

Original sponsor: Commerce Committee  
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1 IN THE HOUSE

BY THE RULES COMMITTEE

2 SENATE CS FOR 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; and providing  
7 for an effective date."

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

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

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

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

18 \* Sec. 2. AS 06.30.030 is amended to read:

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

25 \* Sec. 3. AS 06.30.035 is repealed and re-enacted to read:

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

1 (b) The incorporators shall execute articles of incorporation,  
2 which shall specify

3 (1) the name assumed by the association;

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

7 (3) the nature of its business;

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

9 (5) the number of directors of whom there must be at least  
10 five but no more than 25;

11 (6) the period for which the association is organized, if  
12 limited.

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

16 (d) Before commencing business, the incorporators of a proposed  
17 association shall obtain the approval of the department. In applying  
18 for the approval, the incorporators shall submit to the department

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

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

24 (B) the name and address of an individual in the state  
25 to whom notice to all incorporators may be sent;

26 (C) if a stock association,

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

29 (ii) the name, residence and occupation of each in-

1           corporator, and the amounts of stock subscribed and paid for  
2           by each;

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

8                   (iv) the name, residence and occupation of each  
9                   pre-incorporation subscriber and the number of shares sub-  
10                   scribed for by each;

11           (D) if a mutual association,

12                   (i) the aggregate amount of savings accounts sub-  
13                   scribed by the incorporators and the amount of the expense  
14                   fund;

15                   (ii) the name, residence and occupation of each  
16                   incorporator and the amounts of savings accounts subscribed by  
17                   each;

18           (E) the address of the proposed place of business of the  
19           association or, if an address is not available, a legal description  
20           of the proposed place of business;

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

24           (3) the proposed bylaws of the association, as provided in  
25           sec. 40 of this chapter, executed in triplicate.

26           (e) All reasonable investigation expenses incurred by the depart-  
27           ment in processing an application for approval of a proposed association  
28           shall be charged to and paid by the applicant in accordance with this  
29           title. At the time of submitting the application for a certificate of

1 incorporation to the department, the applicant shall pay to the depart-  
2 ment \$1,000 in partial payment of the investigative expenses incurred by  
3 the department. If the investigative expenses incurred by the depart-  
4 ment do not exceed \$1,000, the remainder shall be promptly refunded to  
5 the applicant.

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

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

- 25 (1) the name of the proposed association;
- 26 (2) that the proposed association is to be incorporated under  
27 this chapter;
- 28 (3) the purpose of the proposed association;
- 29 (4) the names and addresses of the incorporators and the pro-

1 posed initial board of directors as they appear in the articles of in-  
2 corporation.

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

6 (i) Upon acceptance of an application for approval of a proposed  
7 association, the department shall conduct an investigation to ascertain  
8 whether

9 (1) the convenience and needs of the public will be served by  
10 the association;

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

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

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

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

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

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

28 (8) other facts and circumstances exist bearing on the asso-  
29 ciation and its relation to the community which the department considers

1 relevant.

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

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

20 (l) At the time of the issuance of the certificate of incorpora-  
21 tion by the department the corporate existence begins, unless the certi-  
22 ficate provides that it will begin on a stated day in the future in  
23 conformity with a provision of the articles of incorporation in which  
24 event the corporate existence begins on the date stated, without further  
25 action by either the incorporators or the department. The certificate  
26 of incorporation is conclusive evidence that the association has been  
27 incorporated except as against the department in a proceeding instituted  
28 by it to dissolve the association under sec. 836 of this chapter.

29 (m) An association may amend its articles of incorporation in any

1 manner consistent with this chapter by a vote of its members or stock-  
2 holders representing two-thirds of the capital at any regular meeting or  
3 at a special meeting called for that purpose. A certificate of the  
4 terms of the amendments shall be executed by a majority of the directors  
5 and filed in the same manner as the articles of incorporation.

6 \* Sec. 4. AS 06.30.040 is repealed and re-enacted to read:

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

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

13 (1) the character and methods of conducting the business of  
14 the association, with rules governing the admission of members, issuance  
15 of certificates, and sale of its certificates;

16 (2) the custody, control, disposition, and investment of  
17 funds of the association;

18 (3) its loan procedure;

19 (4) the holding of an annual meeting of the association, and  
20 the method for providing adequate notification to members; however, the  
21 time and place of it may be set by resolution of the directors of the  
22 association;

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

25 (6) the duties of the officers and directors of the associa-  
26 tion and the number of directors to be elected;

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

29 (8) the terms and conditions for withdrawal of funds by

1 investors; the bylaws may provide that no funds may be withdrawn by  
2 investors during the 12 months immediately following the issuance of a  
3 contract or certificate if the prohibition is expressed in the contract  
4 or certificate.

