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ENROLLED BILL

Senate Bill No. 35

(By Mr. Roberts)

Passed March 6, 1931

In Effect Ninety days from Passage

Originated in the Senate Takes effect Ninety days from Passage
M. S. Hays Clerk. [Signature] Clerk of the House of Delegates.

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[Signature] Chairman Senate Committee.
[Signature] Chairman House Committee.

ENROLLED BILL

(S. B. No. 35)

[Passed March 6, 1931; in effect ninety days from passage.]

AN ACT to amend and re-enact article six of chapter thirty-one of the official code of West Virginia relating to the continuation, incorporation, and operation of building and loan associations, and repealing all articles or parts of articles, general or special, heretofore enacted and inconsistent or in conflict with the provisions of this article.

Be it enacted by the Legislature of West Virginia:

Section 1. That the building and loan associations heretofore
2 organized under the laws of this state may continue under their
3 present charters or any extension thereof, and that all building
4 and loan associations, whether domestic or foreign, heretofore

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5 or hereafter organized or authorized to do business in this state,
6 shall be incorporated, established, and operated subject to the
7 powers, duties, privileges, limits, rules, and regulations herein
8 prescribed.

Sec. 2. Corporations organized in this state for the pur-
2 pose of encouraging industry, frugality, home-building, and
3 saving among their members, and for the purpose of assisting
4 their members to accumulate and invest their savings by ac-
5 cumulating a fund from periodical payments on their stock
6 or otherwise to be loaned among their members and to other
7 persons, shall be known in this article as building and loan asso-
8 ciations. Such associations organized under the laws of this
9 state shall be known as domestic associations and those organ-
10 ized under the laws of any other state or territory shall be
11 known as foreign associations.

12 All the provisions of the law of this state relating to general
13 corporations, not inconsistent with this article, shall be applic-
14 able to building and loan associations.

Sec. 3. No corporation, except mutual building and loan
2 associations or mutual savings and loan companies, shall be
3 permitted to operate under this article. The charters of all mu-

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4 tual building and loan associations heretofore organized are
5 hereby in all respects validated and confirmed, and all such
6 associations shall have the powers and privileges of associations
7 formed under this article.

Sec. 4. Any number of resident citizens of West Virginia,
2 not fewer than nine, may associate themselves together for the
3 purpose of organizing a building and loan association as de-
4 fined in this article, and for that purpose they shall make, sign,
5 and acknowledge before some person, authorized by the laws
6 of this state to take acknowledgment of deeds, articles of asso-
7 ciation in writing which shall state:

8 *First:* The corporate name of the association. The name
9 adopted by any association shall not be the same assumed by
10 any other association nor so similar as to be liable to mislead.
11 The words "Building and Loan Association" shall end the
12 name of every domestic association hereafter organized under
13 this article, and no association not organized under this article
14 shall be entitled to use a name embodying such combination of
15 words, except that the associations now existing may continue
16 their present names.

17 *Second:* The name of the city or town where the principal

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18 office or place of business is to be located.

19 *Third:* A provision that such association is organized under
20 this article for the purpose herein expressed.

21 *Fourth:* The amount of the total authorized capital stock,
22 the number of shares into which the same shall be divided, the
23 par value of each share, which shall be one hundred dollars, the
24 number of shares subscribed for, the amount of dollars which
25 has been subscribed, and amount of dollars which has been
26 paid. This paragraph shall not apply to associations hereto-
27 fore organized.

28 *Fifth:* The names and postoffice addresses of all the incor-
29 porators and the number of shares of stock subscribed for by
30 each.

31 *Sixth:* The time the association is to continue.

Sec. 5. No charter for a building and loan association shall
2 be issued by the secretary of state, or amendment of such char-
3 ter made, until the application therefor shall have been sub-
4 mitted to the commissioner of banking and approved by him
5 and his approval endorsed thereon.

