF HIS OFFICE.]

17 \* Sec. 12. AS 06.30.105 is amended to read:

18 Sec. 06.30.105. VOTING. (a) Members of record at the end of the  
19 calendar month preceding the date of the meeting of members except those  
20 who have ceased to be members are entitled to vote. The number of votes  
21 which a member may cast shall be determined by the books on the same  
22 date for determining the right to vote.

23 (b) In a mutual association [ON QUESTIONS REQUIRING ACTION BY THE  
24 MEMBERS], each member may cast one vote, plus an additional vote for  
25 each \$100 or fraction of \$100 of the withdrawal value of savings ac-  
26 counts, if any, held by the member. However, no member may cast more  
27 than 50 votes.

28 (c) At a meeting of the members, voting may be in person or by  
29 proxy. Every form of proxy solicited by any person with respect to

1 voting rights in an institution shall conform to the following require-  
2 ments:

3 (1) the proxy shall be in writing and signed by the member or  
4 his authorized attorney in fact;

5 (2) the proxy shall be revocable at will by the person giving  
6 it; the power to revoke may not be conditioned on any event or occur-  
7 rence or otherwise limited;

8 (3) the proxy may not be part of any other document or in-  
9 strument and shall be clearly labeled "Revocable Proxy" in boldface  
10 type;

11 (4) the proxy may not designate a corporation, partnership or  
12 any person other than a natural person to act on behalf of the member  
13 [EVERY PROXY SHALL BE IN WRITING AND SIGNED BY THE MEMBER OR HIS AUTHO-  
14 RIZED ATTORNEY IN FACT AND, WHEN FILED WITH THE SECRETARY, SHALL, UNLESS  
15 OTHERWISE SPECIFIED IN THE PROXY, CONTINUE IN FORCE FROM YEAR TO YEAR  
16 UNTIL REVOKED BY A WRITING DELIVERED TO THE SECRETARY OR UNTIL SUPER-  
17 SEDED BY ANOTHER PROXY].

18 (d) A simple majority [ANY NUMBER] of members of a mutual associa-  
19 tion present in person or by proxy at a regular or special meeting of  
20 members constitutes a quorum. A majority of all votes cast at a meeting  
21 of members determines any question.

22 (e) In a stock association each share of stock is entitled to one  
23 vote and any stockholder may vote in person or by written proxy. The  
24 holders of a majority of the outstanding voting shares or their autho-  
25 rized representatives constitute a quorum. In the absence of a quorum  
26 a meeting may be adjourned and rescheduled on proper notice to the  
27 stockholders.

28 \* Sec. 13. AS 06.30.110 is amended to read:

29 Sec. 06.30.110. MEMBERSHIP CHARGES PROHIBITED. An association may

1 [SHALL] not charge a membership, admission, withdrawal, or other fee or  
2 sum of money for the privilege of becoming, remaining, or ceasing to be  
3 a member of the association, except reasonable charges upon the making  
4 or modification of a loan. An association may [SHALL] not charge a mem-  
5 ber any sum of money by fine or penalty for any cause, except that a  
6 reasonable charge may be made against borrowers for defaults or prepay-  
7 ments. However, nothing contained in this chapter prevents payment  
8 being made for the purchase of stock in a stock association.

9 \* Sec. 14. AS 06.30.115 is amended to read:

10 Sec. 06.30.115. ACCESS TO BOOKS AND RECORDS OF ASSOCIATION. (a)  
11 Every member may inspect the books and records of an association which  
12 pertain to his loan or savings account.

13 (b) Except as provided in (a) and (c) of this section, the right  
14 of inspection and examination of the books and records is limited to (1)  
15 the commissioner or his authorized representatives as provided in this  
16 chapter, (2) persons authorized to act for the association, and (3) any  
17 federal instrumentality or agency authorized to inspect or examine the  
18 books and records of an insured association.

19 (c) In stock associations every stockholder may inspect the  
20 general books and records of the association except a stockholder may  
21 not have access to the loan and savings records of other members.

22 \* Sec. 15. AS 06.30.140 is amended to read:

23 Sec. 06.30.140. ASSOCIATION UNDER DIRECTION OF BOARD OF DIRECTORS.  
24 The business of the association is directed by a board of directors of  
25 not less than five or more than 25 [15] as determined and elected by  
26 ballot from among the members by a plurality of the votes of the members  
27 present. If authorized by vote of the members, vacancies on the board  
28 of directors may be filled by a simple majority vote of the remaining  
29 directors, and those persons so appointed may serve only until the next

1 annual meeting of the association [THE DIRECTORS MAY ELECT ALL DIREC-  
2 TORS]. At all times at least two-thirds of the directors shall be bona  
3 fide residents of this state.

