

mit a statement of purpose and effect with each bill and appear personally or through a representative before any committee considering legislation.

Sec. 11. Sec. 35, Ch. 157, SLA 1959, is amended to read:

Sec. 35. **Numbering of Bills.** All bills shall be numbered by the chief clerk of the house in which introduced in the order of their introduction and thereafter shall be designated by the number given them.

Sec. 12. Sec. 41, Ch. 157, SLA 1959, is amended to read:

Sec. 41. **Constitutional Amendments and Executive Orders.** a. The legislature may propose amendments to the state constitution through the adoption of a joint resolution by an affirmative vote of two-thirds of the membership of each house. Resolutions proposing constitutional amendments shall be treated as bills.

b. Executive orders proposing changes in the executive branch and requiring the force of law pursuant to provisions of Sec. 23, Art. III, of the state constitution, shall be submitted to the presiding officer of each house on the day the house organizes. The legislature has sixty days of a regular session, or a full session if of shorter duration to disapprove these orders. Unless disapproved by a special concurrent resolution introduced in either house, concurred in by a majority of the members in joint session, these orders become effective at a date thereafter to be designated by the governor. Orders submitted to but not disapproved by the legislature shall be published in the bound session laws and any codification of state law.

Sec. 13. Secs. 22, 24, 25, and 26, Ch. 157, SLA 1959, are repealed.

Sec. 14. This Act takes effect on the day after its passage and approval or on the day it becomes law without such approval.

Approved April 5, 1961

## CHAPTER 48

### AN ACT

**Relating to the coverage of legislative employees by the state personnel act; and providing for an effective date.**

(S.B. 13)

**Be it enacted by the Legislature of the State of Alaska:**

Section 1. Subsec. (5), Sec. 5, Ch. 144, SLA 1960, is amended to read:

(5) All employees of the state legisla-

ture and its agencies;

Sec. 2. Subsec. 1, Sec. 6, Ch. 144, SLA 1960, is repealed.

Sec. 3. This Act takes effect on the day after its passage and approval or on the day it becomes law without such approval.

Approved April 5, 1961

## CHAPTER 49

### AN ACT

**Relating to savings associations and savings and loan associations; and providing for an effective date.**

(C.S.S.B. 40)

**Be it enacted by the Legislature of the State of Alaska:**

**Short Title and General Definitions**

Section 1. **Short Title.** This Act may be cited as the "Alaska Savings Association Act."

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

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

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

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

(d) "Direct-reduction loan" shall mean a loan repayable in consecutive monthly installments, equal or unequal, beginning not later than ninety (90) days after the date of the advance of the loan, sufficient to retire the debt, interest, and principal within thirty years; provided, however, that the initial loan contract shall not provide for any subsequent monthly installment of an amount larger than any previous monthly installment, and, provided further, that in the case of construction loans the first payment shall not be later than twelve months after the date of the first advance. Any such loan is an amortized loan.

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

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

1. Operating income.
2. Real estate income.
3. All profits actually received during such accounting period from the sale of securities, real estate, or other property.
4. Other non-recurring income.

(g) "Home" shall mean a dwelling or dwellings for not more than four fam-

ilies, the principal use of which is for residential purposes. A home on a farm is a home.

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

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

(j) "Impaired condition" shall mean a condition in which the assets of an association in the aggregate do not have a fair value equal to the aggregate amount of liabilities of the association to its creditors, including its members and all other persons.

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

(l) "Insured association" shall mean an association the savings accounts of which are insured wholly or in part in accordance with the provisions of this Act.

(m) "Member" shall mean a person holding a savings account of an association, and a person borrowing from or assuming or obligated upon a loan or interest therein held by an association, or purchasing property securing a loan or interest therein held by an association, and any other person obligated to an association. A joint and survivorship relationship, whether of investors or borrowers, constitutes a single membership.

(n) "Net earnings" shall mean gross income for an accounting period less the aggregate of the following:

1. Operating expenses.
2. Real estate expenses.
3. All losses actually sustained during such accounting period from the sale of securities, real estate or other property, or such portion of such losses as shall not have been charged to reserves, pursuant to the provisions of this Act.

4. All interest paid, or due but unpaid, on borrowed money.

5. Other non-recurring charges.

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

(p) "Operating expenses" shall mean all expenses actually paid, or due but unpaid, by an association during an accounting period, excluding the following:

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

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

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

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

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

(s) "Real estate expenses" shall mean all expenses actually paid, or due but unpaid, in connection with the ownership, maintenance, and sale of real estate (other than office building or buildings and real estate held for investment) by an association during an accounting period, excluding capital expenditures and losses on the sale of real estate.

(t) "Real estate income" shall mean all income actually received by an association during an accounting period from real estate owned (other than from office building or buildings and real estate held for investment) excluding profit from sales of real estate.

(u) "Real estate loan" shall mean any loan or other obligation secured by real estate, whether in fee or in a leasehold extending or renewable automatically for a period of at least 15 years beyond the date specified for the final principal payment of such loan or obligation, or any

transaction out of which a lien or claim is created against such real estate.

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

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

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

(y) "Withdrawal value" shall mean the amount credited to a savings account of a member, less lawful deductions therefrom, as shown by the records of the association.

## Incorporation and Organization

### Sec. 3. Incorporation

(a) Petition for certificate of incorporation. At any time hereafter any five or more individuals (hereinafter referred to as the "incorporators"), citizens of this state, may form an association to promote thrift and home financing, subject to approval as hereinafter provided in this Act, by signing and acknowledging, before an officer competent to take acknowledgments of deeds, two duplicate originals of a petition for a certificate of incorporation in the form prescribed by the Commissioner of Commerce, and of the bylaws in the form set out below or in a form approved by the Commissioner, which shall be filed with the Commissioner, accompanied by the incorporation fee.

(b) Bylaws of association to be filed. The following form of bylaws may be adopted and used by any association without specific approval of the Commissioner. Such bylaws may be amended and different bylaws may be adopted with the approval of the Commissioner.

### Bylaws

1. Annual Meeting of Members. The annual meeting of the members of the association for the election of directors and for the transaction of any other business of the association shall be held at its home office, at 2 o'clock in the afternoon on the third Wednesday in January in each year, or, if a legal holiday, then on the next

succeeding day not a legal holiday. The annual meeting may be at such other time on such other day in January or at such other place in the same community as the board of directors may determine, but in such event at least ten (10) days' written notice thereof shall be sent to each member at his last known address appearing upon the membership records of the association, or ten (10) days' notice of such other time, date, and place of meeting shall be given by publication in a newspaper of general circulation in the county in which the home office of the association is located. At each annual meeting, the officers shall make a comprehensive report of the financial condition of the association and of its progress for the preceding year, and shall outline a program for the succeeding year.

2. Special Meetings of Members. A special meeting of the members of the association may be called at any time by the chairman of the board of directors, the president, or the board of directors, and shall be called by the president, a vice president, or the secretary upon the written request of members of record holding, in the aggregate, at least one-tenth of the savings liability of the association. Such written requests shall state the purposes of the meeting and shall be delivered at the home office of the association addressed to the president.

3. Notice of Meetings of Members. Except as hereinabove provided, no notice of annual meetings of members need be given to members. Notice of each special meeting of members shall state the purposes for which the meeting is called, the place of the meeting, and the time when it shall convene, and shall be published once a week for two (2) consecutive calendar weeks (in each instance on any day of the week), prior to the date on which such special meeting shall convene, in a newspaper of general circulation in the county in which the home office of the association is located. In addition to the publication of such notice, a copy thereof shall be posted in a conspicuous place in the home office of the association during the fourteen (14) days immediately preceding the date on which such special meeting shall convene.

4. Procedure for Nomination of Directors and Proposal of New Business. On or before the thirtieth (30) day prior to the

date of the annual meeting the president, with the approval of the board of directors, shall appoint a nominating committee of three members of the association, and the nominating committee shall, on or before the twentieth (20) day prior to the date of the annual meeting, nominate a qualified member of the association to serve as a director for each vacancy in the board of directors of the association and to succeed each director whose term is expiring at such annual meeting. Said nominations shall be in writing, signed by the members of the nominating committee, and shall be filed with the secretary. Any member of the association may nominate any qualified member of the association for the office of director to fill any vacancy in the board of directors or to succeed any director whose term is expiring at such annual meeting, providing such nomination is made, in writing, signed by said member, and filed with the secretary of the association at least fifteen (15) days before the meeting. The names of all nominees nominated by the nominating committee and by members, as herein provided, shall be printed, typed, or written upon ballots, which shall be used in the election of directors at the annual meeting, and no other nomination shall be considered at such meeting; provided, that, in the event the nominating committee has not made nominations, as herein provided, nominations may be made from the floor at the annual meeting. Any new business to be taken up at the annual meeting, including any proposal to increase or decrease the number of directors of the association, shall be stated in writing and filed with the secretary of the association on or before the twentieth (20) day prior to the date of the annual meeting, and all business so stated, proposed, and filed shall be considered at the annual meeting, but no other proposals shall be acted upon at the annual meeting. Any member may make any other proposal at the annual meeting and the same may be discussed; but unless stated in writing and filed with the secretary twenty (20) days before the meeting such proposals shall be laid over for action at an adjourned, special, or regular meeting of the members taking place thirty (30) days or more after the annual meeting. But this provision shall not prevent consideration at the annual meeting of the reports of officers and reports of committees.

5. Meetings of the Board of Directors.

The board of directors shall meet regularly without notice at least once each month at the place, hour and date fixed by resolution of the board of directors. Special meetings of the board of directors may be held and shall be called by the secretary upon the written request of the president or of three directors. All special meetings shall be held upon at least three days' written notice to each director unless notice be waived in writing by each director before or after such meeting. Such notice shall state the place, time, and purposes of such meeting. No notice need be given of any meeting at which every director shall be present. A majority of the total number of directors authorized shall constitute a quorum for the transaction of business. The act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors. If the board of directors of the association elects a chairman of the board of directors, he shall preside at all meetings of the board of directors, if present, and may exercise any and all powers and perform any and all duties which the board of directors, by resolution, confers upon him. All meetings of the members and of the board of directors shall be conducted in accordance with Robert's Rules of Order.

6. Resignation and Removal of Directors. Any director may resign at any time by sending a written notice of such resignation to the home office of the association addressed to the secretary. Unless otherwise specified therein, such resignation shall take effect upon receipt thereof by the secretary. Any director may be removed either with or without cause at any time by the majority of all votes cast at any annual meeting of members, or at any special meeting of members called for such purpose. Any director, after an opportunity afforded him for being heard, may be removed for cause by a two-thirds vote of the total number of directors authorized, at any regular meeting or at any special meeting called for such purpose. More than three consecutive absences from regular meetings of the board of directors, unless excused by resolution of the board of directors, shall automatically constitute a resignation, effective when such resignation is accepted by the board of directors.

7. Compensation of Directors. The board of directors, by resolution, may pro-

vide for reasonable compensation to be paid to directors for services as directors, which compensation shall not preclude any director from serving the association in any other capacity and receiving compensation therefor.

8. Executive and other Committees. The president with the approval of the board of directors may appoint an executive committee of not less than three members of the board which shall have the powers of the board of directors between meetings of the board. There may be such other committees with such powers as the president may appoint and empower with the approval of the board of directors.