Sec. 6. The incorporators shall make and adopt the neces-
2 sary constitution and by-laws consistent with law, and submit

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3 two copies thereof, duly certified by the secretary and chair-
4 man of the organization meeting, to the commissioner of bank-
5 ing. The constitution and by-laws, among other things, shall
6 provide and determine:

7 *First:* The date of the regular annual meeting, which, in the
8 case of associations hereafter organized, shall be in the month
9 of January, and the notice to be given, the qualifications of
10 voters and the manner of voting, the manner of calling special
11 meetings, and the proportion of shares which shall constitute a
12 quorum.

13 *Second:* The number and qualifications of directors other
14 than those specified in this article, and their terms of office,
15 the removal or suspension of directors and the filling of va-
16 cancies, and the meetings of the board of directors, its powers
17 and duties.

18 *Third:* The officers, the manner of their election, their terms
19 of office and their duties.

20 *Fourth:* The classes of shares which may be issued, the
21 times when they may be issued and their matured value.

22 *Fifth:* The certificates or passbooks which shall be issued
23 to shareholders.

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24 *Sixth:* The fees that may be charged, which shall be only
25 an entrance fee not exceeding twenty-five cents a share, or
26 in lieu thereof a membership fee of not exceeding one
27 dollar; a transfer fee not exceeding twenty-five cents a
28 share, but not more than a total fee of one dollar on each
29 transfer.

30 *Seventh:* The sums of money or dues that shall be paid upon
31 shares and the time of their payment; the time and manner
32 of apportioning, crediting, and paying dividends.

33 *Eighth:* Loans and investments, the security to be taken for
34 loans, the premium plan, if any, and the conditions under which
35 loans may be repaid.

36 *Ninth:* The fines which may be imposed upon members for
37 failure punctually to pay dues, interest, premium, taxes, or
38 insurance, and for a reward for the punctual payment of the
39 same.

40 *Tenth:* The conditions upon which shares may be transferred,
41 matured, withdrawn, retired, or forfeited. Conditions under
42 which the association may advance money to borrowers for
43 payment of taxes, assessments, insurance premiums, repairs,
44 or other purposes as long as the security is sufficient.

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45 *Eleventh:* The manner and conditions under which the by-
46 laws may be altered or amended.

Sec. 7. When the commissioner of banking shall have ap-
2 proved the by-laws, and the association has filed with the com-
3 missioner of banking a certified copy of the charter, also duly
4 certified copies of the minutes of the meeting of the share-
5 holders at which directors were elected, and of the first meet-
6 ing of the directors at which officers were elected, also a list
7 of the names of the directors and all officers, with their ad-
8 dresses, and when the commissioner of banking is satisfied that
9 such association has complied with all the requirements of the
10 law precedent to the exercise of the powers imposed by law,
11 and it appears that such association is lawfully entitled to com-
12 mence business, he shall give to such association a certificate
13 of authority under his hand and official seal that such associa-
14 tion is authorized to commence business.

15 No building and loan association shall transact any business
16 except such as is incidental or necessarily preliminary to its
17 organization until it has been authorized by the commissioner
18 of banking to do so. A building and loan association failing to
19 organize and receive authority from the commissioner of bank-

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20 ing to commence business within one year from the date of
21 receiving its certificate of incorporation, shall cease to exist,
22 and such certificate shall be null and void. No association shall
23 establish more than one office nor maintain branches other than
24 those already established.

Sec. 8. The members of a building and loan association
2 shall be only those to whom its shares have been issued or
3 transferred in accordance with the provisions of its constitu-
4 tion and by-laws. Their membership shall continue until such
5 shares have been matured and paid, withdrawn, retired, or
6 forfeited. The payments made to any such association upon
7 shares issued by it shall be called dues. They shall be paid in
8 such sums and at such times as are provided by the by-laws
9 until the shares reach their matured value, are withdrawn, re-
10 tired, or forfeited.

11 Minors above the age of fourteen years may become share-
12 holders in any association the same as adults, and such minor
13 shareholders shall be subject to the same duties and liabilities
14 as respects their stock as adult members. Any receipt, release,
15 acquittance, or discharge given the association by such minor
16 shareholder shall be binding upon such minor to the same ex-

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17 tent as if he were of full age. Minors under fourteen years of
18 age may hold shares by a trustee or guardian.