4 \* Sec. 16. AS 06.30.145 is amended to read:

5 Sec. 06.30.145. QUALIFICATIONS OF DIRECTORS. (a) To qualify as a  
6 director, a member of a mutual [AN] association shall hold a savings  
7 account with the association having a withdrawal value of at least  
8 \$1,000 [\$500. IF THE ASSETS EXCEED \$2.5 MILLION, THE WITHDRAWAL VALUE  
9 OF THE ACCOUNT MUST BE AT LEAST \$2,000]. A director automatically  
10 ceases to be a director when he ceases to be a member, or when the net  
11 equity above loans of all savings accounts in the association held by  
12 him aggregates less than the minimum required to be eligible for election  
13 as a director. However, no action of the board of directors is invalid  
14 through the participation of the director in the action. If a director  
15 becomes ineligible under this section by reason of the exercise by the  
16 association of the right of redemption of savings accounts provided for  
17 in secs. 475 - 485 of this chapter, he remains in office until the  
18 expiration of his term or until he otherwise becomes ineligible.

19 (b) In a stock association each director shall own in his own  
20 right free of any encumbrance capital stock of the association in an  
21 amount equal to at least \$1,000 in par value.

22 (c) Each director shall take an oath that he will faithfully and  
23 honestly perform the duties of his office and will not violate or permit  
24 to be violated any provisions of this chapter. The oath shall be filed  
25 annually in the office of the department.

26 \* Sec. 17. AS 06.30.270 is amended to read:

27 Sec. 06.30.270. MAINTENANCE OF MEMBERSHIP RECORDS. (a) Every  
28 mutual association shall maintain membership records showing the name  
29 and address of the member, the status of the member as a savings account

1 holder, or an obligor, or a savings account holder and obligor, and the  
2 date of membership. In the case of account-holding members, the asso-  
3 ciation shall obtain a card containing the signature of the holder of  
4 the account or his authorized representative and shall preserve the  
5 signature card in the records of the association.

6 (b) Every stock association shall maintain a stock book and a  
7 stock transfer book.

8 \* Sec. 18. AS 06.30.280 is repealed and re-enacted to read:

9 Sec. 06.30.280. GENERAL POWERS OF ASSOCIATIONS. Every association  
10 has the powers enumerated, authorized, and permitted by this chapter and  
11 such other rights, privileges, and powers incidental to or reasonably  
12 necessary for the accomplishment of the objects and purposes of the  
13 association. Every association may

14 (1) sue and be sued, complain and defend in court;

15 (2) have a corporate seal, which may be affixed by imprint,  
16 facsimile or otherwise;

17 (3) adopt and amend bylaws as provided in this chapter;

18 (4) appoint officers, agents and employees as its business  
19 requires and fix their compensation;

20 (5) receive savings and repay or invest the same;

21 (6) declare and pay dividends;

22 (7) loan money and sell any of its notes or other evidences  
23 of its indebtedness, together with the collateral securing the same;

24 (8) collect or protect promissory notes or bills of exchange,  
25 owned or held as collateral by the association;

26 (9) collect or compromise debts due to it and in so doing to  
27 apply to the indebtedness the savings accounts of the member debtors and  
28 to receive as collateral or otherwise, other securities, property or  
29 property rights of any kind or nature;

1 (10) procure insurance of its mortgages from a mortgage in-  
2 surer authorized to do business in this state;

3 (11) provide for life, health and casualty insurance for  
4 officers and employees and adopt and operate reasonable bonus plans and  
5 retirement benefits for officers and employees;

6 (12) borrow money and pledge or mortgage its properties and  
7 securities in connection with them;

8 (13) conduct business in this state or elsewhere as may be  
9 permitted by this chapter;

10 (14) deposit money and securities in any bank or other like  
11 depository;

12 (15) sell money orders and travelers checks;

13 (16) act as an escrow agent;

14 (17) let safe deposit boxes and other receptacles for the  
15 safekeeping of personal property;

16 (18) dissolve and wind up its business.