9. Officers. The officers of the association shall consist of a president to be chosen from among the directors, one or more vice presidents, a secretary, a treasurer, and any other officers authorized by the board of directors, and shall be elected at the first meeting of the board of directors which follows the annual meeting of members, and which shall be held within thirty (30) days after the annual meeting of members. The board of directors may appoint such additional officers and employees as it may from time to time determine. Any one person may hold any two such offices, except that during his tenure as president, the president may not hold the office of secretary or treasurer. The term of office of all officers shall be one year or until their respective successors are elected and qualified; but any officer may be removed at any time by the board of directors for or without cause. Such officers shall have the powers, duties and authority generally appropriate to the office held subject to special provision made by the board of directors at any time.

10. Execution of instruments. All contracts, notes, drafts, acceptances, checks, endorsements, assignments, releases, deeds, all evidences of indebtedness of the association, and all documents, instruments, or writings of any nature shall be signed, executed, verified, acknowledged, and delivered by such officers, agents, or employees of the association, or any one of them in such manner as from time to time may be determined by resolution of the board of directors. Proxies to vote with respect to securities or accounts owned by the association may be executed and delivered from time to time by the president, a vice president, the secretary

or treasurer of the association, or by any other person authorized by resolution of the board of directors.

11. Evidence of savings account. Such officers or employees as may be designated by the board of directors shall deliver to each person upon the initial credit to his savings account in the association an account book or other written evidence of such account where the issuance of such evidence may be required.

12. Corporate seal. The seal shall be two concentric circles between which shall be the name of the association. The year of incorporation and the name of the State shall, and an emblem may, appear in the center.

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

14. Amendments. With the approval of the Commissioner, amendments of these bylaws may be made from time to time by majority vote of members present in person or by proxy or by two-thirds majority vote of the total number of directors authorized.

We, the undersigned, being the incorporated of the ..... SAVINGS ASSOCIATION, do hereby adopt and for that purpose do sign and acknowledge the foregoing bylaws as and for the bylaws of the ..... SAVINGS ASSOCIATION, this ..... day of ....., 19 .....

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

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

2. The incorporators have proceeded in a lawful manner.

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

4. The persons who are serving as incorporators or will serve as directors and officers, insofar as such persons are known, are qualified by character and experience.

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

6. The incorporators have met all of the requirements of Alaska law.

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

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

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

3. Issue a certificate of incorporation to which he shall affix the other duplicate original of the petition.

The duplicate original of the certificate of incorporation, together with the duplicate original of the petition affixed thereto by the Commissioner of Commerce, shall be returned to the incorporators or their representative.

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

The failure of the Commissioner to file, return or retain any such document shall not affect the validity of the incorporation of the association.

(e) When corporate existence begins. The corporate existence of an association shall begin when the Commissioner shall issue the certificate of incorporation of the association, and such existence shall be perpetual unless terminated in accordance with the provisions of this Act.

Sec. 4. Organization

(a) Selection of Chairman of Incorporators; Savings Liability Required in

Cities of Various Sizes. The incorporators shall appoint one of their number as chairman of the incorporators. The incorporators, before a certificate of incorporation is issued, shall pay in cash to such chairman, as subscriptions to the savings accounts of the proposed association, including that part of the original subscription paid by such chairman, an aggregate amount, fixed as follows in relation to the population of the community in which the home office of the association is to be located: (1) In communities having not more than 10,000 inhabitants, the minimum sum of \$50,000; (2) in communities having more than 10,000 but less than 100,000 inhabitants, the minimum sum of \$100,000; (3) in communities having 100,000 or more inhabitants, the minimum sum of \$200,000; provided the Commissioner may, in his discretion, require a larger amount to be paid in. The population of the community shall be determined by the Commissioner based upon the latest federal census.

(b) Chairman of incorporators to procure surety bond. The chairman of the incorporators shall procure from a surety company or other surety acceptable to the Commissioner, a surety bond in form approved by the Commissioner in an amount at least equal to the amount subscribed by the incorporators plus the expense fund. The bond shall name the Commissioner as obligee and shall be delivered to him. It shall assure the safekeeping of the funds subscribed and their delivery to the association after the issuance of the certificate of incorporation and after the bonding of the officers. In the event of the failure to complete organization, the bond shall assure the return of the amounts collected to the respective subscribers or their assigns, less reasonable expense which shall be deducted from the expense fund.

(c) Expense fund for incorporation and organization. The incorporators, in addition to their subscriptions to savings accounts, shall create an expense fund in an amount not less than one-half of the minimum amount of savings account subscriptions required to be paid in under this Act, from which expense fund the expense of organizing the association and its operating expenses may be paid until such time as its earnings are sufficient to pay its operating expenses in addition to such dividends as may be declared and paid or credited to its savings account holders

from its earnings. The incorporators and others, before a certificate of incorporation is issued, shall deposit to the credit of the chairman of the incorporators in cash the amount of the expense fund. The amounts contributed to the expense fund by the incorporators and others shall not constitute a liability of the association except as hereinafter provided.

(d) Repayment of contributions made to expense fund. Contributions made by the incorporators and others to the expense fund may be repaid pro rata to the contributors from the net earnings of the association after provision for statutory reserves and declaration of dividends of not less than two percent on savings accounts. In case of the liquidation of an association before contributions to the expense fund have been repaid, any contributions to the expense fund remaining unexpended, after the payment of expenses of liquidation, all creditors, and the withdrawal value of all savings accounts, shall be repaid to the contributors pro rata. The books of the association shall reflect the expense fund. Contributors to the expense fund shall be paid dividends on the amounts paid in by them and for such purpose such contributions shall in all respects be considered as savings accounts of the association.

(e) Organization meeting. Within thirty days after the corporate existence of an association shall begin, the directors of the association shall hold an organization meeting and shall elect officers pursuant to the provisions of this Act and the bylaws. At the organization meeting the directors shall take such other action as is appropriate in connection with beginning the transaction of business by the association. The Commissioner may extend by order the time within which the organization meeting shall be held.

#### **Sec. 5. Name, Office, and Forfeiture of Charter for Non-use**

(a) Corporate name. The name of every association shall include either the words "Savings Association," or "Savings and Loan Association." These words shall be preceded by an appropriate descriptive word or words approved by the Commissioner. An ordinal number may not be used as a single descriptive word preceding the words "Savings Association," or "Savings and Loan Association," unless such words are followed by the words "of \_\_\_\_\_," the blank being filled

by the name of the city in which or near which the association has its home office. An ordinal number may be used together with another descriptive word, preceding the words "Savings Association" or "Savings and Loan Association," provided the other descriptive word has not been used in the corporate name of any other association in the state, in which case the suffix mentioned above is not required to be used. An ordinal number may be used, together with another descriptive word, preceding the words "Savings Association" or "Savings and Loan Association," even when such other descriptive word has been used in the corporate name of an association in the state, provided the suffix "of \_\_\_\_\_," as provided above, is also used. The suffix provided above may be used in any corporate name. The use of the words, "National," "Federal," "United State," "Insured," "Guaranteed," or any form thereof separately or in any combination with other words or syllables, is prohibited as part of the corporate name of an association. No certificate of incorporation of a proposed association having the same name as a corporation authorized to do business under the laws of this state or a name so nearly resembling it as to be calculated to deceive shall be issued by the Commissioner, except to an association formed by the reincorporation, reorganization, or consolidation of other associations, or upon the sale of the property or franchise of an association.

(b) Exclusiveness of Name. No person, firm, company, association, fiduciary, partnership, or corporation, either domestic or foreign, unless he or it is lawfully authorized to do business in this State under the provisions of this Act and is actually engaged in carrying on a savings association business shall do business under any name or title which contains the terms "savings association," "savings and loan association," "building and loan association," "building association," or any combination employing either or both of the words "building" or "loan" with one or more of the words "saving," "savings," "thrift" or words of similar import, or any combination employing one or more of the words "saving," "savings," "thrift" or words of similar import with one or more of the words "association," "institution," "society," "company," "corporation" or words of similar import, or use any name or sign or circulate or use any

letterhead, billhead, circular or paper whatever, or advertise or represent in any manner which indicates or reasonably implies that his or its business is the character or kind of business carried on or transacted by an association or which is calculated to lead any person to believe that his or its business is that of an association. Upon application by the Commissioner or any association, a court of competent jurisdiction may issue an injunction to restrain any such entity from violating or continuing to violate any of the foregoing provisions of this subsection. Any person who violates any provision of this subsection shall be punished by a fine of not more than \$5,000, and each day of violation shall constitute a separate offense. The prohibitions of this subsection shall not apply to any corporation or association formed for the purpose of promoting the interests of savings associations, the membership of which is comprised of savings associations, their officers or other representatives.

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

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

The proposed new name or the new location of the home office of the association shall be approved by a resolution adopted by the board of directors. Immediately preceding application to the Commissioner for approval, notice of intention to change the name or the location of the home office, signed by two officers, shall be published once a week for two successive weeks in a newspaper of general circulation in the city or the vicinity in which the home office is located, and a copy of the notice shall be displayed during the consecutive two weeks' period in a conspicuous place in the home office of the association. Four copies of an application to the Commissioner for approval shall be signed by two officers of the association, acknowledged before an offi-

cer competent to take acknowledgments of deeds and filed with the Commissioner. Upon approval of an application for change of name, the Commissioner shall endorse on each copy of the application a certificate of approval. Upon such approval, the name of the association shall be changed immediately.

Upon approval of an application for change of location of the home office of an association, the Commissioner shall endorse on each copy of the application a certificate of approval. When the Commissioner shall have endorsed the approval upon the copies of an application for approval of change of name or change of location of home office, he shall file two copies with the Federal Home Loan Bank if the association is a member, return one copy to the applicant association and retain the original copy in the permanent files of his office.

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

### **Corporate Administration**

#### **Sec. 6. Meetings of Members**

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

(b) Members entitled to vote. The members who shall be entitled to vote at any meeting of the members shall be those

who are members of record at the end of the calendar month next preceding the date of the meeting of members, except those who have ceased to be members. The number of votes which members shall be entitled to cast shall be in accordance with the books on the said date determinative of entitlement to vote.

(c) Voting Rights. In the determination of all questions requiring action by the members, each member shall be entitled to cast one (1) vote, plus an additional vote for each \$100 or fraction thereof of the withdrawal value of savings accounts, if any, held by such member. No member, however, shall cast more than fifty (50) votes.

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

(e) Quorum. Any number of members present in person or by proxy at a regular or special meeting of members constitutes a quorum. A majority of all votes cast at any meeting of members shall determine any question.

**Sec. 7. Membership Charges Prohibited.** The association shall not directly or indirectly charge any membership, admission, withdrawal, or any other fee or sum of money for the privilege of becoming, remaining, or ceasing to be a member of the association, except reasonable charges upon the making or modification of a loan. The association shall not charge any member any sum of money by the way of fine or penalty for any cause, except that a reasonable charge may be made against borrowers for defaults or prepayments.

#### **Sec. 8. Access to Books and Records: Communication With Members**

(a) Exclusiveness of access. Every member shall have the right to inspect such books and records of an association as pertain to his loan or savings account. Otherwise, the right of inspection and examination of the books and records shall be limited (1) to the Commissioner or his duly authorized representatives as provided in this Act, (2) to persons duly

authorized to act for the association, and (3) to any federal instrumentality or agency authorized to inspect or examine the books and records of an insured association. The books and records pertaining to the accounts and loans of members shall be kept confidential by the association, its directors, officers and employees, and by the Commissioner, his examiners and representatives, except where the disclosure thereof shall be compelled by a court of competent jurisdiction, and no member or any other person shall have access to the books and records or shall be furnished or shall possess a partial or complete list of the members except upon express action and authority of the board of directors.