19 When shares shall have been issued in the names of two or
20 more persons, payable to either, or payable to either or the
21 survivor, either of said named persons, whether the other be
22 living or not, may withdraw from such association and receive
23 the amount payable on withdrawal in the same manner and on
24 the same terms allowed by law or the by-laws in case of any
25 other shareholder, and the receipt of or acceptance by the
26 person so paid shall be a valid and sufficient release and dis-
27 charge of the association for any payment so made.

28 Persons who hold shares in a fiduciary capacity shall have
29 all the rights and privileges of membership, except the right
30 to hold office. Whenever a person holding shares in such ca-
31 pacity dies and no notice of the revocation or termination of
32 the trust shall have been given to the association in writing, the
33 withdrawal value of the shares having such withdrawal value
34 may be paid to the beneficiary. The association shall not be
35 liable to beneficiaries for moneys paid to their guardians or
36 trustees on account of such shares.

Sec. 9. Every building and loan association hereafter organ-

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2 ized shall be permanent in character, and may issue shares at
3 any time and credit dividends thereon in the passbooks of its
4 members, or pay the same in cash, or by check. Serial associa-
5 tions heretofore organized may continue to issue their install-
6 ment shares in series and credit the dividends apportioned to
7 such shares by series. Dividends credited by serial associations
8 upon other classes issued by them may be credited in the pass-
9 books of their members or paid in cash or by check.

Sec. 10. Shares in any building and loan association that have
2 been transferred to it as security for the repayment of a loan
3 shall be called "pledged shares." Shares which have not been
4 so transferred shall be called "free shares."

5 Every association shall have the right to divide its shares
6 into such classes and to sell and issue any of its shares of stock
7 on such terms and conditions as the constitution and by-laws
8 provide. Shares of stock shall be sold for no consideration
9 other than money, and no commission shall be charged for any
10 such sale.

11 Every association shall furnish each shareholder with re-
12 cepts, by pass-book or otherwise, for all moneys received by
13 the association, and a record thereof shall be kept in proper

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14 form.

Sec. 11. The shares of a deceased shareholder may be held
2 and controlled by the legal representative or trustee of the
3 estate of such shareholder. No fine or penalty shall be charged
4 on such shares after the death of the shareholder, unless the
5 future payments on such shares be assumed by his legal rep-
6 resentative.

Sec. 12. When any stock, including stock having a fixed
2 maturity date, shall have reached its matured value, payments
3 of dues thereon shall cease and borrowers shall be entitled to
4 have their securities released and returned to them. The hold-
5 ers of unpledged shares having a withdrawal value shall be
6 paid out of the funds of the association the matured value
7 thereof, with such rate of interest or dividends as shall be
8 determined by the by-laws, from the time the board of directors
9 shall declare such stock to have matured until paid. At no
10 time shall more than one-half of the net monthly receipts of
11 the association be applicable to the payment of matured shares
12 and withdrawals as hereinafter provided without the consent
13 of the board of directors. The by-laws of any association may
14 provide for holders of matured installment stock to retain the

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15 same without requiring the association to issue full paid stock
16 therefor.

Sec. 13. The dues and dividends upon free shares of any such
2 association may be withdrawn and the shares cancelled after
3 sixty days' written notice of such intention filed with its secre-
4 tary at the place of business of the association, but the board of
5 directors may waive such notice; *provided*, That the constitution
6 and by-laws of the association may provide for the issuance of
7 classes of full paid shares of stock which may not be withdrawn.
8 The withdrawing shareholder shall be paid such part of the
9 withdrawal value of his shares as may be determined by the
10 board of directors, less fines and other obligations, and remain
11 a shareholder until full payment to him be made: *Provided*,
12 That not more than one-half of the net funds received by the
13 association in any one month shall be applicable to the payment
14 of withdrawing shareholders and matured share as hereinbefore
15 provided unless otherwise ordered by the board of directors.
16 A withdrawing member holding shares having a withdrawal
17 value, not paid within sixty days, shall be entitled to legal in-
18 terest upon his shares if earned, beginning at the expiration of
19 the said sixty days.