17 \* Sec. 19. AS 06.30.295 is amended to read:

18 Sec. 06.30.295. FIXED RATE, FIXED TERM ACCOUNTS [DEFINITE RATE  
19 SECURITIES FORBIDDEN]. No association may [SHALL] issue, sell, nego-  
20 tiate, or advertise for sale either to members or the public any type of  
21 investment security other than savings accounts. An association may  
22 accept accounts bearing a definite rate of return for fixed periods of  
23 time when its board of directors has adopted a resolution providing for  
24 the issuance of fixed rate, fixed term accounts and those accounts are  
25 insured by the Federal Savings and Loan Insurance Corporation [NO ASSO-  
26 CIATION SHALL AGREE TO PAY A RATE OF INTEREST THAT IS GUARANTEED OR AN  
27 AMOUNT IN DIVIDENDS THAT IS FIXED UPON ANY SAVINGS ACCOUNTS ISSUED BY  
28 IT. THIS SECTION SHALL NOT BE CONSTRUED, HOWEVER, TO EXCLUDE THE POWER  
29 OF THE ASSOCIATION TO BORROW MONEY FROM BANKS, OR OTHER SIMILAR BORROW-

1 INGS, OR TO PAY A BONUS TO SAVINGS ACCOUNT MEMBERS IN ACCORDANCE WITH  
2 THIS CHAPTER].

3 \* Sec. 20. AS 06.30.330 is amended to read:

4 Sec. 06.30.330. FEDERAL SAVINGS AND LOAN ASSOCIATIONS. Federal  
5 savings and loan associations incorporated under the Home Owner's Loan  
6 Act of 1933, as now or hereafter amended, are not foreign corporations  
7 or associations. [UNLESS FEDERAL LAWS OR REGULATIONS PROVIDE OTHERWISE,  
8 FEDERAL SAVINGS AND LOAN ASSOCIATIONS AND THE MEMBERS SHALL POSSESS ALL  
9 OF THE RIGHTS, POWERS, PRIVILEGES, BENEFITS, IMMUNITIES AND EXEMPTIONS  
10 PROVIDED BY THE LAWS OF THIS STATE FOR THE ASSOCIATIONS ORGANIZED UNDER  
11 THE LAWS OF THIS STATE AND FOR THE MEMBERS OF THEM.] This section is  
12 additional and supplemental to any provision which, by specific refer-  
13 ence, is applicable to federal savings and loan associations and the  
14 members of them.

15 \* Sec. 21. AS 06.30.335 is repealed and re-enacted to read:

16 Sec. 06.30.335. APPLICATION FOR CERTIFICATE OF AUTHORITY FOR  
17 BRANCH, AGENCY OR CHANGE OF LOCATION. (a) No association may establish  
18 or maintain a branch office or agency without the written approval of  
19 the commissioner; however, a temporary and incidental agency may be  
20 created for individual transactions and for special temporary purposes  
21 with the prior special permission of the commissioner except for the  
22 purposes specified in secs. 760 - 775 of this chapter.

23 (b) Before operating a branch office or agency or changing the  
24 location of the home office, branch office, or agency of the associa-  
25 tion, an association must apply to the department for a certificate of  
26 authority to do so. The application shall be in the form and contain  
27 the information the department requires to enable it to determine  
28 whether a certificate of authority should be issued, including but not  
29 limited to the address at which the association, agency or branch office

1 will operate. All reasonable investigation expenses incurred by the  
2 department in processing an application shall be charged to and paid by  
3 the applicant in accordance with this title. At the time of sub-  
4 mitting the application to the commissioner, the applicant shall pay to  
5 the department \$500 in partial payment of those investigation expenses  
6 incurred by the department. If the investigation expenses incurred by  
7 the department do not exceed \$500, the remainder shall be promptly  
8 refunded to the applicant.

9 (c) The department shall notify the association of its action on  
10 the application for a branch office or agency or for a change of loca-  
11 tion. If the application and the accompanying documents do not conform  
12 to the requirements of (b) of this section, the department shall return  
13 them with an explanation of the defects in them. If the department does  
14 not respond within 30 days of its receipt of the application, it shall  
15 be considered to have been accepted; however, acceptance of the applica-  
16 tion does not constitute approval.

17 (d) The association shall publish notice of the acceptance by the  
18 department of the application for a branch office or agency or for  
19 approval to change the location of the home office, a branch, or agency  
20 of an association, in the manner provided in sec. 35(g) and (h) of this  
21 chapter. The notice shall state the proposed location.

22 (e) Upon acceptance of an application for a certificate of autho-  
23 rity to operate a branch office or agency or for approval to change the  
24 location of the home office, branch office, or agency of an association,  
25 the department shall conduct an investigation to be sure that

26 (1) the addition of the proposed facility in the community is  
27 not detrimental to a sound and competitive banking and savings system;

28 (2) the population density and other economic characteristics  
29 of the area primarily to be served afford reasonable promise of adequate

1 support for a branch or a relocated home office, branch office, or  
2 agency;

3 (3) the capital and reserves of the association are adequate  
4 in relation to the anticipated business and costs of operating at the  
5 proposed location;

6 (4) the name is not deceptively similar to that of another  
7 branch office, agency or association, and is not otherwise misleading.