(b) Communication with members. In the event, however, that any member or members desire to communicate with the other members of the association with reference to any question pending or to be presented for consideration at a meeting of the members, the association shall furnish upon request a statement of the approximate number of members of the association at the time of such request, and an estimate of the cost of forwarding such communication. The requesting member or members shall then submit the communication to the Commissioner who, if he finds it to be appropriate, truthful and in the best interests of the association and all its members, shall execute a certificate setting out such findings, forward the certificate together with the communication to the association, and direct that the communication be prepared and mailed by the association to the members upon the requesting member's or members' payment to it of the expenses of preparation and mailing.

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

Sec. 9. **Financial Statement.** Every association shall prepare and publish annually in the month of January in a news-

paper of general circulation in the city in which, or in the immediate vicinity of which, the home office of the association is located, and shall deliver to each member upon application, a statement of its financial condition in the form prescribed or approved by the Commissioner.

#### Sec. 10. **Directors**

(a) Association under direction of board of directors. The business of the association shall be directed by a board of directors of not less than five or more than fifteen as determined and elected by ballot from among the members by a plurality of the votes of the members present. If authorized by vote of the members the directors may elect all directors. At all times at least two-thirds of the directors shall be bona fide residents of this state.

(b) Qualifications required of directors. In order to qualify as a director, a member of an association must hold a savings account, the withdrawal value of which is at least \$500; provided that, if the assets exceed \$2.5 million, the withdrawal value of the account must be at least \$2,000. A director shall automatically cease to be a director when he ceases to be a member, or when the net equity above loans of all savings accounts in the association held by him aggregates less than the minimum required to be eligible for election as a director, provided no action of the board of directors shall be invalidated through the participation of the director in such action; provided, that if a director becomes ineligible under the terms of this subsection by reason of the exercise by the association of the right of redemption of savings accounts provided for in Section 21, he shall remain validly in office until the expiration of his term or until he otherwise becomes ineligible, whichever may occur first.

(c) Classification of directors. At the first annual meeting, the directors shall by majority vote be divided into three classes of as nearly equal numbers as possible. The term of office of directors of the first class shall expire at the annual meeting next after the first election; of the second class, one year thereafter; and of the third class, two years thereafter, and at each annual election thereafter directors shall be chosen for a full term of three years to succeed those whose terms expire.

(d) Number of directors increased

only by members. The number of directors within the limits hereinabove specified may be subsequently increased only by vote of the members.

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

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

(g) When vacancy on board of directors is to be filled by directors. Any vacancy among directors, not so filled by the members, may be filled by a majority vote of the remaining directors, though less than a quorum, by electing a director to serve until the next annual meeting of the members, at which time a director shall be elected to fill the vacancy for the unexpired term for the class of director in which the vacancy exists. In event of a vacancy on the board of directors from any cause, the remaining directors shall have full power and authority to continue direction of the association until the vacancy is filled.

**Sec. 11. Indemnity Bonds.** All directors, officers, and employees of an association shall, before entering upon the performance of any of their duties, execute their individual bonds with an adequate corporate surety payable to the association as an indemnity for any loss the association may sustain of money or other property by or through any fraud, dishonesty, forgery or alteration, larceny, theft, embezzlement, robbery, burglary, hold-up, wrongful or unlawful abstraction, misapplication, misplacement, destruction or misappropriation, or any other dishonest or criminal act or omission by any such director, officer, employee or agent. Associations which employ collection agents, who for any reason are not covered by a

bond as hereinabove required, shall provide for the bonding of each agent in an amount equal to at least twice the average monthly collection of the agent. The agents shall be required to make settlement with the association at least monthly. No bond coverage will be required of any agent which is a bank insured by the Federal Deposit Insurance Corporation or an institution insured by the Federal Savings and Loan Insurance Corporation. The amounts and form of the bonds and sufficiency of the surety thereon shall be approved by the board of directors and by the Commissioner. In lieu of individual bonds, a blanket bond, protecting the association from loss through any such Act or Acts on the part of any director, officer, or employee, may be obtained. A true copy of every such indemnity bond shall be filed at all times with the Commissioner. The bonds shall provide that a cancellation either by the surety or by the insured shall not become effective unless and until ten days' notice in writing first shall have been given to the Commissioner, unless he shall have approved such cancellation earlier.

**Sec. 12. Transactions of Officers, Directors, Employees**

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

(1) To solicit, accept or agree to accept, directly or indirectly, from any person other than the association any gratuity, compensation or other personal benefit for any action taken by the association or for endeavoring to procure any such action;

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

(3) To have any interest, direct or indirect, in the purchase at less than its face value of any evidence of a savings account or other indebtedness issued by the association.

(b) Penalty. Any violation of the pro-

visions of subsection (a) shall be punishable as a misdemeanor.

### Section 13. Expenses of Litigation

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

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

(2) If the person is held to be liable on certain items and not liable on others, the association shall pay the proportion of the total reasonable expense of the litigation which the items on which he is held to be not liable bear to all the items alleged.

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

### Sec. 14. Records

(a) Records to be kept at home office. Every association shall keep at the home office correct and complete books of account and minutes of the proceedings of members, directors, and the executive committee. Complete records of all business transacted at the home office shall be maintained at the home office. Control records of all business transacted at each branch office or agency shall be maintained at the home office.

(b) Records to be kept at branch office. Each branch office shall keep detailed records of all transactions at such

branch office and shall furnish full control records to the home office.

(c) 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.

(d) Forms and accounting practices to be approved by Commissioner. Every association shall use such forms and observe such accounting principles and practices the Commissioner may require from time to time.

(e) Books to be closed at least semi-annually. 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.

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

(g) 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 such assets have depreciated in value, be charged off, or that a special reserve or reserves equal to such depreciation in value be set up by transfers from undivided profits or reserves.

(h) 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.

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

(j) Appraisal of real estate owned and that securing delinquent loans. Every

association shall appraise each parcel of real estate at the time of acquisition thereof. 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 twelve months.

(k) Maintenance of membership records. Every association shall maintain membership records, which shall show 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 duly authorized representative and shall preserve the signature card in the records of the association.

(l) Reproduction and destruction of records. Any association may cause any or all records kept by the association to be copied or reproduced by any photostatic, photographic or micro-filming process which correctly and permanently copies, reproduces or forms a medium for copying of reproducing the original record on a film or other durable material, and the association may thereafter dispose of the original record. Any such copy or reproduction shall be deemed to be an original record for all purposes and shall be treated as an original record in all courts or administrative agencies for the purpose of its admissibility in evidence. A facsimile, exemplification or certified copy of any such copy or reproduction reproduced from a film record shall, for all purposes, be deemed a facsimile, exemplification or certified copy of the original record.

### Savings Operations

Sec. 15. **Insurance.** No savings association incorporated under this Act shall commence business until it has acquired membership in the Federal Savings and Loan Insurance Corporation. Loss of membership shall constitute cause for the Commissioner of Commerce to take immediate possession of the assets of the association and make application to the Superior Court of the State of Alaska for the appointment of a conservator as provided in Sec. 38 of this Act.

Sec. 16. **Savings Liability.** The savings

liability of an association is not limited, but shall consist only of the aggregate amount of savings accounts of its members, plus dividends credited to such accounts, less redemption and withdrawal payments. Except as limited by the board of directors from time to time, a member may make additions to his savings accounts in such amounts and at such times as he may elect. Savings accounts shall be opened for cash. The members of an association shall not be responsible for any losses which its savings liability shall not be sufficient to satisfy, and savings accounts shall not be subject to assessment, nor shall the holders be liable for any unpaid installments on their accounts. Dividends shall be declared in accordance with the provisions of this Act. Except as provided in Section 19 of this Act, no association shall prefer one of its savings accounts over any other savings account as to the right to participate in dividends as to time or amount. No preference between savings account members shall be created with respect to the distribution of assets upon voluntary or involuntary liquidation, dissolution, or winding up of an association. No association shall have power to contract with respect to the savings liability in a manner inconsistent with the provisions of this Act.

### Sec. 17. Savings Accounts

(a) **Ownership.** Savings accounts may be opened and held solely and absolutely in his own right by, or in trust or other fiduciary capacity for, any person, including an adult or minor individual, male or female, single or married, a partnership, association, fiduciary, corporation, or political subdivision or public or governmental unit. Savings accounts shall be represented only by the account of each savings account holder on the books of the association, and shall be transferable only on the books of the association and upon proper application by the transferee and upon acceptance of transferee as a member upon terms approved by the board of directors. The association may treat the holder of record of a savings account as the owner for all purposes without being affected by any notice to the contrary unless the association has acknowledged in writing notice of a pledge of the savings account.

(b) **Evidence of ownership.** An account book may be issued to each savings ac-

count holder of record as shown by the books of the association, and the account book shall, if issued, indicate the withdrawal value of the savings account. A separate certificate for a savings account may be issued in lieu of an account book, entitled "Certificate of Savings Account," and if issued shall be in the following form:

This certifies that .....  
is a member of the undersigned savings association and holds a .....  
dollar savings account therein, subject to the Savings Association Act, the certificate of incorporation, and bylaws of the association.

(c) Duplicate account books and certificates. Upon the filing with an association by the holder of record as shown by the books of the association, or by his legal representative, of an affidavit to the effect that the account book or certificate evidencing his savings account with the association has been lost or destroyed, and that such account book or certificate has not been pledged or assigned in whole or in part, the association shall issue a new account book or certificate in the name of the holder of record, such evidence stating that it is issued in lieu of the one lost or destroyed, and the association shall in no way be liable thereafter on account of the original account book or certificate, provided that the board of directors shall, if in its judgment it is necessary, require a bond in an amount it deems sufficient to indemnify the association against any loss which might result from the issuance of such new account book or certificate.

**Sec. 18. Reserve Accounts; Undivided Profits.** Every association shall set up and maintain the reserves required by, and may set and maintain such additional reserves as are permitted by, this Act. On or before any authorized closing date, after payment of or provision for all expenses, each association shall, before the declaration of a dividend for the period, transfer to a separate reserve account, which shall be set up and maintained for the sole purpose of absorbing losses (termed in this Act "general reserve"), an amount equal to at least ten percent of its net earnings, until the general reserve is equal to at least twelve percent of the savings liability. In the event that any credit to the general reserve is made following the effective date of this Act in excess of the minimum 10 percent requirement, the dollar amount

of any such excess may be carried over as a credit toward the minimum requirement of any subsequent period. If and whenever the general reserve is not equal to at least twelve percent of its savings liability, credits, as above provided, shall again be made to the general reserve until it shall again be equal to at least twelve percent of its savings liability. The board of directors may make additional transfers to other reserve accounts. Interest receivable on all loans shall be accrued monthly and an interest due and accrued account shall be maintained equivalent to all accrued and uncollected interest. On or before each closing date, after payment or provision for all expenses and appropriate transfers to reserves, the remainder of net earnings for the period shall be credited to the undivided profits account or to an unallocated reserve account.