5 \* Sec. 5. AS 06.30.045 is repealed and re-enacted to read:

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

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

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

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

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

29 (2) in the case of a mutual association, a certification by

1 an officer of the association to the department by affidavit that the  
2 initial subscriptions of each subscriber has been fully paid in cash and  
3 aggregate not less than the minimum amount required by the department;

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

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

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

14 \* Sec. 6. AS 06.30.060(b) is repealed and re-enacted to read:

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

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

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

25 (3) in communities having 100,001 or more inhabitants, the  
26 minimum sum of \$2,000,000.

27 \* Sec. 7. AS 06.30.060(e) is amended to read:

28 (e) The incorporators, in addition to their subscriptions to  
29 savings accounts in the case of a mutual association, or capital stock

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

14 \* Sec. 8. AS 06.30.060(f) is amended to read:

15 (f) Contributions made to the expense fund may be repaid pro rata  
16 to the contributors from the net earnings of the association after pro-  
17 vision for statutory additions to the surplus and reserve accounts have  
18 been made as provided in sec. 445 of this chapter [RESERVES AND DECLARA-  
19 TION OF DIVIDENDS OF NOT LESS THAN TWO PER CENT ON SAVINGS ACCOUNTS].

20 If an association is liquidated before contributions to the expense fund  
21 have been repaid, contributions to the expense fund remaining unex-  
22 pended, after the payment of expenses of liquidation, all creditors, and  
23 the withdrawal value of all savings accounts, shall be repaid to the  
24 contributors pro rata. The books of the association shall reflect the  
25 expense fund. Contributors to the expense fund shall be paid dividends  
26 on the amounts paid in by them and for this purpose contributions shall  
27 be considered as savings accounts of the association.

28 \* Sec. 9. AS 06.30.060 is amended by adding a new subsection to read:

29 (h) Before a certificate of authority is issued for a stock asso-

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

12 \* Sec. 10. AS 06.30.090 is amended to read:

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

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

25 (2) The association shall file four copies of an application  
26 for approval with the commissioner. The application shall be signed by  
27 two officers of the association and acknowledged before an officer  
28 authorized [COMPETENT] to take acknowledgments [OF DEEDS].

29 (3) Upon approval of an application for change of name, the

1 commissioner shall endorse on each copy of the application a certificate  
2 of approval. Upon approval, the name of the association shall be  
3 changed immediately.

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

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

13 \* Sec. 11. AS 06.30.105 is amended to read:

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

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

24 (c) At a meeting of the members, voting may be in person or by  
25 proxy. Every form of proxy solicited by any person with respect to  
26 voting rights in an institution shall conform to the following require-  
27 ments:

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

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

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

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

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

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

24 \* Sec. 12. AS 06.30.110 is amended to read:

25           Sec. 06.30.110. MEMBERSHIP CHARGES PROHIBITED. An association may  
26 [SHALL] not charge a membership, admission, withdrawal, or other fee or  
27 sum of money for the privilege of becoming, remaining, or ceasing to be  
28 a member of the association, except reasonable charges upon the making  
29 or modification of a loan. An association may [SHALL] not charge a mem-

1 ber any sum of money by fine or penalty for any cause, except that a  
2 reasonable charge may be made against borrowers for defaults or prepay-  
3 ments. However, nothing contained in this chapter prevents payment  
4 being made for the purchase of stock in a stock association.

5 \* Sec. 13. AS 06.30.115 is amended to read:

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

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

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

18 \* Sec. 14. AS 06.30.140 is amended to read:

19 Sec. 06.30.140. ASSOCIATION UNDER DIRECTION OF BOARD OF DIRECTORS.  
20 The business of the association is directed by a board of directors of  
21 not less than five or more than 25 [15] as determined and elected by  
22 ballot from among the members by a plurality of the votes of the members  
23 present. If authorized by vote of the members, vacancies on the board  
24 of directors may be filled by a simple majority vote of the remaining  
25 directors, and those persons so appointed may serve only until the next  
26 annual meeting of the association [THE DIRECTORS MAY ELECT ALL DIREC-  
27 TORS]. At all times at least two-thirds of the directors shall be bona  
28 fide residents of this state.

