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COMMITTEE REPORT

SENATE

FURTHER: Finance

3/13/81

Date: April 13, 1981

Mr. President:

The Committee on LABOR & COMMERCE has had SB 278
savings associations

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
- and recommends _____ new title
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

Victor Roden
Bob Mulvihill

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Holmes *no rec*
Zwick *" "*
Christopher M. Rose

Bob Mulvihill
 CHAIRMAN



Official Business

Alaska State Legislature

Senate

Committee on Labor & Commerce

Pouch V
State Capitol
Juneau, Alaska 99811

COMMITTEE MINUTES

April 14th, 1981

The Senate Committee on Labor and Commerce held a committee meeting, April 13th, addressing the following bills:

SB 278 "An act relating to Savings Associations"

SB 279 "An act relating to the General powers of the Department of Commerce and Economic Development"

SB 280 "An act relating to Credit Unions"

The meeting was called to order at 3:07pm and SB 278 was the first order of business. After a brief discussion, Sen Rodey moved that SB 278 move with individual recommendations;

Willis Kirkpatrick, Director of the Division of Banking Securities, testified in favor of SB 279; Sen Rodey moved to move SB 279 with individual recommendations;

SB 280 was next on the agenda, and Willis Kirkpatrick testified in favor; Senator Rodey entertained a motion to move the bill. The bills were moved from committee with individual recommendations. The meeting was adjourned at 3:16 pm.



Official Business

Alaska State Legislature

Senate

Committee on Labor & Commerce

Pouch V
State Capitol
Juneau, Alaska 99811

April 13, 1981

COMMITTEE MEETING MINUTES

The meeting was called to order at 3:07 P.M. by Chairman Mulcahy. Those present were: Senators Hohman, Ziegler, Fahrenkamp and Rodey.

First on the agenda was SB 278 "An Act relating to savings associations."

Chairman Mulcahy entertained a motion to move SB 278 out of Committee.

Next on the agenda was SB 279 "An Act relating to the general powers of the Department of Commerce and Economic Development."

Mr. Kirkpatrick, Director, Division of Banking testified in favor of SB 279. (tape reading 025 to 092)

Chairman Mulcahy entertained a motion to move SB 279 out of committee.

Next on the agenda was SB 280 "An Act relating to credit unions."

Mr. Kirkpatrick continued his testimony, addressing SB 280. (tape reading 100 to 134)

Chairman Mulcahy entertained a motion to move SB 280 out of committee.

The meeting was adjourned by Chairman Mulcahy at 3:16 P.M.



ALASKA STATE LEGISLATURE
SENATE BANKING COMMITTEE
POUGH V, JUNEAU 99811

SECTIONAL ANALYSIS: SB 278 "An Act relating to savings associations."

This bill proposes changes in chapter 30 of title 6 of the Alaska Statutes, the Alaska Savings Association Act. The changes are intended to provide parity for state-chartered savings associations.

* Section 1: Adds a declaration of policy which provides that the division of banking may, under certain conditions, allow our state-chartered savings associations the same powers possessed by state-chartered savings associations in other states.

* Section 2: Adds two powers to the list of general powers of savings associations: (1) conversion from a mutual to a stock association; and (2) conversion from a stock association to a commercial bank. The language is patterned after the language contained in AS 06.15.350 (9) and AS 06.45.240. For analogous provisions, see AS 06.05.462, AS 06.15.300-310 and AS 06.30.760-775. Although quite simple in form, the language leaves wide latitude for an association and the division of banking to work out the details of an appropriate conversion.

* Section 3: Accomplishes two changes: (1) removes dollar limits on residential loans thus providing parity with the federals; and (2) amends the loans-to-one-borrower-limitation; the language comes from the Model Savings Association Act.

* Section 4: Accomplishes three changes: (1) increases the loan-to-value limit from 80 percent to 90 percent on one-to-four family residences (parity with the federals); (2) extends the loan term to 40 years (parity with the federals); and (3) simplifies the insurance provisions to recognize the expanded role played in Alaska by AHFC.

* Section 5: Deletes reference to a loan term limit of 30 years, and specifies that loans for one-to-four family residences must be for units located within Alaska.