**Sec. 19. Dividends.** As of one of the last three business days before the closing of any period, the day to be determined by the board of directors, the board may declare a dividend on savings accounts of record on such date, and the dividend shall be payable as of such date or a later date not more than 30 days following the close of the period as determined by the board. No dividends shall be declared except dividends payable as above. Dividends shall be credited to savings accounts on the books of the association on the dividend-payment date unless a savings account holder shall have requested and the association shall have agreed to pay dividends on all or part of any savings account in cash. Dividends payable in cash shall be paid on the dividend-payment date and may be paid by check or bank draft. All savings account holders shall participate equally in dividends pro rata to the withdrawal value of their respective accounts; provided that no association shall be required to pay or credit dividends on accounts of \$10 or less or on short-term accounts which are opened with the intention of closing them within one year. Except as above provided, dividends shall be declared on the withdrawal value of each savings account at the beginning of the dividend period, plus additions thereto made during the dividend period (less amounts withdrawn and noticed for withdrawal, which for dividend purposes shall be deducted from the latest previous addition) computed at the declared rate for the time invested, determined as next provided. The date of investment shall be the

date of actual receipt by the association of an account or an addition to an account, except as hereinabove provided. If the board of directors shall so determine, accounts or additions thereto received by the association on or before a date not later than the tenth day of the month (unless the day determined is not a business day, in which case it may be the next succeeding business day) shall receive dividends as if invested on the first day of the month in which the payments were received. If the board shall make such determination, it also shall determine that payments received subsequent to the determination date shall either (1) receive dividends as if invested on the first day of the next succeeding month, or (2) receive dividends from the date of actual receipt by the association.

**Sec. 20. Withdrawal.** Any savings account holder may at any time present a written application for withdrawal of all or any part of his savings accounts. No member shall have on file in any one association more than one application at a time. Every application shall request immediate withdrawal of a stated amount in accordance with this section. Any member may cancel his application at any time in whole or in part by a writing. Every association shall pay or number, date, and file in the order of actual receipt every withdrawal application. Withdrawals shall be made in the order of actual receipt of applications, except as provided in this section. Upon withdrawal, an association shall pay the value of any savings account, as determined by the board of directors, but not in excess of the withdrawal value thereof. If an association so elects, it may at any time pay in full each and every application as presented. It shall not, however, pay some in full unless it pays every application on file in full, except by paying all applications on file on the rotation plan prescribed in this section. The board of directors shall, however, have an absolute right to pay upon any application not exceeding \$200 to any one account holder in any one month in any order. No association can obligate itself to pay withdrawals on any plan other than as provided in this Act. Savings account holders who have filed written application for withdrawal shall remain savings account members so long as their applications remain on file. No dividends shall be declared upon that portion of an account which has been noticed for withdrawal, which for

dividend purposes is required to be deducted from the latest previous additions to the account, so long as the application is on file. The rotation plan of payment of withdrawals is as follows: On the first day of each month, each application which has been on file since the first day of the preceding month and which is reached in order shall be paid \$1,000 on account, or in full if the amount notice for withdrawal or the unpaid balance of such application is less than \$1,000. Each application for more than \$1,000 so paid shall be deemed refiled as if filed on that day. Such limited payment on the first day of each month and such renumbering shall take place on the first day of each subsequent month as long as there are applications unpaid. At least one-third of the receipts of an association from its members during the preceding calendar month shall be applied on the first day of each month to the payment of applications which have been on file since the first day of the preceding month. Any association may apply to withdrawals an amount larger than one-third of such receipts, but cannot obligate itself to do so. When an application to withdraw is reached for payment as above provided, a written notice shall be sent to the applicant by mail at his last address recorded on the books, and unless the applicant shall apply in person or in writing for the withdrawal within thirty days from the date of the notice, no payment on account of the application shall be made and the application shall be cancelled.

**Sec. 21. Redemption.** At any time funds are on hand for the purpose the association shall have the right to redeem by lot or otherwise, as the board of directors may determine, all or any part of its savings accounts on a dividend date by giving thirty days' notice by registered mail addressed to each affected account holder at his last address recorded on the books of the association. No association shall redeem any of its savings accounts when the association is in an impaired condition or when it has applications for withdrawal which have been on file more than thirty days and have not been reached for payment. The redemption price of savings accounts redeemed shall be the full value of the account redeemed, as determined by the board of directors, but in no event shall the redemption price be less than the withdrawal value. If the aforesaid notice of redemption shall have been duly given, and if on or before the redemption date the

funds necessary for such redemption shall have been set aside so as to be and continue to be available therefor, dividends upon the accounts called for redemption shall cease to accrue from and after the dividend date specified as the redemption date, and all rights with respect to such accounts shall forthwith, after the redemption date, terminate, except only the right of the account holder of record to receive the redemption price without interest. All savings account books or certificates evidencing savings accounts which have been validly called for redemption must be tendered for payment within ten years from the date of redemption designated in the redemption notice, otherwise they shall be cancelled and all claims of such account holders against the association shall be barred forever.

**Sec. 22. Definite Rate Securities Forbidden.** No association shall issue, sell, negotiate, or advertise for sale either to members or the public any type of investment security other than savings accounts. No association shall agree to pay a rate of interest that is guaranteed or an amount in dividends that is fixed upon any savings accounts issued by it. This section shall not be construed, however, to exclude the power of the association to borrow money from banks, or other similar borrowings, or to pay a bonus to savings account members in accordance with the provisions of this Act.

#### **Powers**

**Sec. 23. Powers of Association Generally.** Every association incorporated pursuant to or operating under the provisions of this Act shall have all the powers enumerated, authorized, and permitted by this Act and such other rights, privileges, and powers as may be incidental to or reasonably necessary for the accomplishment of the objects and purposes of the association. Among others, every association shall have the following powers:

(a) **General Corporate Power.** To sue and be sued, complain and defend in any court of law or equity; to acquire, hold, sell, dispose of and convey real and personal estate consistent with its objects and powers; to mortgage, pledge, or lease any real or personal estate; to take property by gifts, devise, or bequest; to have a corporate seal, which may be affixed by imprint, facsimile, or otherwise; to appoint

officers, agents, and employees as its business shall require and allow them suitable compensation; to provide for life, health and casualty insurance for officers and employees and to adopt and operate reasonable bonus plans and retirement benefits for such officers and employees; to adopt and amend bylaws as provided in this Act; to insure its accounts in accordance with the provisions of this Act; to qualify as a member of a Federal Home Loan Bank; to become a member of, deal with, or make contributions to any organization to the extent that such organization assists in furthering or facilitating the association's purposes or powers and to comply with conditions of membership; to let safes, boxes or other receptacles for the safekeeping of personal property; to sell money orders and travel checks drawn by it on its bank accounts or as agent for any organization empowered to sell such instruments through agents within this State; to accept savings as provided in this Act.

(b) **Loans on security of savings accounts.** To make loans on the sole security of savings accounts. No such loan shall exceed with the withdrawal value of the accounts owned or otherwise pledged for or by the borrower. No such loan shall be made when an association has applications for withdrawal which have been on file more than sixty days and not reached for payment.

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

(d) **Other loans.** To use an aggregate amount not exceeding thirty percent of the assets at the time of such use, or a larger amount with the approval of the Commissioner, to make loans as follows: Home loans, which are either direct-reduction home loans or not, but which exceed \$45,000 each, regardless of where the home property securing the loan is sit-

uated; home loans of any amount, which are direct-reduction home loans, but which are secured by home property situated beyond the regular lending area; home loans of any amount, which are not direct-reduction home loans, regardless of where the home property securing the loan is situated; other real estate loans, whether amortized or unamortized, regardless of amount or location of real estate securing the loan. This power is herein referred to as the "thirty percent of assets lending power." A subsequent reduction of savings liability shall not affect in any way outstanding loans made under the thirty percent of assets lending power.

(e) Insured and guaranteed loans. To make without regard to the foregoing any loan, secured or unsecured, which is insured or guaranteed in any manner and in any amount by the United States or any instrumentality thereof or by this state or any instrumentality thereof.

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

(g) Property improvement and small loans. To make property improvement loans to home owners and other property owners for maintenance, repair, modernization, improvement, and equipment of their properties, with or without security, provide that no such loan without security shall exceed \$4,500, and provided further that not in excess of twenty-five percent of the assets of the association shall be so invested; to make loans to members not exceeding \$2,500, with or without security, provided that not in excess of fifteen percent of the assets of the association shall

be so invested and provided further that not exceeding a total of twenty-five percent of the assets of the association shall be invested under this subsection.

(h) Power to purchase loans and to lend upon loans. The power to make loans shall include (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.

(i) Participation Loans. To participate with other lenders in loans of any type that such an association may otherwise make, provided that the other participants 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 provisions of the laws of the United States.

(j) Sale of Loans. To sell without recourse any loan, including any participating interests therein, at any time, provided that the total dollar amount of such loans sold, including such sale, within the calendar year beginning January first immediately preceding the date of such sale, does not exceed a sum equivalent to twenty-five (25) percent of the dollar amount of all loans and participating interests in loans held by such association at the beginning of such calendar year; provided further, that 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 subsection, loans may be assigned with recourse to any Federal Home Loan Bank of which the association is a member.

(k) Servicing loans. To service mortgages and trust deeds subject to such regulations and restrictions as may be prescribed by the Commissioner, provided such mortgages and trust deeds originally are made by the association and subsequently sold. The maximum principal amount of mortgages and trust deeds thus serviced by an association at any one time shall not

exceed two-thirds of the amount of the savings liability of the association.

**Sec. 24. Loan Plans.** Real estate loans may be made as authorized by this Act, or upon any other loan plan approved by the Commissioner. No real estate loan shall be made until a qualified person selected by the board of directors shall have submitted a signed appraisal of the real estate securing the loan. Payments on real estate loans shall be applied first to the payment of interest on the unpaid balance of the loan and the remainder of the reduction of principal; provided that if the loan is in default in any manner, payments may be applied by the mortgagee in any manner approved by the Commissioner.

Every loan shall be evidenced by a note or bond for the amount of the loan. The note or bond shall specify the amount, rate of interest, terms of repayment, including any penalty or charge for late payment, and may contain all other terms of the loan contract.

Every real estate loan shall be secured by a mortgage, trust deed, or other instrument constituting a first lien, or the full equivalent thereof, upon the real estate securing the loan, according to any lawful or well-recognized practice which is best suited to the transaction. Any such instrument, constituting a first lien, is herein termed a "mortgage." Such mortgage shall provide specifically for full protection to the association with respect to the loan and additional advances and the usual insurance risks, taxes, assessments, other governmental levies, maintenance, and repairs. It may provide for an assignment of rents, which assignment shall be absolute upon the borrower's default, becoming operative upon written demand made by the association. All such mortgages shall be recorded in accordance with the law of this state.

Any mortgage that can be made by an association under the provisions of this Act may be made to secure existing debts or obligations, to secure debts or obligations 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, and all such debts, obligations, and future advances shall, from and as of the time the mort-

gage is filed for record as provided by the law of this state, be secured by such mortgage equally with, and have the same priority over the rights of all persons who subsequent to the recording of the mortgage acquire any rights in or liens upon 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 is hereby authorized to file for record, and the same shall be recorded, a notice 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, provided a copy of the filing is also filed with the mortgagee, and (2) if any optional future advance shall be made by the mortgagee to the mortgagor or his successor in title after written notice of any mortgage, lien, or claim against the real property which is junior to such mortgage, then the amount of the advance shall be junior to the mortgage, lien or claim of which written notice was given.

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

An association may require the borrower to pay monthly in advance, in addition to interest or interest and principal payments, the equivalent of one-twelfth of the estimated annual taxes, assessments, insurance premiums, and other charges upon the real estate securing a loan, or any of such charges, so as to enable the association to pay such charges as they become due from the funds so received. The amount of the monthly charges may be increased or decreased so as to provide reasonably for the payment of the estimated annual taxes, assessments, insurance premiums, and other charges. The association may carry such funds in trust in an account or may credit the same to

indebtedness and advance the money for taxes, insurance, or other charges. Every association shall keep a record of the status of taxes, assessments, insurance premiums, and other charges on all real estate securing its loans and on all real and other property owned by it.