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Sec. 14. The board of directors of any building and loan
2 association may retire all full paid and free installment shares
3 having a withdrawal value by enforcing withdrawals of the
4 same: *Provided*, That the by-laws shall clearly state the manner
5 in which such withdrawals may be enforced and the holders
6 of such shares are paid the full value of their shares less all
7 obligations: *Provided further*, That all such full paid shares
8 may be retired before the installment shares.

Sec. 15. If a member, not a borrower, be in arrears for more
2 than six months for dues upon any installment shares owned by
3 him, his shares at the option of the board of directors may be
4 declared forfeited. The withdrawal value of the shares at the
5 time of the declaration of forfeiture shall be ascertained and all
6 fines and other charges deducted therefrom and the balance
7 paid to the member. All shares so forfeited shall cease to par-
8 ticipate in any profits of the association and shall revert to the
9 association free from all interest or claim on the part of such
10 member or any person claiming under him.

Sec. 16. No transfer of shares shall be binding upon the
2 association until the same has been made upon its books, and
3 the transferee shall take the same charged with all the liabilities

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4 to the association and the conditions attaching thereto at the
5 time of the transfer.

Sec. 17. Any building and loan association may charge
2 premium or interest in excess of the legal rate upon loans to its
3 shareholders if the by-laws so provide and fix the rate of
4 premium in addition to the rate of interest to be paid upon
5 such loan, such premium always to be a definite, certain, and
6 fixed amount for any loan, and to be payable in advance or in
7 installments at the same time as the periodical installments of
8 dues and interest.

9 No premium, fines, or interest, or interest on such premium,
10 that may be charged by or accrue to any such building and loan
11 association according to the provisions of this article shall be
12 deemed usurious.

Sec. 18. The corporate powers of any building and loan asso-
2 ciation shall be exercised by a board of directors of not fewer
3 than five in number, all of whom shall be *bona fide* shareholders
4 in such association, and a majority of whom shall be resident
5 citizens. The officers shall consist of a president, one or more
6 vice-presidents, a secretary, a treasurer, and such other officers
7 as the by-laws shall provide, to be elected at the first meeting

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8 of the directors following the annual meeting of the share-
9 holders. The president and vice-presidents must be directors,
10 but the other officers and employees may or may not be directors.
11 The duties of the officers, their terms of office, the time and
12 manner of their election, the manner of filling vacancies, the
13 time of holding periodical meetings of the directors and share-
14 holders, the manner of calling special meetings, the qualifica-
15 tions of electors, and the manner of voting, shall be determined
16 by the constitution and by-laws. Unless the compensation of
17 the officers, directors, and committees shall be provided for in
18 the by-laws, the directors shall fix and determine the same.

Sec. 19. Subject to the provisions of this article and its by-
2 laws, any building and loan association may invest the funds
3 received by it as follows:

4 *First:* In loans to its shareholders secured by a bond or other
5 obligation and mortgage or deed of trust on real estate, accom-
6 panied by a transfer and pledge to the association of shares
7 having a matured or par value at least equal to the amount of
8 such loans: *Provided,* That no building and loan association shall
9 lend upon any one piece of real estate more than ten per cent of
10 its paid in capital stock, contingent or reserve funds, and un-

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11 divided profits. Personal property may be accepted as addi-
12 tional security where the primary and principal security is a
13 mortgage or deed of trust on real estate.

14 *Second:* In loans to shareholders upon their obligations se-
15 cured by the transfer and pledge to the association of shares
16 not previously transferred or pledged to it, the withdrawal or
17 par value of which shall at least equal the amount of such loan.

18 Any such bonds or obligations, mortgages, or deeds of trust
19 taken by any such association from its shareholders shall be
20 deemed conditioned upon the performance of the provisions of
21 this article and the by-laws of the association relating to the pay-
22 ment of loans, premium, interest, dues, fees, and fines, although
23 the same may not be fully expressed therein.