* Section 6: Adds a new section which specifies that an association may make loans for multi-family and commercial real estate with a loan-to-value limit up to 90 percent and a maturity not to exceed 40 years (parity with federals).

* Section 7: Expands the loaning capability of state-chartered associations by allowing them to make "other loans" in excess of 30 percent of assets provided there is a commitment for take-out by a secondary investor. This change will continue to assure the safety of the depositors while allowing the associations the opportunity to take advantage of unique Alaskan institutions like AIDA. This section also deletes reference to dollar limits, and increases allowable percentage investment in mobile home mortgages.

* Section 8: Adds a section defining lending standards. The language comes from the Model Savings Association Act.

* Section 9: Expands the associations' lending capabilities in the area of property improvement and consumer loans. Deletes reference to dollar limits. The changes are intended to provide parity with the federals.

* Section 10: Simplifies language regarding servicing (parity with the federals).

* Section 11: Technical amendment

* Section 12: Rewrites the section on investment in service corporations to provide parity with the federals.

* Section 13: Makes changes in the definition section of the chapter; increases the loan term limit to 40 years, and lengthens the time allowed for payback of the principal on an interim construction loan.

* Section 14: Adds two new definitions in keeping with charges proposed in this bill.

* Section 15: Repeals unduly restrictive and redundant sections of the chapter, at the direction of the division of banking.



Official Business

Alaska State Legislature

Senate

Committee on Labor & Commerce

Pouch V
State Capitol
Juneau, Alaska 99811

COMMITTEE MINUTES: March 25th, 1981

Senator Mulcahy opened the meeting with all members present and introduced SB 278 as the first item of business.

Sen. Rodey provided a synopsis of the bill explaining the need for expanding the powers necessary to establish Savings and Loan Associations with equal parity of those Federally chartered institutions.

Willis Kirkpatrick, Director of the Division of Banking and Securities, addressed the issue of Savings and Loan Associations, expressed the support of his Department for the bills, and provided a section by section analysis of SB 278. He commended the work done by the Senate Committee on Banking and the resultant bills which have emerged from their efforts.

Mr. Eddy Turner, President of Peninsula Savings and Loan Association, Soldotna, expressed support and appreciation of the banking industry for these bills.

Sen. Fahrenkamp posed a question about Federal controls over the banking industry and whether the text of these bills would put us in conformity with the Federal regulations.

Sen. Rodey responded that these bills represent everything necessary to allow the State of Alaska to maintain control over our banking industry.

Sen. Mulcahy asked for any further public testimony, and related that we would continue to research these bills. Without any further testimony the meeting was adjourned.

and shall furnish full control records to the home office. (§ 14(b) ch 49 SLA 1961)

Sec. 06.30.230. Records to be kept by agents. Each agent of an association shall keep an original record of each transaction of business of the association and shall report promptly to the home office. Complete detailed permanent records of the transactions are not required to be maintained at the agency. (§ 14(c) ch 49 SLA 1961)

Sec. 06.30.235. Forms and accounting practices to be approved by commissioner. Every association shall use the forms and observe the accounting principles and practices the commissioner requires. (§ 14(d) ch 49 SLA 1961)

Sec. 06.30.240. Books to be closed at least semiannually. Every association shall close its books at the close of business on June 30 and December 31 of each year, or more often if authorized for all associations by the commissioner. (§ 14(e) ch 49 SLA 1961)

Sec. 06.30.245. Misdescription of assets. No association by any system of accounting or device of bookkeeping shall, either directly or indirectly, enter any of its assets upon its books in the name of a person or under a title or designation that is not truly descriptive of the assets. (§ 14(f) ch 49 SLA 1961)

Sec. 06.30.250. Charging off or setting up reserves against bad assets. The commissioner, after his determination of value, may order that assets in the aggregate, to the extent that they have depreciated in value, be charged off, or that a special reserve or reserves equal to the depreciation in value be set up by transfers from undivided profits or reserves. (§ 14(g) ch 49 SLA 1961)

Sec. 06.30.255. Bonds and other obligations to be carried at actual cost. The bonds or other interest-bearing obligations purchased by an association shall not be carried on its books at more than the actual cost. (§ 14(h) ch 49 SLA 1961)