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

#### Sec. 25. **Loan Expenses.**

(a) Fees and charges. Every association may require borrowing members to pay all reasonable expenses incurred in connection with the making, closing, disbursing, extending, readjusting, or renewing of real estate loans. Without limiting the generality of the foregoing, such expenses may include appraisal, attorneys', abstract, recording, and registration fees, title examination, title insurance, mortgage insurance, credit report, survey, drawing of papers, escrow services, loan closing costs, and taxes or charges imposed upon or in connection with the making and recording of any mortgage. Every association also may require borrowing members to pay the cost of all other necessary and incidental services rendered by the association or by others in connection with real estate loans in such amounts as may be fixed by the board of directors. Without limiting the generality of the foregoing, such costs may include the costs of services of inspectors, engineers, and architects. Such reasonable initial charges may be collected by the association from the borrower and paid to any persons, including any director, officer, or employee of the association rendering the services, or paid directly by the borrower. In lieu of such initial charges to cover the expenses and costs, an association may make a reasonable charge, part or all of which may be retained by the association which renders the service, or part or all of which may be paid to others who render the services. The fees and charges authorized by this and the preceding section shall be

in addition to interest authorized by law, and shall not be deemed to be a part of the interest collected or agreed to be paid on such loans within the meaning of any law of this State which limits the rate of interest which may be exacted in any transaction. No director, officer, or employee of an association shall receive any fee or other compensation of any kind in connection with procuring any loan for an association, except for services actually rendered as above provided.

(b) Settlement Statement. The association shall furnish a loan settlement statement to each borrower upon the closing of the loan, indicating in detail the charges and fees such borrower has paid or obligated himself to pay to the association or to any other person in connection with such loan. A copy of such statement shall be retained in the records of the association.

Sec. 26. **Investments.** Every association shall have power to invest in securities and real estate as follows:

(a) Securities. Without limit, in obligations of, or guaranteed as to principal and interest by, the United States or this State; in stock of a Federal Home Loan Bank of which it is eligible to be a member, and in any obligations or consolidated obligations of any Federal Home Loan Bank or Banks; in stock or obligations of the Federal Savings and Loan Insurance Corporation; in stock or obligations of a national mortgage association or any successor or successors thereto; in demand, time, or savings deposits with any bank or trust company the deposits of which are insured by the Federal Deposit Insurance Corporation; in stock or obligations of any corporation or agency of the United States or this State, or in deposits therewith to the extent that such corporation or agency assists in furthering or facilitating the association's purposes or powers; in savings accounts of any association operating under the provisions of this Act and of any federal savings and loan association; in bonds, notes, or other evidences of indebtedness which are a general obligation of any city, town, village, school district, or other municipal or political subdivision of this state. In other stocks, securities or obligations which the Commissioner shall approve and place on a published list, and the Commissioner is directed to make such a list. An association investing in securities which are listed by the Commissioner

shall not be required to dispose of those securities if at a later time the Commissioner shall remove the securities from the list.

(b) **Real estate.** An amount not exceeding the sum of its undivided profits and reserve accounts (although a larger amount may be authorized by application to and approval of the Commissioner) in such real estate as may be or reasonably anticipated to be necessary or convenient for the transaction of its business, from portions of which a revenue may be derived by rentals or otherwise. In real estate purchased at a Service Section (of Department of Public Safety) sale or at any other sale, public or private, judicial or otherwise, upon which the association has a lien or claim, legal or equitable; in real estate accepted by the association in satisfaction of any obligation; in real estate purchased for sale, or improvement and sale, upon contracts, at the cost of land and improvements, when such contracts are executed concurrently with or prior to the purchase, such transactions to be subject to all the limitations herein provided with respect to real estate loans; in real estate acquired by the association in exchange for real estate owned by the association; in real estate acquired by the association in connection with salvaging the value of property owned by the association; an amount not exceeding the sum of its reserves and undivided profits in the purchase and development of real estate for the purpose of producing income or for sale or for improvement thereof and the erection of buildings thereon for sale or rental purposes. Title to all real estate shall be taken and held in the name of the association and such title shall immediately be recorded in accordance with the law.

**Sec. 27. Power to Borrow.** If and when an association is not a member of a Federal Home Loan Bank, it shall have power to borrow not more than an aggregate amount equal to one-fourth of its savings liability on the date of borrowing. If and when an association is a member of a Federal Home Loan Bank, it shall have power to secure advances of not more than an aggregate amount equal to one-half of its savings liability. Within such amount equal to one-half of its savings liability, the association may borrow from sources other than the Federal Home Loan Bank an aggregate amount not in excess of ten per-

cent of its savings liability. A subsequent reduction of savings liability shall not affect in any way outstanding obligations for borrowed money. All such loans and advances may be secured by property of the association.

**Sec. 28. Withdrawals and Redemption of Accounts and Bonus.** An association shall have power to pay withdrawals and redeem accounts in accordance with the provisions of this Act and to pay a bonus to savings account members in accordance with the provisions of this Act and no other bonus. No bonus so paid shall be construed as a dividend for the purposes of this Act.

**Sec. 29. Fiscal Agent.** If and when an association is a member of a Federal Home Loan Bank, it shall have power to act as fiscal agent of the United States, and, when so designated by the Secretary of the Treasury, it shall perform, under such regulations as he may prescribe, all such reasonable duties as fiscal agent of the United States as he may require, and shall have power to act as agent for any instrumentality of the United States and as agent of this state or any instrumentality thereof.

**Sec. 30. Bonus Plans.** (a) In order to stimulate systematic thrift and to provide regular funds for the financing of homes, the board of directors may adopt by resolution one of the following plans, effective as of that date or a subsequent date as specified in the resolution:

(1) **Systematic Bonus Plan.** An association which has adopted the bonus plan as provided in this paragraph shall be obligated to pay or credit to each member opening a bonus plan account a bonus of one-fourth of one percent (calculated on the amount in such account from time to time, when such account equals fifty (50) times the agreed monthly payment; one-half of one percent (calculated on the amount in such account from time to time since the last bonus credit and one-fourth of one percent on the same basis for the previous period) when the account equals one hundred (100) times the agreed monthly payment; three-fourths of one percent (calculated on the amount in such account from time to time since the last bonus credit and one-fourth of one percent on the same basis for the previous periods) when the account equals one hundred fifty (150) times the agreed monthly payment; and one percent (calculated on the amount in

such account from time to time since the last bonus credit and one-fourth of one percent on the same basis for the previous periods) when the account equals two hundred (200) times the agreed monthly payment. Such payment or credit shall be made only if the agreed monthly payments shall have been made each and every month without a delay of more than sixty (60) days and the payment of any monthly payment and without any prepayment of more than twelve (12) months, and if during such period no application has been made for withdrawal of any part of such account. To determine the amount of such bonus the association shall divide the dollar amount of each dividend declared on such account by a figure equal to four (4) times the annual rate of percent of such dividend declared for the one-fourth of one percent bonus, two (2) times such rate for the one-half of one percent bonus (calculated upon dividends from the date of the first bonus credit to the date of the second plus one-fourth of one percent for the first bonus period), one and one-third (1-1/3) times such rate for the three-fourths of one percent bonus (calculated upon dividends from the date of the second bonus credit to the date of the third plus one-fourth of one percent for the previous periods) and one (1) times such rate for the one percent bonus (calculated upon dividends from the date of the third bonus credit to the date of the fourth plus one-fourth of one percent for the previous periods). The amount of the bonus is the sum of the quotients so obtained.

(2) Long-term Bonus Plan. An association which has adopted the bonus plan as provided in this paragraph shall be obligated to pay a bonus for each dividend period beginning after three (3) years from the effective date at a rate specified in the resolution, but not to exceed  $\frac{1}{2}$  of 1 percent per annum, on all savings account balances of \$1,000 or more which have been credited to a savings account for at least three (3) years immediately prior to each such dividend payment date, and from which savings account no withdrawals have been made during any such three (3) year period, and such bonus shall be paid or credited in the same manner and at the same time as the periodic dividend.

(b) Advertisement of Bonus Plan. The association which has become obligated as provided in this section to pay a cash

bonus may advertise the bonus plan and may refer to the bonus rate on such bonus plan as being a bonus of  $\frac{1}{4}$ ,  $\frac{1}{2}$ ,  $\frac{3}{4}$  or 1 percent per annum as the case may be.

(c) Bonus Plan May Be Terminated. At any time, the board of directors by resolution may terminate the systematic bonus plan as to accounts opened after the date of such action or a subsequent date as specified in the resolution. At any time the board of directors by resolution may terminate the long-term bonus plan, said termination to be effective on the date of such resolution or on a date subsequent thereto as specified therein, provided that in the case of savings accounts of \$1,000 or more on said effective date, such plan shall not terminate as to the withdrawal value thereof as shown by the records on said effective date until immediately after payment of the first periodic dividend occurring on or after a date three full years from such effective date, or until the date of the first withdrawal from any such account, whichever shall occur first, and provided further that notice of termination shall be given to each holder of such savings accounts by letter mailed to the last address as shown by the records of the association within ten (10) days following the action of the board of directors.

#### Sec. 31. Contracts for Savings Programs.

(a) School Savings. An association shall have power to contract with the proper authorities of any public or non-public elementary or secondary school or other institution of higher learning, or any public or charitable institution caring for minors, for the participation and implementation by the association in any school or institutional thrift or savings plan, and it may accept savings accounts at such a school or institution, either by its own collector or by any representative of the school or institution which becomes the agent of the association for such purpose.

(b) Payroll Savings. An association shall have power to contract with any employer with respect to the solicitation collection and receipt of savings by payroll deduction to be credited to designated accounts of his or its employees who may voluntarily participate.