29 \* Sec. 15. AS 06.30.145 is amended to read:

1           Sec. 06.30.145. QUALIFICATIONS OF DIRECTORS. (a) To qualify as a  
2 director, a member of a mutual [AN] association shall hold a savings  
3 account with the association having a withdrawal value of at least  
4 \$1,000 [\$500. IF THE ASSETS EXCEED \$2.5 MILLION, THE WITHDRAWAL VALUE  
5 OF THE ACCOUNT MUST BE AT LEAST \$2,000]. A director automatically  
6 ceases to be a director when he ceases to be a member, or when the net  
7 equity above loans of all savings accounts in the association held by  
8 him aggregates less than the minimum required to be eligible for elec-  
9 tion as a director. However, no action of the board of directors is  
10 invalid through the participation of the director in the action. If a  
11 director becomes ineligible under this section by reason of the exercise  
12 by the association of the right of redemption of savings accounts pro-  
13 vided for in secs. 475 - 485 of this chapter, he remains in office until  
14 the expiration of his term or until he otherwise becomes ineligible.

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

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

22 \* Sec. 16. AS 06.30.270 is amended to read:

23           Sec. 06.30.270. MAINTENANCE OF MEMBERSHIP RECORDS. (a) Every  
24 mutual association shall maintain membership records showing the name  
25 and address of the member, the status of the member as a savings account  
26 holder, or an obligor, or a savings account holder and obligor, and the  
27 date of membership. In the case of account-holding members, the asso-  
28 ciation shall obtain a card containing the signature of the holder of  
29 the account or his authorized representative and shall preserve the

1 signature card in the records of the association.

2 (b) Every stock association shall maintain a stock book and a  
3 stock transfer book.

4 \* Sec. 17. AS 06.30.280 is repealed and re-enacted to read:

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

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

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

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

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

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

17 (6) declare and pay dividends;

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

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

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

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

28 (11) provide for life, health and casualty insurance for  
29 officers and employees and adopt and operate reasonable bonus plans and

1 retirement benefits for officers and employees;

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

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

6 (14) deposit money and securities in any bank or other like  
7 depository;

8 (15) sell money orders and travelers checks;

9 (16) act as an escrow agent;

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

12 (18) dissolve and wind up its business.

13 \* Sec. 18. AS 06.30.295 is amended to read:

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

28 \* Sec. 19. AS 06.30.330 is amended to read:

29 Sec. 06.30.330. FEDERAL SAVINGS AND LOAN ASSOCIATIONS. Federal

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

11 \* Sec. 20. AS 06.30.335 is repealed and re-enacted to read:

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

19 (b) Before operating a branch office or agency or changing the  
20 location of the home office, branch office, or agency of the associa-  
21 tion, an association must apply to the department for a certificate of  
22 authority to do so. The application shall be in the form and contain  
23 the information the department requires to enable it to determine  
24 whether a certificate of authority should be issued, including but not  
25 limited to the address at which the association, agency or branch office  
26 will operate. All reasonable investigation expenses incurred by the  
27 department in processing an application shall be charged to and paid by  
28 the applicant in accordance with this title. At the time of submitting  
29 the application to the commissioner, the applicant shall pay to the

1 department \$500 in partial payment of those investigation expenses  
2 incurred by the department. If the investigation expenses incurred by  
3 the department do not exceed \$500, the remainder shall be promptly  
4 refunded to the applicant.

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

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

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

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

24 (2) the population density and other economic characteristics  
25 of the area primarily to be served afford reasonable promise of adequate  
26 support for a branch or a relocated home office, branch office, or  
27 agency;

28 (3) the capital and reserves of the association are adequate  
29 in relation to the anticipated business and costs of operating at the

1 proposed location;

2 (4) the name is not deceptively similar to that of another  
3 branch office, agency or association, and is not otherwise misleading;

4 (5) the proposed location of the agency, branch or home  
5 office is in a separate facility designated as a savings and loan asso-  
6 ciation, and no other business is conducted in the facility.

7 (f) No later than 150 days after the application for a certificate  
8 of authority to operate a branch office or agency or to change the lo-  
9 cation of the home office, branch office, or agency of an association  
10 has been accepted, the department shall make a determination whether to  
11 approve the application. Within 30 days after the second publication of  
12 the notice referred to in (d) of this section, any person opposing the  
13 pending application may file written objections with the department.

14 When it approves or denies the application, the department shall notify  
15 the association and any other person who requested in writing that he be  
16 notified, and, if the application is denied, the department shall state  
17 the reasons for its decision. The department shall issue a certificate  
18 of authority to operate a branch office or agency or to change the  
19 location of the home office, branch office, or agency of an association  
20 if

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

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

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

27 \* Sec. 21. AS 06.30.355 is amended to read:

28 Sec. 06.30.355. BRANCH OFFICES AND AGENCIES SUBJECT TO DIRECTION  
29 FROM HOME OFFICE. Each association shall be operated from the home

1 office which shall be located in the state. All branch offices and  
2 agencies are subject to direction from the home office.