Sec. 06.30.260. Real estate to be carried at amount invested in same. An association shall not carry real estate on its books at a sum in excess of the total amount invested by the association in the real estate, including advances, costs, and improvements but excluding accrued but uncollected interest. (§ 14(i) ch 49 SLA 1961)

Sec. 06.30.265. Appraisal of real estate owned and that securing delinquent loans. Every association shall appraise each parcel of real estate at the time of its acquisition. The report of each appraisal shall be submitted in writing to the board of directors and shall be kept in the records of the association. The commissioner may require the appraisal of real estate securing loans which are delinquent more than 12 months. (§ 14(j) ch 49 SLA 1961)

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§ 06.30.270

BANKS AND FINANCIAL INSTITUTIONS

§ 06.30.280

Sec. 06.30.270. Maintenance of membership records. (a) Every mutual association shall maintain membership records showing the name and address of the member, the status of the member as a savings account holder, or an obligor, or a savings account holder and obligor, and the date of membership. In the case of account-holding members, the association shall obtain a card containing the signature of the holder of the account or his authorized representative and shall preserve the signature card in the records of the association.

(b) Every stock association shall maintain a stock book and a stock transfer book. (§ 14(k) ch 49 SLA 1961; am § 16 ch 164 SLA 1978)

Effect of amendment. — The 1978 "mutual" near the beginning of that amendment designated the provisions of subsection, and added subsection (b). This section as subsection (a), inserted

Sec. 06.30.275. Reproduction and destruction of records. An association may have its records copied or reproduced by any photostatic, photographic or micro-filming process which correctly and permanently copies, reproduces or forms a medium for copying or reproducing the original record on a film or other durable material, and the association may thereafter dispose of the original record. The copy or reproduction is an original record for all purposes and shall be treated as an original record in all courts and administrative agencies for the purpose of its admissibility in evidence. A facsimile, exemplification or certified copy of a copy or reproduction reproduced from a film record shall be considered a facsimile, exemplification or certified copy of the original record. (§ 14(1) ch 49 SLA 1961)

Sec. 06.30.280. General powers of associations. Every association has the powers enumerated, authorized, and permitted by this chapter and such other rights, privileges, and powers incidental to or reasonably necessary for the accomplishment of the objects and purposes of the association. Every association may

- (1) sue and be sued, complain and defend in court;
- (2) have a corporate seal, which may be affixed by imprint, facsimile or otherwise;
- (3) adopt and amend bylaws as provided in this chapter;
- (4) appoint officers, agents and employees as its business requires and fix their compensation;
- (5) receive savings and repay or invest the same;
- (6) declare and pay dividends;
- (7) loan money and sell any of its notes or other evidences of its indebtedness, together with the collateral securing the same;
- (8) collect or protect promissory notes or bills of exchange, owned or held as collateral by the association;
- (9) collect or compromise debts due to it and in so doing to apply to the indebtedness the savings accounts of the member debtors and to

receive as collateral or otherwise, other securities, property or property rights of any kind or nature;

(10) procure insurance of its mortgages from a mortgage insurer authorized to do business in this state;

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

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

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

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

(15) sell money orders and travelers checks;

(16) act as an escrow agent;

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

(18) dissolve and wind up its business. (§ 23(a) ch 49 SLA 1961; am § 17 ch 164 SLA 1978)

Effect of amendment. — The 1978 amendment rewrote the second sentence.

Sec. 06.30.285. Association may act as fiscal agent. An association which is a member of a Federal Home Loan Bank may act as fiscal agent of the United States, and, when so designated by the Secretary of the Treasury, shall perform, under regulations which he prescribes, the duties as fiscal agent of the United States, and may act as agent for an instrumentality of the United States and as agent of this state or an instrumentality of the state. (§ 29 ch 49 SLA 1961)

Sec. 06.30.290. Operating contracts must be approved by commissioner. No association may make an operating or management contract with any person, except with the approval of the commissioner. Existing operation or management contracts may not be extended, renewed, or transferred without approval of the commissioner. (§ 46(c) ch 49 SLA 1961)

Sec. 06.30.295. Fixed rate, fixed term accounts. No association may issue, sell, negotiate, or advertise for sale either to members or the public any type of investment security other than savings accounts. An association may accept accounts bearing a definite rate of return for fixed periods of time when its board of directors has adopted a resolution providing for the issuance of fixed rate, fixed term accounts and those accounts are insured by the Federal Savings and Loan Insurance Corporation. (§ 22 ch 49 SLA 1961; am § 18 ch 164 SLA 1978)

Effect of amendment. — The 1978 amendment substituted "may issue" for "shall issue" in the first sentence, rewrote the second sentence, which formerly read

"No association may issue investment securities other than savings accounts to members or the public."