#### Sec. 32. Conversion

(a) Conversion into federal savings and loan association. Any association or corporation of this state doing a home-

financing business may convert itself into a federal savings and loan association in accordance with the provisions of Section 5 of the Home Owners' Loan Act of 1933, as now or hereafter amended, upon a vote of fifty-one percent or more of the votes of the members cast at an annual meeting or at any special meeting called to consider such action. A copy of the minutes of the proceedings of such meeting of the members, verified by the affidavit of the secretary or an assistant secretary, shall be filed in the office of the Commissioner within ten days after the date of the meeting. A sworn copy of the proceedings of the meeting, when so filed, shall be presumptive evidence of the holding and action of the meeting. Within three months after the date of such meeting, the association shall take such action in the manner prescribed and authorized by the laws of the United States as shall make it a federal savings and loan association. There shall be filed with the Commissioner a copy of the charter issued to the federal savings and loan association by the Federal Home Loan Bank Board or a certificate showing the organization of such association as a federal savings and loan association, certified by the secretary or assistant secretary of the Federal Home Loan Bank Board. No failure to file any such instruments with the Commissioner shall affect the validity of the conversion. Upon the grant to any association of a charter by the Federal Home Loan Bank Board, the association receiving the charter shall cease to be an association incorporated under this Act and shall no longer be subject to the supervision and control of the Commissioner. Upon the conversion of any association into a federal savings and loan association, the corporate existence of such association shall not terminate, but such federal association shall be deemed to be a continuation of the entity of the association so converted and all property of the converted association, including its rights, titles, and interests in and to all property of whatever kind, whether real, personal, or mixed, and things in action, and every right, privilege, interest, and asset of any conceivable value or benefit then existing, or pertaining to it, or which would inure to it, shall immediately by operation of law and without any conveyance or transfer and without any further act or deed remain and be vested in and continue and be the property of such federal association into which the state asso-

ciation has converted itself, and such federal association shall have, hold, and enjoy the same in its own right as fully and to the same extent as the same was possessed, held, and enjoyed by the converting association, and such federal association as of the time of the taking effect of the conversion shall continue to have and succeed to all rights, obligations, and relations of the converting association. All pending actions and other judicial proceedings to which the converting state association is a party shall not be deemed to have abated or to have discontinued by reason of the conversion, but may be prosecuted to final judgment, order, or decree in the same manner as if the conversion into such federal association had not been made and such federal association resulting from the conversion may continue such action in its corporate name as a federal association, and any judgment, order, or decree may be rendered for or against it which might have been rendered for or against the converting state association theretofore involved in such judicial proceedings. Any association or corporation, which has heretofore converted itself into a federal savings and loan association under the provisions of the Home Owners' Loan Act of 1933 and has received a charter from the Federal Home Loan Bank Board, shall hereafter be recognized as a federal savings and loan association, and its federal charter shall be given full credence by the courts of this state to the same extent as if such conversion had taken place under the provisions of this Section; provided, however, that there shall have been compliance with the foregoing requirements with respect to the filing with the Commissioner of a copy of the federal charter or a certificate showing the organization of such association as a federal savings and loan association. All such conversions are hereby ratified and confirmed, and all the obligations of such an association which has so converted shall continue as valid and subsisting obligations of the federal savings and loan association, and the title to all of the property of such an association shall be deemed to have continued and vested, as of the date of issuance of such federal charter, in the federal savings and loan association as fully and completely as if the conversion had taken place since the enactment of this Act pursuant to this section.

(b) Conversion into state-chartered association. Any federal savings and loan

association may convert itself into an association under this Act upon a vote of fifty-one percent or more of the votes of members of the federal savings and loan association cast at an annual meeting or at any special meeting called to consider such action. Copies of the minutes of the proceedings of the meetings of members, verified by the affidavit of the secretary or an assistant secretary, shall be filed in the office of the Commissioner and mailed to the Federal Home Loan Bank Board, Washington D.C., within ten days after the meeting. Such verified copies of the proceedings of the meeting when so filed shall be presumptive evidence of the holding and action of the meeting. At the meeting at which conversion is voted upon, the members shall also vote upon the directors who shall be the directors of the state-chartered association after conversion takes effect. The directors then shall execute two copies of the petition for certificate of incorporation provided for in this Act and two copies of the bylaws, as provided in this Act. The Commissioner shall insert in the certificate of incorporation, at the end of the paragraph preceding the testimonium clause, the following:

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

Each of the directors chosen for the association shall sign and acknowledge the petition for certificate of incorporation as subscribers thereto and the proposed bylaws as incorporators of the association. The provisions of this Act shall, so far as applicable, apply to such conversion under this Act. The Commissioner may provide, by regulation, for the procedure to be followed by any such federal savings and loan association converting into an association under this Act. All the provisions regarding property and other rights contained in the preceding subsection shall apply, in reverse order, to the conversion of a federal savings and loan association into an association incorporated under this Act, so that the state-chartered association shall be a continuation of the corporate entity of the converting federal association and continue to have all of its property and rights.

**Sec. 33. Power to Reorganize, Merge or Consolidate.** Pursuant to a plan adopted by the board of directors and approved by the Commissioner as equitable to the

members of the association and as not impairing the usefulness and success of other properly conducted associations in the vicinity, an association shall have power to reorganize or to merge or consolidate with another association or federal savings and loan association within its regular lending area, provided that the plan of such reorganization, merger or consolidation shall be approved by a majority vote of the members cast at an annual meeting or at any special meeting called to consider such action. In all cases the corporate continuity of the resulting corporation shall possess the same incidents as that of an association which has converted in accordance with this Act.

#### Sec. 34 Dissolutions

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

(b) Certificate of dissolution. Upon such vote, five copies of a certificate of dissolution, which shall state the vote cast in favor of dissolution, shall be signed by two officers and acknowledged before an officer competent to take acknowledgment of deeds. Four copies of the certificate shall be filed with the Commissioner, who shall examine the association, and, if he finds that it is in a safe and sound condition, shall so note, together with his approval of the dissolution, upon all the copies of the certificate of dissolution. The Commissioner shall place a copy in the permanent files of his office and return the remaining copies to the parties filing the same.

(c) Association continues as corporate entity for sole purpose of winding up affairs. Upon such approval, the association shall be dissolved and shall cease to carry on business but nevertheless shall continue as a corporate entity for the sole purpose of paying, satisfying, and discharging existing liabilities and obligations, collecting and distributing assets, and doing all other acts required to adjust, wind up, and dissolve its business and affairs.

(d) Directors to act as liquidating trustees. The board of directors shall act as trustees for liquidation. They shall proceed as quickly as may be practicable to wind up the affairs of the association and, to the extent necessary or expedient to

that end, shall exercise all the powers of the dissolved association and, without prejudice to the generality of such authority, may fill vacancies, elect officers, carry out the contracts, make new contracts, borrow money, mortgage or pledge the property, sell its assets at public or private sale, or compromise claims in favor of or against the association, apply assets to the discharge of liabilities, distribute assets either in cash or in kind among savings account members according to their respective pro rata interests after paying or adequately providing for the payment of other liabilities, and perform all acts necessary or expedient to the winding up of the association. All deeds or other instruments shall be in the name of the association and executed by the president or a vice president and the secretary or an assistant secretary. The board of directors shall also have power to exchange or otherwise dispose of or to put in trust all, or substantially all, or any part of the assets, upon such terms and conditions and for such considerations, which may be money, stock, bonds, shares, or accounts of any insured association, or of any federal savings and loan association, or other instruments for the payment of money, or other property, or other considerations, as the board of directors may deem reasonable or expedient, and may distribute such considerations or the proceeds thereof, or trust receipts, or certificates of beneficial interest among the savings account members in proportion to their pro rata interests therein. In the absence of fraud, any determination of value made by the board of directors for any such purposes shall be conclusive.

(e) Association subject to Commissioner during liquidation. The association, during the liquidation of the assets of the association by the board of directors, shall continue to be subject to the supervision of the Commissioner, and the board of directors shall report the progress of the liquidation to the Commissioner from time to time as he may require. Upon completion of liquidation, the board of directors shall file with the Commissioner a final report and accounting of the liquidation. The approval of the report by the Commissioner shall operate as a complete and final discharge of the board of directors and each member thereof in connection with the liquidation of the association. No dissolution or any action of the board of directors in connection therewith shall impair any

contract right between the association and any borrower or other person or persons or the vested rights of any member of the association.

#### Sec. 35. Home Office, Branch Offices and Agencies.

(a) Home office defined. The home office is the corporate office named in the certificate of incorporation or as it exists after change of its name or location as provided in this Act.

(b) Branch office defined. A branch office is a legally established place of business of the association other than the home office or any agency, authorized by the board of directors and approved by the Commissioner, at which savings accounts and loan payments may be accepted and applications for loans may be received, and at which account books and membership certificates may be issued and loans may be closed.

(c) Agency defined. An agency of an association is the place of business, stationary or mobile, other than the home office or a branch office, at which an agent or agents of the association transact authorized business of the association. At any such agency savings and payments on loans may be received solely for transmission to the home office or a branch office of the association, but may not be accepted for or on behalf of the association. At any such agency an agent or agents may, however, perform such other special duties as may be directed from time to time by the home office or a branch office. No such agency shall be authorized, however, to issue account books and membership certificates.

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

(e) Approval of Commissioner required to establish branch office or agencies. No association may establish or maintain a branch office or agency without the prior written approval of the Commissioner, except that temporary and incidental agencies may be created for individual transactions and for special temporary purposes without such approval, and except for the purposes of Section 32

of this Act. Each application for approval of the establishment and maintenance of a branch office or an agency shall state the proposed location thereof, the need, the functions to be performed, the estimated annual expense, and the mode of payment. Each application shall be accompanied by a budget of the association for the current dividend period and for the next succeeding semiannual period, which reflects the estimated additional expense of the maintenance of such a branch office or agency. Upon the receipt by the Commissioner of an application, he shall determine whether the establishment and maintenance of the office will unduly injure any properly conducted existing association or federal savings and loan association in the community where the branch office or agency is proposed to be established or in any neighboring community. If he finds that no undue injury is likely to result and that the establishment and maintenance of the branch office or agency is advisable, he may approve the application.

(f) Approval of change of location of office. Whenever the Commissioner shall receive from any association an application for approval of change of location of its home office, he shall first determine whether the association has complied with the provisions of this Act; and if he shall so find, he shall inquire into the advisability of approving the application, and thereupon he shall approve or disapprove the application and immediately notify the association requesting the change.

(g) Commissioner may revoke his approval of branch office or agency. The Commissioner may revoke his approval of the maintenance of any branch office or agency by a written notice to the association if the association has not commenced making active use of the branch office within twelve months after the approval is granted.

**Sec. 36. Supervisory Power of Commissioner**

(a) Division of Savings Associations created. There is created a Division of Savings Associations in the Department of Commerce of this state which shall be administered by the Commissioner of Commerce. The Commissioner may appoint a Director of Savings Associations to act under his executive direction.

(b) General supervisory power. The

Commissioner shall have general supervision over all associations and corporations which are subject to the provisions of this Act.

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

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

(2) Observe methods and standards which he may prescribe for determining the value of various types of assets.

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

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

(5) Record liens and other interests in property.

(6) Obtain a financial statement from a prospective borrower to the extent that the savings association can do so.

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

(8) Search, or obtain insurance upon, the title to real estate taken as security.

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

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

(d) Power to enforce orders. The Commissioner may order any person to cease violating a provision of this Act or any lawful regulation of the Commissioner promulgated pursuant to this Act. Any

person aggrieved and directly affected by an order of the Commissioner under this Act may appeal to the Superior Court of the State of Alaska under the Administrative Procedure Act within 30 days after the issuance of the order. The filing of a petition for review shall not stay enforcement of an order, unless the Court orders a stay upon such terms as it deems proper.

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

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

### Sec. 37. Reports and Examinations

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

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

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

(d) Commissioner authorized to accept examinations made by Federal Home Loan Bank Board or Federal Savings and Loan Insurance Corporation. In lieu of such examinations, the Commissioner may accept any examination made by a Federal Home Loan Bank, the Federal Home Loan Bank Board, or by the Federal Savings and Loan Insurance Corporation. Two copies of any audit, signed and certified by the auditor making such audit, shall be filed promptly with the Commissioner.

(e) Extra or additional examinations; Reports. Whenever, in the judgment of the Commissioner, the condition of any association renders it necessary or expedient to make an extra examination or to devote any extraordinary attention to its affairs, the Commissioner shall cause such work to be done. A full and complete copy of the report of all examinations shall be furnished to the association examined. Such report of examination or audit shall be presented by the president to the board of directors at its next regular or special meeting.

(f) Commissioner to have free access to all books and papers of association and may issue summons, administer oaths, and examine witnesses. The Commissioner, any deputy commissioner, or his examiners or auditors shall have free access to all books and papers of an association which relate to its business and books and papers kept by any officer, agent, or employee, relating to or upon which any record of its business is kept, and may summon witnesses and administer oaths or affirmations in the examination of the directors, officers, agents, or employees of any such association or any other person in relation to its affairs, transactions, and conditions, and may require and compel the production of records, books, papers, contracts, or other documents by court order if not voluntarily produced.