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

4 Sec. 06.30.375. SAVINGS ACCOUNTS IN GENERAL. Savings accounts  
5 shall be opened for cash or its equivalent. Except as limited by the  
6 board of directors, a member may make additions to his savings accounts  
7 in amounts and at times he chooses. Except as provided in secs. 450 -  
8 455 of this chapter, an association may not prefer one of its savings  
9 accounts over another as to the right to receive [PARTICIPATE IN] divi-  
10 dends. No preference between savings account members may be created  
11 with respect to the distribution of assets upon voluntary or involuntary  
12 liquidation, dissolution or winding up the business of the association.

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

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

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

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

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

26 (b) Each savings association shall accumulate and maintain as a  
27 net worth account a general reserve for the sole purpose of absorbing  
28 losses. At the annual closing date following the anniversary of its  
29 certificate of authority and each annual closing date thereafter, the

1 general reserve shall have a minimum balance not less than an amount  
2 fixed by regulation. The commissioner by regulation shall fix the  
3 required minimum amount of general reserve accounts for the association  
4 as prescribed in section 563.13 of the Federal Savings and Loan In-  
5 surance Corporation Regulations. The regulation shall provide a uniform  
6 schedule of minimum levels to be reached during the first 20 or more  
7 years of an association's operation for the purpose of achieving an  
8 orderly accumulation of the general reserve account.

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

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

1 ciation to take appropriate corrective action.

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

5 (f) Losses as they are determined, not charged to other reserve  
6 accounts, shall be charged to the general reserve until the general  
7 reserve account is exhausted. After exhaustion of the general reserve,  
8 any remaining losses not charged to other reserve accounts shall be  
9 charged as determined:

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

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

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

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

18 Sec. 06.30.455. COMPUTATION AND PAYMENT OF DIVIDENDS ON SAVINGS  
19 PLANS. Dividends shall be credited to savings accounts on the books of  
20 the association on the dividend-payment date unless a savings account  
21 holder requests and the association agrees to pay dividends on all or  
22 part of a savings account in cash. Dividends payable in cash shall be  
23 paid on the dividend-payment date and may be paid by check or bank  
24 draft. All savings account holders shall participate equally in divi-  
25 dends pro rata to the withdrawal value of their respective accounts,  
26 except the association may pay dividends according to the rate limita-  
27 tions prescribed for different classes of accounts and administered by  
28 the Federal Home Loan Bank Board [THAT NO ASSOCIATION SHALL BE REQUIRED  
29 TO PAY OR CREDIT DIVIDENDS ON ACCOUNTS OF \$10 OR LESS OR ON SHORT-TERM

1 ACCOUNTS WHICH ARE OPENED WITH THE INTENTION OF CLOSING THEM WITHIN ONE  
2 YEAR]. Dividends shall be declared on the withdrawal value of each  
3 savings account at the beginning of the dividend period, plus additions  
4 to it made during the dividend period, less amounts withdrawn and  
5 noticed for withdrawal, which for dividend purposes shall be deducted  
6 from the latest previous addition, computed at the declared rate for the  
7 time invested. The date of investment is the date of actual receipt by  
8 the association of an account or an addition to an account. If the  
9 board of directors so determines, accounts or additions received by the  
10 association on or before a date not later than the tenth day of the  
11 month, unless the day determined is not a business day, in which case it  
12 may be the next succeeding business day, shall receive dividends as if  
13 invested on the first day of the month in which the payments were re-  
14 ceived. If the board makes this determination, it also shall determine  
15 that payments received after the determination date shall either (1)  
16 receive dividends as if invested on the first day of the next succeeding  
17 month, or (2) receive dividends from the date of actual receipt by the  
18 association.

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

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

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

1           Sec. 06.30.500. INVESTMENT IN FIRST MORTGAGES. Subject to the  
2 provisions of this chapter and regulations adopted under it, an associa-  
3 tion may invest in deeds of trust on mortgages in a first lien position  
4 on real property, including leasehold estates subject only to reserva-  
5 tions, easements and restrictions of record, subject to the following  
6 limitations:

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

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

24           (A) insured by mortgage insurance in an amount equal to  
25 20 per cent of the loan issued by a mortgage insurer authorized to  
26 do business in Alaska; or

27           (B) secured in addition to the amortized mortgage by a  
28 savings account held by the lending institution in an amount equal  
29 to 10 per cent of the loan or other collateral acceptable to the

1 department.