Sec. 06.30.285. Association may act as fiscal agent. An association which is a member of a Federal Home Loan Bank may act as fiscal agent of the United States, and, when so designated by the Secretary of the Treasury, shall perform, under regulations which he prescribes, the duties as fiscal agent of the United States, and may act as agent for an instrumentality of the United States and as agent of this state or an instrumentality of the state. (§ 29 ch 49 SLA 1961)

Section 305. Limited liability company. In 1978, ch 164 SLA.

Sec. 06.30.285. Association may act as fiscal agent. An association which is a member of a Federal Home Loan Bank may act as fiscal agent of the United States, and, when so designated by the Secretary of the Treasury, shall perform, under regulations which he prescribes, the duties as fiscal agent of the United States, and may act as agent for an instrumentality of the United States and as agent of this state or an instrumentality of the state. (§ 29 ch 49 SLA 1961)

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Effect of amendment. — The 1978 amendment substituted "may issue" for "shall issue" in the first sentence, rewrote the second sentence, which formerly read

in accordance with this section is thereby liable for estate, inheritance or succession taxes which may be due this state. (§ 46(h) ch 49 SLA 1961)

Sec. 06.30.420. Powers of attorney on savings accounts. An association or federal savings and loan association may continue to recognize the authority of an attorney in fact authorized in writing to manage or to make withdrawals either in whole or in part from the savings account of a member until it receives written notice or is on actual notice of the revocation of his authority. For the purposes of this section, written notice of the death or adjudication of incompetency of the member constitutes written notice of revocation of the authority of his attorney. The institution is not liable for damages, penalty or tax by reason of any payment made under this section. (§ 46(i) ch 49 SLA 1961)

Sec. 06.30.425. Accounts subject to garnishment and execution. Savings accounts of associations are subject to garnishment, attachment, execution or similar process to the same extent as are savings accounts in federal savings and loan associations. Without inquiry into the validity of garnishment or similar process, an association or federal savings and loan association may pay funds in excess of \$1,000 into a court or to a qualified official making demand for it under process or on a judgment pursuant to process. (§ 46(l) ch 49 SLA 1961)

Sec. 06.30.430. Statute of limitations on savings accounts. (a) All claims are barred in this state on an inactive savings account. For the purposes of this section, "inactive savings account" means a savings account in which there has been an absence for at least 10 years of (1) additions to the account, other than dividend creditings, (2) withdrawals from the account, and (3) written communication from the holder of the account.

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

(c) A service charge may be made by the association for reasonable costs incurred in maintaining inactive accounts. (§ 46(m) ch 49 SLA 1961; am § 23 ch 164 SLA 1978)

Effect of amendment. — The 1978 amendment added subsections (b) and (c).

Sec. 06.30.435. Bonus Plans.

Repealed by § 45 ch 164 SLA 1978.

Editor's note. — The repealed section derived from § 30, ch. 49, SLA 1961.

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Sec. 06.30.500. Investment in first mortgages. Subject to the provisions of this chapter and regulations adopted under it, an association may invest in deeds of trust on mortgages in a first lien position on real property, including leasehold estates subject only to reservations, easements and restrictions of record, subject to the following limitations:

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

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

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

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

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

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

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

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

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

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

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§ 06.30.505 BANKS AND FINANCIAL INSTITUTIONS § 06.30.515

(C) provision is made for completed amortization of the loan within an unexpired term by period payments as the department may prescribe. (§ 23(c) ch 49 SLA 1961; am § 27 ch 164 SLA 1978)

Effect of amendment. — The 1978 amendment rewrote this section.

Sec. 06.30.505. Other loans. (a) An association may use for loans other than those specified in § 500 of this chapter an aggregate amount not exceeding 30 per cent of the assets at the time of use, or a larger amount with the approval of the commissioner as follows:

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

(2) [deleted]

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

(4) other real estate loans, whether amortized or unamortized, regardless of amount or location of real estate securing the loan.