8 (f) No later than 150 days after the application for a certificate  
9 of authority to operate a branch office or agency or to change the lo-  
10 cation of the home office, branch office, or agency of an association  
11 has been accepted, the department shall make a determination whether to  
12 approve the application. Within 30 days after the second publication of  
13 the notice referred to in (d) of this section, any person opposing the  
14 pending application may file written objections with the department.  
15 When it approves or denies the application, the department shall notify  
16 the association and any other person who requested in writing that he be  
17 notified, and, if the application is denied, the department shall state  
18 the reasons for its decision. The department shall issue a certificate  
19 of authority to operate a branch office or agency or to change the loca-  
20 tion of the home office, branch office, or agency of an association  
21 if

22 (1) all conditions imposed by the department in granting the  
23 certificate have been fulfilled;

24 (2) the requirements of this chapter are satisfied.

25 (g) If the rights conferred by a certificate of authority are not  
26 exercised within one year from the date of its issuance, the certificate  
27 lapses.

28 \* Sec. 22. AS 06.30.375 is amended to read:

29 Sec. 06.30.375. SAVINGS ACCOUNTS IN GENERAL. Savings accounts

1 shall be opened for cash or its equivalent. Except as limited by the  
2 board of directors, a member may make additions to his savings accounts  
3 in amounts and at times he chooses. Except as provided in secs. 450 -  
4 455 of this chapter, an association may not prefer one of its savings  
5 accounts over another as to the right to receive [PARTICIPATE IN] divi-  
6 dends. No preference between savings account members may be created  
7 with respect to the distribution of assets upon voluntary or involuntary  
8 liquidation, dissolution or winding up the business of the association.

9 \* Sec. 23. AS 06.30.430 is amended by adding new subsections to read:

10 (b) Every association shall upon request submit to the department  
11 a report of inactive savings accounts. The executive officer of the  
12 association is responsible for furnishing the report. The department  
13 shall proceed to recover the property through escheat proceedings in the  
14 manner provided in AS 09.50.070 - 09.50.160.

15 (c) A service charge may be made by the association for reasonable  
16 costs incurred in maintaining inactive accounts.

17 \* Sec. 24. AS 06.30.445 is repealed and re-enacted to read:

18 Sec. 06.30.445. GENERAL RESERVE FOR LOSSES AND NET WORTH REQUIRE-  
19 MENTS. (a) A savings association shall establish and maintain a  
20 general reserve account for losses and other net worth accounts adequate  
21 to assure solvency of the association.

22 (b) Each savings association shall accumulate and maintain as a  
23 net worth account a general reserve for the sole purpose of absorbing  
24 losses. At the annual closing date following the anniversary of its  
25 certificate of authority and each annual closing date thereafter, the  
26 general reserve shall have a minimum balance not less than an amount  
27 fixed by regulation. The commissioner by regulation shall fix the  
28 required minimum amount of general reserve accounts of associations.  
29 The regulation shall provide a uniform schedule of minimum levels

1 to be reached during the first 20 or more years of an association's  
2 operation for the purpose of achieving an orderly accumulation of  
3 the general reserve account.

4 (c) The commissioner may permit an association to cure a deficiency  
5 in its general reserve account by requiring the board of directors of  
6 the association to earmark earned surplus, voluntarily pledged savings  
7 accounts of a mutual association, or capital surplus or stated capital  
8 of a stock association, as part of its general reserve account in the  
9 amounts needed to cure the deficiency. Amounts so earmarked shall be  
10 held for the same purpose as the general reserve to the extent the ear-  
11 marked amounts are needed to maintain the required reserve account level.  
12 An association may not pay dividends or interest from the reserve account  
13 or other funds earmarked for the purpose of meeting the reserve account  
14 requirement.

15 (d) Every savings association shall build up and maintain its  
16 net worth so that at the close of business on any annual closing date  
17 its net worth accounts shall equal not less than the dollar amount  
18 determined in accordance with the regulations adopted by the commissioner  
19 to be adequate to assure solvency of the association. The regulations  
20 shall provide for an adjustment of the net worth requirement during the  
21 first years of an association's operation in accordance with (b) of this  
22 section. If an association fails to establish or maintain the general  
23 reserve or the net worth requirements of this section, the commissioner  
24 may, in accordance with the provisions of this title, require the  
25 association to take appropriate corrective action.