24 *Third:* In real property as follows: (a) A lot of land where-
25 on there is or may be erected a building or buildings suitable
26 for the convenient transaction of its business, from portions of
27 which, not required for its own use, a revenue may be derived;
28 *provided,* That no building and loan association shall so invest
29 more than ten per cent of its assets. (b) Such as shall be con-
30 veyed to it in satisfaction of debts previously contracted in the
31 course of its business. (c) Such as it shall purchase at sales

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32 under judgments, decrees, or mortgages or deeds of trust held
33 by it: *Provided*, That any real estate acquired by any building
34 and loan association under clauses (b) and (c) shall be dis-
35 posed of by the association at the earliest practicable date;
36 but the officers thereof shall have a reasonable discretion in the
37 matter of the time to dispose of such property in order to save
38 the association from unnecessary losses.

39 If at any time it has funds in excess of the amount needed
40 for loans to its members and the payment of matured shares
41 and withdrawals, such funds may be invested,

42 (a) In loans to persons not members, or to members without
43 pledge of their shares as collateral security; on bonds or obli-
44 gations secured by mortgage or deed of trust, which shall be a
45 first lien on improved real estate in this state, not to exceed
46 sixty-five per centum of the cash value thereof.

47 (b) In loans to other domestic building and loan associations.

48 (c) In bonds or interest bearing obligations of the United
49 States, or the District of Columbia, or of the state of West
50 Virginia, or of any county, district, school district, or other
51 political sub-division in the state of West Virginia, or of any
52 incorporated city or village in the state of West Virginia; and

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53 in such other securities as now are or hereafter may be accepted
54 by the United States to secure government deposits in national
55 banks, or approved by the state commissioner of banking.

Sec. 20. Every officer or other person elected or appointed to
2 any position or employed in any capacity, requiring the collec-
3 tion, receipt, payment, or custody of money, securities, books,
4 or records belonging to a building and loan association, before
5 entering upon his duties, shall give bond in adequate amount
6 and with good and sufficient surety, which shall be a surety
7 company authorized to transact business in this state, the
8 premium thereon to be paid by the association, and such bonds
9 shall be approved by the board of directors of such association;
10 and said board shall examine annually all such bonds and pass
11 on the sufficiency of the same, and if insufficient, immediately
12 require new or additional bonds; and the failure of any person
13 to comply at once shall be ground for his summary removal
14 by the board of directors. The commissioner of banking may at
15 any time order the bond of any such person to be increased in
16 amount. The board of directors, in lieu of individual bonds,
17 may accept a schedule or blanket bond which covers all the
18 officers and employees of any building and loan association

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19 handling money or property of such association.

Sec. 21. No building and loan association shall:

2 *First:* Take a mortgage or deed of trust upon real estate
3 unless a written application is first made for the loan described
4 in such mortgage or deed of trust, showing the date, name of
5 applicant, amount of loan desired, description of the real estate
6 offered, and other information necessary, and unless a written
7 report thereon shall have been made by at least two members
8 of the appraisal committee, signed by them, stating that they
9 have examined the real estate described in such application and
10 that in their judgment it affords adequate security for such
11 loan. Such report shall show separately the value of the land
12 and the value of the improvements and of the building or build-
13 ings erected thereon. The application and the report shall be
14 filed and preserved with all the other papers relating to the
15 loan.

16 *Second:* Take a mortgage or deed of trust upon improved real
17 estate if the amount secured by such mortgage or deed of trust,
18 plus any prior liens, exceeds sixty-five per centum of the ap-
19 praised value thereof as shown by such report, unless said ex-
20 cess be secured by a pledge of free stock or notes of the asso-

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21 ciation, or upon vacant real estate if the amount so secured, plus
22 any prior liens, exceeds fifty per centum of the appraised value
23 thereof as shown by such report.

24 *Third:* Take a mortgage or deed of trust upon real estate
25 unless the title to such real estate is approved by the attorney
26 of the association or some other competent authority on titles.

Sec. 22. Any loan made by a building and loan association
2 to a member may be repaid at any time, *provided* The member
3 shall pay the principal due thereon, the premium earned, and
4 the interest, fines, and other charges accrued at the date of
5 such repayment, and all sums advanced by the association for
6 taxes, assessments, insurance premiums, repairs, or other pur-
7 poses, with interest thereon, less the withdrawal value of the
8 shares transferred as security therefor. Any association may
9 provide in its by-laws that any such borrowing member may
10 pay upon any such loan a sum equal to the matured value of
11 one or more of the shares transferred and pledged as security
12 therefor upon the same proportionate terms as are provided in
13 this section for payment in full and have such share or shares
14 cancelled.