(b) The power referred to in (a) of this section is referred to as the "30 per cent of assets lending power." A subsequent reduction of savings liability does not affect outstanding loans made under the 30 per cent of assets lending power.

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

(d) The loans referred to in (a) of this section may not exceed 80 per cent of appraised value of the property securing the loans except as provided in §§ 500 and 510 of this chapter. (§ 23(d) ch. 49 SLA 1961; am §§ 28, 29 ch 164 SLA 1978)

Effect of amendment. — The 1978 amendment in subsection (a), inserted paragraph (2), which read "home loans of any amount, which are direct-reduction home loans secured by home property situated beyond the regular lending area." The amendment also added subsections (c) and (d).
"other than those specified in § 500 of this chapter" in the introductory language, substituted "\$90,000" for "\$45,000" in paragraph (1), and deleted former

Sec. 06.30.510. Insured and guaranteed loans. An association may make secured or unsecured loans which are insured or guaranteed in any manner and in any amount by the United States or instrumentality of the United States or by this state or instrumentality of this state. (§ 23(e) ch 49 SLA 1961)

Sec. 06.30.515. Dealing with successors in interest. If a loan is made under §§ 500 — 510 of this chapter and the ownership of the real estate security or any part of it vests in a person other than the party originally executing the security instrument, an association may deal with the

successor in interest without notice to the original party, except where there is a written agreement to the contrary, and may forbear to sue or may extend time for payment of the secured debt or otherwise modify its terms without discharging or in any way affecting the original liability of the party upon the debt. (§ 23(f) ch 49 SLA 1961)

§ 06.30.520. Property improvement and small loans. An association may make property improvement loans to property owners for maintenance, repair, modernization, improvement, and equipment of their properties. A loan may be made with or without security, except that a loan without security may not exceed \$4,500. An association may not make property improvement loans exceeding 25 per cent of its assets. An association may make small loans to members with or without security not exceeding \$2,500. However, an association may not make small loans exceeding 15 per cent of its assets. The total amount of loans made under this section may not exceed 25 per cent of the assets of the association. (§ 23(g) ch 49 SLA 1961)

Sec. 06.30.525. Power to purchase loans and to lend upon loans. The power to make loans includes (1) the power to purchase loans of any type that the association may make and (2) the power to make loans upon the security of loans of any type that the association may make. (§ 23(h) ch 49 SLA 1961)

Sec. 06.30.530. Participation loans. An association may participate with other lenders in loans of any type that an association may otherwise make, if the other lenders are instrumentalities of or corporations owned wholly or in part by the United States or this state, or are associations organized under the laws of this state, or are associations or corporations insured by the Federal Savings and Loan Insurance Corporation or the Federal Deposit Insurance Corporation, or are life insurance companies with assets in excess of \$100 million, or are employees' or self-employed persons' trusts qualified and exempt from federal income tax under the laws of the United States. (§ 23(i) ch 49 SLA 1961)

Sec. 06.30.535. Sale of loans. An association may sell without recourse any loan, including its participating interest in a loan, at any time, if the total dollar amount of the loan sold, including the sale, within the calendar year beginning January 1 immediately preceding the date of the sale, does not exceed a sum equal to 25 per cent of the dollar amount of all loans and participating interests in loans held by the association at the beginning of the calendar year. However, the commissioner, upon application of the association showing good cause, may authorize the sale of a greater amount during a calendar year. Notwithstanding the limitations of this section, loans may be assigned with recourse to the Federal Home Loan Bank of which the association is a member. (§ 23(j) ch 49 SLA 1961)

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(3) the second mortgage agreement contains a provision that the association is entitled to be subrogated to all rights of the borrower under the first mortgage;

(4) the total aggregate amount of such loans outstanding does not exceed 10 per cent of the association's assets. (§ 24 ch 49 SLA 1961; am § 30 ch 164 SLA 1978)

Effect of amendment. — The 1978 amendment added subsection (b).