26 (e) An association may establish reserve accounts, in addition to  
27 the general reserve, as its board of directors may authorize, and make  
28 transfers to and charge such reserve accounts.

29 (f) Losses as they are determined, not charged to other reserve

1 accounts, shall be charged to the general reserve until the general  
2 reserve account is exhausted. After exhaustion of the general reserve,  
3 any remaining losses not charged to other reserve accounts shall be  
4 charged as determined:

5 (1) in the case of a stock association, to earned surplus,  
6 then capital surplus and then stated capital; or

7 (2) in the case of a mutual association, to earned surplus  
8 and then the expense fund, if any.

9 (g) Any insurance reserve required by an insurer of the savings  
10 accounts of an association shall be considered part of the general re-  
11 serve for the purpose of (b) of this section.

12 \* Sec. 25. AS 06.30.455 is amended to read:

13 Sec. 06.30.455. COMPUTATION AND PAYMENT OF DIVIDENDS ON SAVINGS  
14 PLANS. Dividends shall be credited to savings accounts on the books of  
15 the association on the dividend-payment date unless a savings account  
16 holder requests and the association agrees to pay dividends on all or  
17 part of a savings account in cash. Dividends payable in cash shall be  
18 paid on the dividend-payment date and may be paid by check or bank  
19 draft. All savings account holders shall participate equally in divi-  
20 dends pro rata to the withdrawal value of their respective accounts,  
21 except the association may pay dividends according to the rate limita-  
22 tions prescribed for different classes of accounts and administered by  
23 the Federal Home Loan Bank Board [THAT NO ASSOCIATION SHALL BE REQUIRED  
24 TO PAY OR CREDIT DIVIDENDS ON ACCOUNTS OF \$10 OR LESS ON SHORT-TERM  
25 ACCOUNTS WHICH ARE OPENED WITH THE INTENTION OF CLOSING THEM WITHIN ONE  
26 YEAR]. Dividends shall be declared on the withdrawal value of each  
27 savings account at the beginning of the dividend period, plus additions  
28 to it made during the dividend period, less amounts withdrawn and  
29 noticed for withdrawal, which for dividend purposes shall be deducted

1 from the latest previous addition, computed at the declared rate for the  
2 time invested. The date of investment is the date of actual receipt by  
3 the association of an account or an addition to an account. If the  
4 board of directors so determines, accounts or additions received by the  
5 association on or before a date not later than the tenth day of the  
6 month, unless the day determined is not a business day, in which case it  
7 may be the next succeeding business day, shall receive dividends as if  
8 invested on the first day of the month in which the payments were re-  
9 ceived. If the board makes this determination, it also shall determine  
10 that payments received after the determination date shall either (1)  
11 receive dividends as if invested on the first day of the next succeeding  
12 month, or (2) receive dividends from the date of actual receipt by the  
13 association.

14 \* Sec. 26. AS 06.30.495 is amended to read:

15 Sec. 06.30.495. LOANS ON SECURITY OF SAVINGS ACCOUNTS. An asso-  
16 ciation may make loans on the sole security of savings accounts whether  
17 or not the borrower is the owner of the accounts if the association  
18 obtains a lien upon or a pledge of the savings account as a security for  
19 the loan. However, the [ . THE] loan may not exceed the withdrawal value  
20 of the accounts owned or pledged for or by the borrower. An association  
21 may not make a loan on the sole security of a savings account when  
22 applications for withdrawal have been on file more than 60 days and have  
23 not been paid.

24 \* Sec. 27. AS 06.30.500 is repealed and re-enacted to read:

25 Sec. 06.30.500. INVESTMENT IN FIRST MORTGAGES. Subject to the  
26 provisions of this chapter and regulations adopted under it, an associa-  
27 tion may invest in deeds of trust on mortgages in a first lien position  
28 on real property, including leasehold estates subject only to reserva-  
29 tions, easements and restrictions of record, subject to the following

1 limitations:

2 (1) No investment in mortgages executed by any one mortgagor  
3 may exceed in the aggregate two per cent of the assets of the associa-  
4 tion at the time the investment is made, or \$90,000 on a single family  
5 dwelling or \$90,000 per unit on a multiple family dwelling or other  
6 improved realty, whichever is greater, or other maxima established by  
7 the commissioner by regulation.