(g) Personnel of Department must not divulge any information acquired in discharge of their duties, except as required by law. The Commissioner, his deputies, and his employees shall not divulge any information acquired by them in the discharge of their duties as prescribed by this Act, except insofar as the same may be rendered necessary by law or under order of court; provided that the Commissioner may furnish information as to the condition of any association to the

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

### Sec. 38. Conservatorship

(a) Commissioner may order association to discontinue any unsafe or illegal practice. If the Commissioner, as a result of any examination or from any report made to him, shall find that any association is violating the provisions of its certificate or incorporation or bylaws, or the laws of this state or of the United States, or any lawful order of the Commissioner, he shall, by a formal written order delivered to the association as aforesaid state any alleged violation, together with a statement of the facts alleged to be the violation, and direct discontinuance of the violation and require conformance with all requirements of law.

(b) Conservator. If within a reasonable time satisfactory corrective action has not been taken pursuant to the foregoing subsection, the Commissioner, if he believes that the public interest may be served by the appointment of a conservator, is authorized, acting through the Attorney General, to apply to the Superior Court of the State of Alaska in the Judicial District where the association has its principal office for the appointment of a conservator. The court is authorized to appoint a conservator if it finds that the association: (1) Is in an impaired condition; (2) is in substantial violation of any valid and applicable law or regulation; or (3) is concealing any of its assets, books, or records. The Commissioner, or his deputy, or examiner, or another person may be appointed by the court as conservator, and a certified copy of the order of the court making the appointment shall be evidence thereof, and such conservator shall have the power and authority provided in this Act and such other power and authority as may be expressed in the order of the court. The conservator shall endeavor promptly to remedy the situations complained of in the petition for his appointment. Within six months of the date of such appointment, or within twelve months if the court shall extend the six months' period, such association shall be returned to its board of directors and thereafter shall be managed and operated as if no conservator had been appointed, or a receiver shall be appointed as hereinafter

provided. If the Commissioner, or his deputy, or examiner is appointed conservator, he shall receive no additional compensation, but if another person is appointed, then the compensation of the conservator, as determined by the court, shall be paid by the association. A certified copy of the order of the court discharging such conservator and returning the association to its directors shall be sufficient evidence thereof.

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

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

(e) Conservator, with approval of Commissioner, may remove any officer or director. The directors and officers shall remain in office and the employees shall remain in their respective positions, but the conservator may remove any director, officer, or employee, provided the order of removal of a director or officer shall be approved in writing by the Commissioner.

(f) Under conservator, association may be operated as a "going concern." While the association is in the charge of a conservator, members of such association shall continue to make payments to the association in accordance with the terms and conditions of their contracts, and the conservator, in his discretion, may permit savings account holders to withdraw their accounts from the association pursuant to the provisions of this Act or under and subject to such rules and regulations as the Commissioner may prescribe. The conservator shall have power to accept savings accounts and additions to savings accounts, but any such amounts received by the conservator may be segregated if the Commissioner shall so order in writing; if so ordered, such amounts shall not be subject to offset and shall not be used to liquidate any indebtedness of the association existing at the time the conservator was appointed for it or any subsequent indebtedness incurred for the purposes of

liquidating the indebtedness of any such association existing at the time the conservator was appointed. All expenses of the association during such conservatorship shall be paid by the association.

### Sec. 39. Receivership

(a) Appointment of receiver. If irregularities complained of in an order of the Commissioner, as provided in the previous section, are not corrected, or if any irregularities complained of in a petition for the appointment of a conservator are not corrected, or in the case of any emergency, the Commissioner may, if in his judgment the public interest requires it, acting through the Attorney General, apply to the Superior Court of the State of Alaska in the Judicial District of the principal office of any association for the appointment of a receiver. The court is authorized to appoint a receiver if it finds that the association: (1) Is in an impaired condition; (2) is in violation of any valid and applicable law or regulation; or (3) is concealing any of its assets, books, or records. The Commissioner, or his deputy, or examiner, or other person may be appointed by the court as receiver, and a certified copy of the order of the court making the appointment shall be evidence thereof, and such receiver shall have the power and authority of a conservator plus the power to liquidate and shall have such power and authority as may be expressed in the order of the court. If the Commissioner or his deputy or examiner is appointed receiver, he shall receive no additional compensation, but if another person is appointed, then the compensation of the receiver, as determined by the court, shall be paid from the assets of the association.

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

(c) Procedure. The procedure in such receivership action shall be in all other

respects in accordance with the practice in such court, including all rights of appeal and review. The directors, officers and attorneys of an association in office at the time of the initiation of any proceeding under this or the preceding section are expressly authorized to contest any such proceeding and shall be reimbursed for reasonable expenses and attorneys' fees by the association or from its assets. Any court having any such proceeding before it shall allow and order paid reasonable expenses and attorney's fees for such directors, officers and attorneys.

Sec. 40. **Correction of Wrongdoings by Solvent Institution.** No conservator or receiver shall be appointed, or private property seized, with respect to an association which is solvent in that its assets are equal to or more than its obligations to its creditors, including the members and others, if the alleged wrongdoing can be otherwise corrected as is provided in this Act or otherwise as provided by law.

Sec. 41. **Right to Declaratory Judgment.** At any time after any controversy has arisen between the Commissioner and an association with respect to any question of law or regulation or with respect to any question involving immeasurable or irreparable damage to the association, and prior to an administrative or judicial hearing, the association or the Commissioner may apply to any court of competent jurisdiction in the judicial district in which the home office of the association is located for a declaratory judgment as to the question, and the court shall have and shall take jurisdiction and decide the controversy on its merits in accordance with the weight of the evidence, and the court shall have full power to enforce its orders.

### Foreign Associations

#### Sec. 42. Foreign Associations

(a) Defined. For the purposes of this section, the term "foreign association" shall include any person, firm, company, association, fiduciary, partnership or corporation, by whatever name called, actually engaged in the business of a savings association, which is not organized under the provisions of this Act or the Home Owners' Loan Act of 1933, as amended, the principal business office of which is located outside the territorial limits of this State.

(b) Doing Business. No foreign association shall do any business of a savings

association within this state or maintain an office in this State for the purpose of doing such business unless an application is made to the Commissioner for permission to do such business in this State which is approved by him.

(c) **Investigation, Fees, Approval.** The applicant shall pay a fee of \$100 with its application. The Commissioner shall conduct a complete investigation of the applicant at its expense as determined by the Commissioner and shall approve such application if the investigation discloses that savers and investors are reasonably protected as provided in this Act and that the applicant's home-financing operation is sound and reasonably consistent with the law of this State. Such approval shall be withdrawn when such conditions do not exist.

(d) **Examination and Supervision.** The Commissioner shall examine and supervise all foreign associations doing any such business in this State in the same manner as he examines and supervises associations of this State, and they shall pay the supervision and examination fee imposed by Section 44(d), plus any additional costs as determined by the Commissioner. The Commissioner, at his discretion, may rely upon such official examinations, public and private audits, and copies of reports which are supplied to him.

(e) **Unapproved Foreign Associations.** The Commissioner hereby is authorized, empowered and directed to obtain an injunction or to take any other action necessary to prevent any foreign association from doing any business of a savings association in this State without approval.

(f) **Transactions Which are Not Considered 'Doing Business.'** For the purposes of this section and any other law of this State prohibiting, limiting, regulating, charging or taxing the doing of business in this State by foreign associations or foreign corporations of any type, any federal savings and loan association which is subject to state or federal supervision or both, which by law is subject to periodic examination by such supervisory authority and to a requirement of periodic audit, shall not be considered to be doing business or to have a tax situs in this state by reason of engaging in any of the following activities:

(1) The purchase, acquisition, holding, sale, assignment, transfer, servicing, collecting and enforcement of obligations or any interest therein secured by real estate mortgages or other instruments in the nature of a mortgage, covering real property located in this state, or the foreclosure of such instruments, or the acquisition of title to such property by foreclosure, or otherwise, as a result of default under such instruments, or the holding, protection, rental, maintenance and operation of said property so acquired, or the disposition thereof; provided that such association shall not hold, own or operate said property for a period exceeding five years without securing the Commissioner's approval.

(2) The advertising or solicitation of savings accounts, or the making of any representations with respect thereto in this state through the media of the mail, radio, television, magazines, newspapers or any other media which are published or circulated within this state, provided that such advertising, solicitation or the making of such representations shall be accurately descriptive of the facts.

**Sec. 43. Federal Savings and Loan Associations.** Federal savings and loan associations, incorporated pursuant to the Home Owners' Loan Act of 1933, as now or hereafter amended, are not foreign corporations or associations. Unless federal laws or regulations provide otherwise, federal savings and loan associations and the members shall possess all of the rights, powers, privileges, benefits, immunities and exemptions that are now provided or that may be hereafter provided by the laws of this state for the associations organized under the laws of this state and for the members thereof. This provision is additional and supplemental to any provision which, by specific reference, is applicable to federal savings and loan associations and the members thereof.

### **Fees and Taxation**

#### **Sec. 44. Fees**

(a) Fees to be paid by check payable to state treasurer. Associations shall pay fees by delivering to the Commissioner a check payable to the state treasurer.

(b) Incorporation fee. Simultaneously with the filing with the Commissioner of a certificate of incorporation, the incor-

porators shall pay an incorporation fee of \$50.

(c) Fee for change of location of home office, establishment of branch office or agency or change of name. There shall accompany each application to the Commissioner for leave to change the location of the home office, to establish a branch office or an agency or to change the name of the association a fee of \$25.

(d) Supervision and examination fee. At the time of filing its annual report each association shall pay to the Commissioner as a fee for supervision and examination an annual assessment of \$50, and a dollar amount equal to 25 cents per \$1,000 of its savings liability as of December 31 of the preceding year or \$5,000, whichever is the lesser. Such assessment shall be in lieu of all other license fees and charges of any kind whatsoever to any other state department or office, municipality, or other political subdivision; provided, that the Commissioner may assess against any such association the actual and necessary per diem expenses incidental to any additional examinations, or to supervision, or to any special audit made pursuant to an order of the Commissioner acting under authority of this Act.

(e) Merger Fee. At the time of filing with the Commissioner any proposed merger or consolidation plan, the associations proposing to so merge or consolidate shall submit therewith a fee of \$150, which fee shall be paid in equal parts by the association parties to the proposed merger.

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

(g) Fee for filing copy of charter of federal savings and loan association. A fee of \$10 shall accompany each copy of the charter of a federal savings and loan association or certificate showing such organization by conversion, filed with the Commissioner.

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

#### Sec. 45. Taxes

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

(b) State associations subject to same taxation as federal associations. State savings associations and their members shall be subject to the same taxation and upon the same basis as federal savings and loan associations.

#### General

#### Sec. 46. General

(a) Exemption from Securities Laws. Savings associations, their officers, employees or agents, savings accounts, and the sale, issuance or offering of savings accounts of any association or federal savings and loan association are hereby exempted from all provisions of law of this State, other than this Act, which provide for supervision, registration or regulation in connection with the sale, issuance or offering of securities, and the sale, issuance or offering of any such accounts shall be legal without any action or approval whatsoever on the part of any official, other than the Commissioner authorized to license, regulate, or supervise the sale, issuance or offering of securities.

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

(c) Operating contracts must be approved by Commissioner. No association may hereafter make any operating or management contract with any person or persons, except with the approval of the

Commissioner; nor shall existing contracts be extended, renewed, or transferred without such approval.