Sec. 06.30.560. Mortgage to secure existing or simultaneous debt or future advances. A mortgage that can be made by an association under this chapter may be made by an association to secure an existing debt or obligation, to secure a debt or obligation created simultaneously with the execution of the mortgage, to secure future advances necessary to protect the security, and to secure future advances to be made at the option of the parties. The existing or simultaneous debt or obligation or the future advances shall, from the time the mortgage is filed for record as provided by the law of this state, be secured by the mortgage equally with, and have the same priority over the rights of all persons who after the recording of the mortgage acquire any right or lien in the mortgaged real estate, as the debts and obligations secured thereby at the time of the filing of the mortgage for record; except that (1) the mortgagor or his successor in title may file a notice for record and it shall be recorded limiting the amount of optional future advances secured by the mortgage to not less than the amount actually advanced at the time of the filing, if a copy of the notice is filed with the mortgagee, and (2) if an optional future advance is made by the mortgagee to the mortgagor or his successor in title after written notice of a mortgage, lien, or claim against the real property which is junior to the mortgage, then the amount of the advance is junior to the mortgage, lien, or claim of which written notice was given. (§ 24 ch 49 SLA 1961)

Sec. 06.30.565. Association may pay charges for protection of real estate loan. An association may pay taxes, assessments, insurance premiums and other similar charges for the protection of its real estate loans. These payments shall be added to the unpaid balance of the loan and are equally secured by the first lien on the property. (§ 24 ch 49 SLA 1961)

Sec. 06.30.570. Association may require life insurance. An association may require life insurance to be assigned as additional collateral upon a real estate loan. If life insurance is assigned, the association has a first lien upon the policy and may advance premiums on it, and the premium advances shall be added to the unpaid balance of the loan and are equally secured by the first lien on the property. (§ 24 ch 49 SLA 1961)

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(2) real estate accepted by the association in satisfaction of any obligation;

(3) real estate purchased for sale, or improvement and sale, upon a contract, at the cost of land and improvements, when the contract is executed concurrently with or before the purchase, except that the transaction is subject to all the limitations provided in this chapter with respect to real estate loans;

(4) real estate acquired by the association in exchange for real estate owned by the association;

(5) real estate acquired by the association in connection with salvaging the value of property owned by the association;

(6) the purchase and development of real estate for the purpose of producing income or for sale or for improvement and the erection of buildings for sale or rental purposes, except that the amount invested may not exceed an amount equal to the sum of its reserves and undivided profits;

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

(c) Title to real estate shall be taken and held in the name of the association and title shall immediately be recorded in accordance with the law. (§ 26(b) ch 49 SLA 1961; am §§ 31, 32 ch 164 SLA 1978)

Effect of amendment. — The 1978 amendment inserted "capital stock, surplus" and "including buildings and appurtenances" in the first sentence of subsection (c), and added paragraph (7) to subsection (c). C.J.S. reference. — 9 C.J.S. Banks and Banking § 163.

Sec. 06.30.616. Investment in service corporation. (a) An association may, subject to the approval of the commissioner, invest in, hold, and sell the capital stock and other obligations of

(1) any service corporation organized under the laws of this state if the entire capital stock of the service corporation is available for purchase only by one or more savings and loan or banking institutions having their home offices in this state, to perform accounting or similar functions or servicing loans primarily for those institutions;

(2) any service corporation whose activities consist of purchasing and disposing of loans and making each investment as specifically authorized by federal and state law for savings and loan and banking institutions.

(b) An association may invest upon approval by the commissioner in a service corporation an amount not to exceed five per cent of its total assets at the time of the investment, except the total investment under this section and § 615 of this chapter may not exceed the sum of its capital stock, surplus, undivided profits and reserve accounts. (§ 33 ch 164 SLA 1978)

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 278
 Title An Act relating to State chartered savings associations
 Requested by Senate Labor and Commerce Date 3/19/81

II. FISCAL DETAIL

Agency Affected Department of Commerce & Economic Development
 Program Category Affected Consumer Protection
 BRU, Program, or Subprogram(s) Affected Financial Institutions

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	0	0	0	0	0
400 COMMODITIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS, ETC.	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

FUNDING (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER (Specify Fund Source)	0	0	0	0	0	0

POSITIONS

FULL TIME	0	0	0	0	0	0
PART TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

IV. DATE 3/19/81 PREPARED BY Willis F. Kirkpatrick, Director of Banking
 AGENCY Department of Commerce & Economic Development
 PHC NE 465-2521

Original. Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