8 (2) No investment in any one mortgage may exceed two per cent  
9 of the assets of the association at the time the investment is made, or  
10 as specified in (1) of this section, whichever is greater, or more than  
11 80 per cent of the appraised value of a one-to-four family residence  
12 securing a conventional loan; however, an association may make 95 per  
13 cent of appraised value loans if the term of the loan does not exceed 30  
14 years, and the loan is secured by an amortized mortgage, deed of trust,  
15 or other instrument under the terms of which the installment payments  
16 are sufficient to amortize the entire principal of the loan within the  
17 period ending on the date of its maturity and, in addition, the loan is  
18 either

19 (A) insured by mortgage insurance in an amount equal to  
20 20 per cent of the loan issued by a mortgage insurer authorized to  
21 do business in Alaska; or

22 (B) secured in addition to the amortized mortgage by a  
23 savings account held by the lending institution in an amount equal  
24 to 10 per cent of the loan or other collateral acceptable to the  
25 department.

26 (3) Except as provided in (1) of this section, no investment  
27 may be made in a conventional loan secured by a mortgage on a one-to-  
28 four family residence unless the mortgaged property is located inside  
29 this state and the mortgage has a maturity not exceeding 30 years from

1 the date the loan is made.

2 (4) No investment may be made in a conventional loan if the  
3 aggregate unpaid principal of all conventional loans exceeds 80 per cent  
4 of deposits plus all borrowings from the Federal Home Loan Bank.

5 (5) The loan may not be made to a director, officer, or em-  
6 ployee except when secured by home property owned and occupied by the  
7 director, officer, or employee.

8 (6) No investment may be made in a mortgage upon a leasehold  
9 unless

10 (A) the leasehold has an unexpired term of not less than  
11 two years beyond the maturity of the loan;

12 (B) the principal amount of the mortgage loan is not in  
13 excess of 80 per cent of the appraised value of the leasehold;  
14 and

15 (C) provision is made for completed amortization of the  
16 loan within an unexpired term by period payments as the department  
17 may prescribe.

18 \* Sec. 28. AS 06.30.505(a) is amended to read:

19 (a) An association may use for loans other than those specified in  
20 sec. 500 of this chapter an aggregate amount not exceeding 30 per cent  
21 of the assets at the time of use, or a larger amount with the approval  
22 of the commissioner as follows:

23 (1) home loans, whether direct-reduction or not, which  
24 exceed \$90,000 [\$45,000] each, regardless of where the home property  
25 securing the loan is situated;

26 [(2) HOME LOANS OF ANY AMOUNT, WHICH ARE DIRECT-REDUCTION  
27 HOME LOANS SECURED BY HOME PROPERTY SITUATED BEYOND THE REGULAR LENDING  
28 AREA;]

29 (3) home loans of any amount, which are not direct-reduction

1 home loans, regardless of where the home property securing the loan is  
2 situated;

3 (4) other real estate loans, whether amortized or unamor-  
4 tized, regardless of amount or location of real estate securing the  
5 loan.

6 \* Sec. 29. AS 06.30.505 is amended by adding new subsections to read:

7 (c) An association may, subject to regulations adopted by the  
8 commissioner, invest not to exceed 10 per cent of its assets in loans  
9 secured by mobile homes.

10 (d) The loans referred to in (a) of this section may not exceed 80  
11 per cent of appraised value of the property securing the loans except as  
12 provided in secs. 500 and 510 of this chapter.

13 \* Sec. 30. AS 06.30.555 is amended by adding a new subsection to read:

14 (b) An association may, subject to the requirements of this chap-  
15 ter, make or acquire a loan by a second lien on improved real estate if

16 (1) payments on the loan secured by the first mortgage are  
17 current and the bank retains in its records a written report of the  
18 status and balance of the first lien loan as of the date the second lien  
19 loan is made or acquired;

20 (2) the total of the balance of the loan secured by the first  
21 lien and the loan secured by the second lien does not exceed the maximum  
22 percentage of appraised value permitted under sec. 505(d) of this chap-  
23 ter;

24 (3) the second mortgage agreement contains a provision that  
25 the association is entitled to be subrogated to all rights of the bor-  
26 rower under the first mortgage.

27 (4) the total aggregate amount of such loans outstanding does  
28 not exceed 10 per cent of the association's assets.

29 \* Sec. 31. AS 06.30.615(a) is amended to read:

1 (a) An association may invest an amount which does not exceed the  
2 sum of its capital stock, surplus, undivided profits and reserve ac-  
3 counts in real estate including buildings and appurtenances as may be or  
4 reasonably anticipated to be necessary or convenient for the transaction  
5 of its business from portions of which a revenue may be derived by  
6 rentals or otherwise. However, the commissioner may approve investment  
7 of a larger sum.