(d) Married women and minors. An association and any federal savings and loan association may issue savings accounts to any married woman or minor as the sole and absolute owner of the savings account, and receive payments thereon by or for such owner, and pay withdrawals, accept pledges to the association, and act with respect to the accounts on the order of the married woman or minor. Any payment or delivery of rights to a married woman or to any minor, or a receipt of acquittance signed by a married woman or by a minor, who holds a savings account, shall be a valid and sufficient release and discharge of such institution for any payment so made or delivery of rights to the married woman or minor. In the case of a minor, the receipt, acquittance, pledge, or other action required by the institution to be taken by the minor shall be binding upon the minor with like effect as if he were of full age and legal capacity. The parent or guardian of the minor shall not in his capacity as parent or guardian have the power to attach or in any manner to transfer any savings account issued to or in the name of the minor, provided, however, that in the event of the death of the minor the receipt or acquittance of either parent or of a person standing in loco parentis to the minor shall be a valid and sufficient discharge of such institution for any sum or sums not exceeding in the aggregate \$1,000 unless the minor shall have given written notice to the institution not to accept the signature of the parent or person.

(e) Accounts in two or more names. When a savings account is opened in any association or federal savings and loan association, in the name of two or more persons, whether minor or adult, in such form that the moneys in the account are payable to either or the survivor or survivors then such account and all additions thereto shall be the property of such persons as joint tenants. The moneys in the account may be paid to or on the order of any one of such persons during their lifetimes or to or on the order of any one of the survivors of them after the death of any one or more of them. The opening of the account in such form shall, in the absence of fraud or undue influence, be conclusive evidence in any action or pro-

ceeding to which either the association or the surviving party or parties is a party, of the intention of all of the parties to the account to vest title to the account and the additions thereto in such survivor or survivors. By written instructions given to the institution by all the parties to the account, the signatures of more than one of the persons during their lifetimes or of more than one of the survivors after the death of any one of them may be required on any check, receipt, or withdrawal order, in which case the institution shall pay the moneys in the account only in accordance with such instructions, but no such instructions shall limit the right of the survivor or survivors to receive the moneys in the account.

Payment of all or any of the moneys in the account as provided in the preceding paragraph of this section shall discharge the institution from liability with respect to the moneys so paid, prior to receipt by the institution of a written notice from any one of them directing the institution not to permit withdrawals in accordance with the terms of the account or the instructions. After receipt of such notice an institution may refuse, without liability, to honor any check, receipt, or withdrawal order on the account pending determination of the rights of the parties. No institution paying any survivor in accordance with the provisions of this subsection shall thereby be liable for any estate, inheritance or succession taxes which may be due this state.

(f) Pledge to Association of Savings Accounts in Joint Tenancy. The pledge or hypothecation to any association or federal savings and loan association of all or part of a savings account in joint tenancy signed by any tenant or tenants upon whose signature or signatures withdrawals may be made from the account shall, unless the terms of the savings account provide specifically to the contrary, be a valid pledge and transfer to the association of that part of the account pledged or hypothecated and shall not operate to sever or terminate the joint and survivorship ownership of all or any part of the account.

(g) Accounts of deceased nonresidents. When a savings account is held in any association or federal savings and loan association by a person residing in another state or country, the account, together with additions thereto and earnings thereon, or any part thereof, may be paid to the administrator or executor appointed in the

state or country where the account holder resided at the time of death, provided such administrator or executor has furnished the association with (1) authenticated copies of his letters and of the order of the court which issued the letters to him authorizing him to collect, receive, and remove the personal estate, and (2) an affidavit by the administrator or executor that to his knowledge no letters then are outstanding in this state and no petition for letters by an heir, legatee, devisee or creditor of the decedent is pending on the estate in this state, and that there are no creditors of the estate in this state. Upon payment or delivery to the representative after receipt of the affidavit and authenticated copies, the association is released and discharged to the same extent as if the payment or delivery had been made to a legally qualified resident executor or administrator, and is not required to see to the application or disposition of the property. No action at law or in equity shall be maintained against the association for payment made in accordance with the above provisions.

(h) Accounts of administrators, executors, guardians, custodians, trustees, and other fiduciaries. Any association or federal savings and loan association may accept savings accounts in the name of any administrator, custodian, executor, guardian, trustee, or other fiduciary for a named beneficiary or beneficiaries. Any such fiduciary shall have power to vote as a member as if the membership were held absolutely, to open and to make additions to, and to withdraw any such account in whole or in part. The withdrawal value of any such account, and dividends thereon, or other rights relating thereto may be paid or delivered, in whole or in part, to the fiduciary without regard to any notice to the contrary as long as the fiduciary is living. The payment or delivery to any such fiduciary or a receipt or acquittance signed by any such fiduciary to whom any such payment or any such delivery of rights is made shall be a valid and sufficient release and discharge of an institution for the payment or delivery so made. Whenever a person holding an account in a fiduciary capacity dies and no written notice of the revocation or termination of the fiduciary relationship shall have been given to an institution and the institution has no written notice of any other disposition of the beneficial estate, the withdrawal value of the account, and dividends thereon, or other rights relating

thereto may, at the option of an institution, be paid or delivered, in whole or in part, to the beneficiary or beneficiaries. Whenever an account shall be opened by any person, describing himself in opening such account as trustee for another and no other or further notice of the existence and terms of a legal and valid trust than such description shall have been given in writing to the association, in the event of the death of the person so described as trustee, the withdrawal value of the account or any part thereof, together with the dividends thereon, may be paid to the person for whom the account was thus stated to have been opened, and the account and all additions thereto shall be the property of such person. The payment or delivery to any such beneficiary, beneficiaries or designated person, or a receipt or acquittance signed by any such beneficiary, beneficiaries or designated person for any such payment or delivery shall be a valid and sufficient release and discharge of an institution for the payment or delivery so made. No institution paying any such fiduciary or beneficiary in accordance with the provisions of this subsection shall thereby be liable for any estate, inheritance or succession taxes which may be due this state.

(i) Powers of attorney on savings accounts. Any 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 subsection, written notice of the death or adjudication of incompetency of such member shall constitute written notice of revocation of the authority of his attorney. No such institution shall be liable for damages, penalty or tax by reason of any payment made pursuant to this subsection.

(j) Savings accounts as legal investments and as security for bonds. Administrators, executors, custodians, guardians, trustees, and other fiduciaries of every kind and nature, insurance companies, business and manufacturing companies, banks, credit unions and all other types of financial institutions, charitable, educational, eleemosynary and public corporations and organizations, and municipalities and other public corporations and bodies, and public officials hereby are

specifically authorized and empowered to invest funds held by them, without any order of any court, in savings accounts of savings associations which are under state supervision, and in accounts of federal savings and loan associations organized under the laws of the United States and under federal supervision, and such investment shall be deemed and held to be legal investments for such funds. With respect to investments by custodians, savings associations hereby are deemed to be "banks" within the meaning of that term as used in any legislation defining proper investments by custodians for minors.

Whenever, under the laws of this state or otherwise, a deposit of securities is required for any purpose, the savings accounts and accounts made legal investments by this section shall be acceptable for such deposits, and whenever, under the law of this state or otherwise, a bond is required with security such bond may be furnished, and the savings accounts and accounts made legal investments by this section in the amount of such bond, when deposited therewith, shall be acceptable as security without other security.

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

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

(l) Accounts subject to garnishment and execution. Savings accounts of associations and federal savings and loan associations shall be subject to garnishment, attachment, execution or any similar process to the same extent as are savings accounts in federal savings and loan associations. Without inquiry into the validity of any garnishment or similar process, such institutions are authorized to pay any funds in excess of \$1,000 in any such sav-

ings account into any court or to any qualified official making demand therefor, pursuant to any such process or on any judgment pursuant thereto.

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

(n) Defamation of institutions prohibited. Whoever willfully and knowingly makes, issues, circulates, transmits or causes or knowingly permits to be made, issued, circulated or transmitted, any statement or rumor, written, printed, reproduced in any manner, or by word of mouth, which is untrue in fact and is directly or by inference false, malicious in that it is calculated to injure reputation or business, or derogatory to the reputation, financial condition or standing of any association, federal savings and loan association, Federal Home Loan Bank, the Federal Home Loan Board, or the Federal Savings and Loan Insurance Corporation, shall be fined not more than \$1,000 or imprisoned for not more than one year, or both.

(o) All thrift and home-financing organizations, except savings banks, to be subject to provisions of savings association act. All persons accepting moneys from the public and engaged in home financing, whether or not incorporated, and every corporation heretofore incorporated under the statutes of this state which has for its purpose the promotion of thrift and the financing of homes, except savings banks, by whatever name known, shall at the time this Act becomes effective be subject to the provisions of this Act and shall meet all the requirements of this Act, including, but not limited to the requirements set forth in this Act for incorporation and organization, except that the obligations of any such existing corporation, whether between the corporation and its members or any of them, or any other person or persons, or any valid contract between the members of any such corporation, or between the corporation and any other person or persons, existing at the time this

Act takes effect, shall not be in any way impaired by the provisions of this Act.

(p) All obligations heretofore contracted may be enforced. All obligations to any such corporation heretofore contracted shall be enforceable by it and in its name, and demands, claims, and rights of action against any such corporation may be enforced against it as fully and completely as they might have been enforced heretofore.

(q) Act controlling. Insofar as the provisions of this Act are inconsistent with the provisions in any other law affecting savings associations the provisions of this Act shall control.

(r) Savings clause. This Act does not affect rights and duties that matured, penalties that were incurred, and proceedings that were begun, before its effective date. This Act does not affect the right of the state or of any person to commence an action of either a civil or criminal nature against any person or corporation because of acts or omissions of that person or corporation occurring in the course of a savings and loan association business before such business shall have become quali-

fied to engage in such business. Nothing in this Act shall bar the state from prosecuting any violation of the Alaska Banking Code, the Alaska Securities Act or any other law because of acts or omissions occurring in the course of any savings and loan association type of business in Alaska before the effective date of this Act.

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

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

Sec. 47. **Effective Date.** This Act takes effect on the day after its passage and approval or on the day it becomes law without such approval.

Approved April 5, 1961

## CHAPTER 50

### AN ACT

**Relating to the issuance of \$23,000,000 of general obligation bonds of the state authorized for state ferries and ferry facilities, and roads and highways; providing rules and standards to be followed in determining the specific capital improvements to be acquired, constructed, installed and made out of the proceeds of sale of such bonds; creating a construction fund and appropriating \$18,000,000 therefrom; creating a bond redemption fund; and providing for an effective date.**

(C.S.H.B. 44)

**Be it enacted by the Legislature of the State of Alaska:**

Section 1. From the proceeds of sale of the \$23,000,000 of general obligation bonds of the state provided for in Ch. 170, SLA 1960, and authorized by the qualified voters of the state at an election held therein on November 8, 1960, for the purpose of paying all or part of the cost of acquiring, constructing, equipping and making necessary capital improvements to state ferries and ferry facilities, and roads and highways, \$18,000,000 shall be expended for the

purposes of acquiring or constructing, and equipping ferries and terminal and landing facilities for such ferries; and \$5,000,000 of such proceeds shall be used for the construction of roads and highways within the state. Such ferry system and the routes thereof are hereby made an integral part of the road, highway and transportation system and facilities of the state.

Sec. 2. In determining the specific capital improvements to be acquired, constructed, installed and made out of the proceeds of sale of such \$23,000,000 of fer-