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

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

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

13 (6) No investment may be made in a mortgage upon a leasehold  
14 unless

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

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

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

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

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

27 (1) home loans, whether direct-reduction or not, which exceed  
28 \$90,000 [\$45,000] each, regardless of where the home property securing  
29 the loan is situated;

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

4                    (3) home loans of any amount, which are not direct-reduction  
5 home loans, regardless of where the home property securing the loan is  
6 situated;

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

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

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

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

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

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

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

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

28                    (3) the second mortgage agreement contains a provision that  
29 the association is entitled to be subrogated to all rights of the bor-

1       rower under the first mortgage.

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

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

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

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

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

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

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

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

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

1 (b) An association may invest upon approval by the commissioner in  
2 a service corporation an amount not to exceed five per cent of its total  
3 assets at the time of the investment except the total investment under  
4 this section and sec. 615 of this chapter may not exceed the sum of its  
5 capital stock, surplus, undivided profits and reserve accounts.

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

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

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

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

1 manner prescribed and authorized by the laws of the United States which  
2 will make it a federal savings and loan association. A copy of the  
3 charter issued to the federal savings and loan association by the  
4 Federal Home Loan Bank Board or a certificate showing the organization  
5 of the association as a federal savings and loan association shall be  
6 filed with the commissioner. The copy shall be certified by the secre-  
7 tary or assistant secretary of the Federal Home Loan Bank Board. Fail-  
8 ure to file the charter or certificate with the commissioner does not  
9 affect the validity of the conversion.

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

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

29 This association is incorporated by conversion from a federal

1 savings and loan association.

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

3 Sec. 06.30.836. INVOLUNTARY DISSOLUTION BEFORE COMMENCEMENT OF  
4 BUSINESS. (a) Before the issuance of a certificate of authority, the  
5 department may dissolve and cause the liquidation of an association  
6 incorporated under this chapter if the department discovers, after its  
7 approval of the articles of incorporation, a reason why the association  
8 should not have been incorporated, or if a certificate of authority has  
9 not been issued within one year after the issuance of the certificate of  
10 incorporation or within the time the department allowed for satisfaction  
11 of conditions precedent to the issuance of a certificate of authority.  
12 After giving the association notice and an opportunity for hearing, the  
13 department shall file a statement of facts and issue a certificate of  
14 dissolution.

15 (b) An association dissolved under (a) of this section shall  
16 immediately proceed to liquidate under secs. 835 - 855 of this chapter,  
17 and the department may take possession of the association if it con-  
18 siders it necessary to effect a liquidation that complies with secs.  
19 835 - 855 of this chapter.

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

21 (1) "association" means a savings association or savings and  
22 loan association authorized to do business under this chapter and may be  
23 either a stock association or a mutual association as the context re-  
24 quires;

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

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

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

29 (4) "direct-reduction loan" means a loan repayable in con-

1       secutive equal or unequal monthly installments beginning not later than  
2       90 days after the date of the advance of the loan, which are sufficient  
3       to retire the debt, interest, and principal within 30 years; however,  
4       the initial loan contract shall not provide for a monthly installment of  
5       an amount larger than a previous monthly installment and in the case of  
6       construction loans the first payment shall not be later than 18 [12]  
7       months after the date of the first advance, and a direct reduction loan  
8       is an amortized loan;

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

10       (5) "dividend" means

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

15               (B) in the context of a share of stock in a stock asso-  
16       ciation, that part of the net earnings of an association which is  
17       declared payable by the board of directors and is distributed to  
18       the stockholders of the association representing their profits in  
19       the enterprise;

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

21       (11) "improved real estate" means:

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

26               (B) building lots or sites which, by reason of installa-  
27       tions and improvements that have been completed in keeping with  
28       applicable governmental requirements and with general practice in  
29       the community, are building lots or sites ready for construction on

1 each such building lot or site or a structure designed for resi-  
2 dential use;

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

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

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

11 (13) "member" means a person

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

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

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

17 (D) obligated to a mutual association;

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

19 (F) or persons including joint and survivorship rela-  
20 tionships;

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

22 (26) "department" means the Department of Commerce and Econo-  
23 mic Development.

24 \* Sec. 45. The following laws are repealed: AS 06.30.050, 06.30.055,  
25 06.30.340, 06.30.345, 06.30.350, 06.30.435, 06.30.490, 06.30.830, 06.30.860,  
26 06.30.885, 06.30.890, 06.30.900, and 06.30.905.

27 \* Sec. 46. This Act takes effect immediately in accordance with AS 01.-  
28 10.070(c).

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