8 \* Sec. 32. AS 06.30.615(b) is amended by adding a new paragraph to read:

9 (7) stock of a wholly owned subsidiary corporation having as  
10 its exclusive activity the ownership and management of the association's  
11 real property.

12 \* Sec. 33. AS 06.30 is amended by adding a new section to read:

13 Sec. 06.30.616. INVESTMENT IN SERVICE CORPORATION. (a) An asso-  
14 ciation may, subject to the approval of the commissioner, invest in,  
15 hold, and sell the capital stock and other obligations of

16 (1) any service corporation organized under the laws of this  
17 state if the entire capital stock of the service corporation is avail-  
18 able for purchase only by one or more savings and loan or banking insti-  
19 tutions having their home offices in this state, to perform accounting  
20 or similar functions or servicing loans primarily for those institu-  
21 tions;

22 (2) any service corporation whose activities consist of pur-  
23 chasing and disposing of loans and making each investment as specifi-  
24 cally authorized by federal and state law for savings and loan and  
25 banking institutions.

26 (b) An association may invest upon approval by the commissioner in  
27 a service corporation an amount not to exceed five per cent of its total  
28 assets at the time of the investment except the total investment under  
29 this section and sec. 615 of this chapter may not exceed the sum of its

1 capital stock, surplus, undivided profits and reserve accounts.

2 \* Sec. 34. AS 06.30.625 is amended to read:

3 Sec. 06.30.625. ANNUAL REPORT. Within 30 days of the end of [BE-  
4 FORE FEBRUARY 1 IN] each calendar year, every association shall make an  
5 annual written report to the commissioner of its affairs and operations.  
6 The commissioner shall prescribe and furnish the form for the annual  
7 report. The report shall include a complete statement of its financial  
8 condition, including a statement of income and expense since its last  
9 previous report, for the 12 months ending on December 31 of the previous  
10 year. The report shall be signed [VERIFIED] by the president, [AND]  
11 treasurer, and at least three directors.

12 \* Sec. 35. AS 06.30.760 is amended to read:

13 Sec. 06.30.760. CONVERSION INTO FEDERAL SAVINGS AND LOAN ASSOCIA-  
14 TION. A mutual [AN] association or corporation of this state doing a  
15 home-financing business may convert itself into a federal savings and  
16 loan association in accordance with sec. 5 of the Home Owners' Loan Act  
17 of 1933, as now or hereafter amended, upon a vote of 51 per cent or more  
18 of the votes of the members cast at an annual meeting or at a special  
19 meeting called to consider the action. A copy of the minutes of the  
20 proceedings of the meeting of the members, verified by the affidavit of  
21 the secretary or an assistant secretary, shall be filed in the office of  
22 the commissioner within 10 days after the date of the meeting. A sworn  
23 copy of the proceedings of the meeting, when filed, is presumptive  
24 evidence of the holding and action of the meeting. Within three months  
25 after the date of the meeting, the association shall take action in the  
26 manner prescribed and authorized by the laws of the United States which  
27 will make it a federal savings and loan association. A copy of the  
28 charter issued to the federal savings and loan association by the  
29 Federal Home Loan Bank Board or a certificate showing the organization

1 of the association as a federal savings and loan association shall be  
2 filed with the commissioner. The copy shall be certified by the secre-  
3 tary or assistant secretary of the Federal Home Loan Bank Board. Fail-  
4 ure to file the charter or certificate with the commissioner does not  
5 affect the validity of the conversion.

6 \* Sec. 36. AS 06.30.775(a) is amended to read:

7 (a) A federal savings and loan association may convert itself into  
8 a mutual [AN] association under this chapter upon a vote of 51 per cent  
9 or more of the votes of members of the federal savings and loan associa-  
10 tion cast at an annual meeting or at a special meeting called to con-  
11 sider the action. Copies of the minutes of the proceedings of the  
12 meetings of members, verified by the affidavit of the secretary or an  
13 assistant secretary, shall be filed in the office of the commissioner  
14 and mailed to the Federal Home Loan Bank Board, Washington, D.C., within  
15 10 days after the meeting. The verified copies of the proceedings of  
16 the meeting when filed are presumptive evidence of the holding and  
17 action of the meeting. At the meeting at which conversion is voted  
18 upon, the members shall also vote upon the directors who shall be the  
19 directors of the state-chartered association after conversion takes  
20 effect. The directors shall execute two copies of the petition for  
21 certificate of incorporation and two copies of the bylaws, as provided  
22 in this chapter. The commissioner shall insert in the certificate of  
23 incorporation, at the end of the paragraph preceding the testimonium  
24 clause, the following:

25 This association is incorporated by conversion from a federal  
26 savings and loan association.

27 \* Sec. 37. AS 06.30 is amended by adding a new section to read:

28 Sec. 06.30.836. INVOLUNTARY DISSOLUTION BEFORE COMMENCEMENT OF  
29 BUSINESS. (a) Before the issuance of a certificate of authority, the

1 department may dissolve and cause the liquidation of an association  
2 incorporated under this chapter if the department discovers, after its  
3 approval of the articles of incorporation, a reason why the association  
4 should not have been incorporated, or if a certificate of authority has  
5 not been issued within one year after the issuance of the certificate of  
6 incorporation or within the time the department allowed for satisfaction  
7 of conditions precedent to the issuance of a certificate of authority.  
8 After giving the association notice and an opportunity for hearing, the  
9 department shall file a statement of facts and issue a certificate of  
10 dissolution.

11 (b) An association dissolved under (a) of this section shall  
12 immediately proceed to liquidate under secs. 835 - 855 of this chapter,  
13 and the department may take possession of the association if it con-  
14 sidered it necessary to effect a liquidation that complies with secs.  
15 835 - 855 of this chapter.

16 \* Sec. 38. AS 06.30.910(1) is amended to read:

17 (1) "association" means a savings association or savings and  
18 loan association authorized to do business under this chapter and may  
19 be either a stock association or a mutual association as the context  
20 requires;

21 \* Sec. 39. AS 06.30.910(3) is amended to read:

22 (3) "commissioner" means the commissioner of commerce and  
23 economic development or his designee;

24 \* Sec. 40. AS 06.30.910(4) is amended to read:

25 (4) "direct-reduction loan" means a loan repayable in con-  
26 secutive equal or unequal monthly installments beginning not later than  
27 90 days after the date of the advance of the loan, which are sufficient  
28 to retire the debt, interest, and principal within 30 years; however,  
29 the initial loan contract shall not provide for a monthly installment of

1 an amount larger than a previous monthly installment and in the case of  
2 construction loans the first payment shall not be later than 18 [12]  
3 months after the date of the first advance, and a direct reduction loan  
4 is an amortized loan;

5 \* Sec. 41. AS 06.30.910(5) is amended to read:

6 (5) "dividend" means

7 (A) in the context of a savings account, interest which  
8 is that part of the net earnings of an association which is de-  
9 clared payable on savings accounts by the board of directors, and  
10 is the cost of savings money to the association;

11 (B) in the context of a share of stock in a stock  
12 association, that part of the net earnings of an association which  
13 is declared payable by the board of directors and is distributed to  
14 the stockholders of the association representing their profits in  
15 the enterprise;

16 \* Sec. 42. AS 06.30.910(11) is repealed and re-enacted to read:

17 (11) "improved real estate" means:

18 (A) real estate improved by a permanent structure or  
19 structures having a value of at least 25 per cent of the appraised  
20 value of the real estate or other improvements which render the  
21 real estate usable by a business or industrial enterprise; or

22 (B) building lots or sites which, by reason of installa-  
23 tions and improvements that have been completed in keeping with  
24 applicable governmental requirements and with general practice in  
25 the community, are building lots or sites ready for construction on  
26 each such building lot or site or a structure designed for resi-  
27 dential use;

28 (C) farm land which is useful without further substan-  
29 tial improvements for agricultural purposes;

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(D) real estate which is or which from the proceeds of the loan will become improved business or residential property through the addition of streets, water, sewer, and other utilities; or fill, gravel, topping, bulkheads, piling, or other similar improvements that make the property more suitable for use;

\* Sec. 43. AS 06.30.910(13) is repealed and re-enacted to read:

(13) "member" means a person

(A) holding a savings account of a mutual association;

(B) borrowing from or assuming or obligated upon a loan or interest in a loan held by a mutual association;

(C) purchasing property securing a loan or interest in a loan held by a mutual association;

(D) obligated to a mutual association;

(E) who is a stockholder in a stock association;

(F) or persons including joint and survivorship relationships;

\* Sec. 44. AS 06.30.910 is amended by adding a new paragraph to read:

(26) "department" means the Department of Commerce and Economic Development.

\* Sec. 45. The following laws are repealed: AS 06.30.050, 06.30.055, 06.30.340, 06.30.345, 06.30.350, 06.30.435, 06.30.490, 06.30.830, 06.30.860, 06.30.885, 06.30.890, 06.30.900, and 06.30.905.

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