Sec. 23. Whenever any borrower shall fail or neglect to pay

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2 dues on shares, interest, premium, or fines as provided by the
3 by-laws or the terms of his obligation, bond, mortgage, or deed
4 of trust, or other evidence of indebtedness, for a period of three
5 months, or shall be in default in the performance of any of the
6 obligations imposed upon him thereby, then the whole of said
7 indebtedness shall become and be immediately due and payable
8 at the option of the association. His pledged shares may be
9 declared cancelled and their withdrawal value at the time of
10 said declaration applied as a payment on the loan, and such
11 shares shall revert to the association. The balance or the
12 amount due, with interest and premium, fines, and other charges
13 thereon, may be enforced by proceedings on his security accord-
14 ing to law. When the amount thus collected exceeds the amount
15 due, the excess shall be returned to the defaulting borrower.

Sec. 24. Any building and loan association heretofore incor-
2 porated in this state and now in operation or hereafter incor-
3 porated under this article shall have the right, if so provided in
4 its by-laws, to borrow money and issue therefor such evidence of
5 debt or obligations in such form and manner as may be pro-
6 vided in the by-laws or by the board of directors of the asso-
7 ciation; but before any money shall be borrowed, the board of

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8 directors shall by a majority vote pass and record a resolution
9 to that effect.

Sec. 25. Every building and loan association shall set aside
2 out of its earnings a contingent reserve, which shall at no
3 time exceed eight per cent of the assets of said association,
4 and which shall be used only for the purpose of making good
5 to the association losses suffered on loans and expenses incurred
6 in the collection of loans which may not be charged against or
7 collected from the borrower. Every building and loan associa-
8 tion may also carry an undivided profit account as provided
9 in the constitution and by-laws of the association, but such
10 account of permanent associations shall not exceed five per cent
11 of their assets. The contingent reserve and the undivided
12 profit account shall be invested as other funds of the association.

Sec. 26. At stated periods of not more than six months, as
2 specified in the constitution and by-laws, the gross earnings
3 of all permanent associations shall be ascertained, from which
4 shall be deducted the costs and expenses of conducting the busi-
5 ness of the association. A portion of the net earnings, to be de-
6 termined by the board of directors, may be placed in the con-
7 tingent reserve for the payment of losses and expenses as pro-

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8 vided in this article, and a further portion of such net profits, to
9 be determined by the board of directors, may be transferred as a
10 dividend to the credit of all shareholders in proportion to the
11 value of the shares of stock at that time as may be provided
12 in the constitution and by-laws. The holders of full paid shares
13 shall receive their dividends in cash, and the holders of shares
14 of installment stock which have not been fully paid shall have
15 their dividends credited to their account on the value of their
16 shares. Any residue of such earnings may be held as surplus
17 or undivided profits, to be used as other earnings: *Provided*,
18 That the same rate of dividends shall be paid all shareholders
19 alike by building and loan associations or savings and loan
20 companies not now having more than one authorized rate of
21 dividends.

Sec. 27. Whenever it shall appear to the commissioner of
2 banking that any association does not keep its books and ac-
3 counts in such manner as to enable him readily to ascertain
4 its true condition, he may issue an order requiring such asso-
5 ciation to open and keep such books, accounts, and records of
6 the transactions, accounts, and financial condition of such as-
7 sociation.

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8 Any building and loan association that refuses or neglects
9 to comply with any such order shall be subject, in the discre-
10 tion of the commissioner of banking, to a forfeiture of ten dol-
11 lars for each day it neglects and fails to open and keep such
12 prescribed books and accounts. Whenever any building and
13 loan association fails or refuses to pay the forfeiture hereunder
14 imposed for failure to open accounts, the commissioner of bank-
15 ing is hereby authorized to institute proceedings for the re-
16 covery of such forfeiture, and when recovered, pay the same
17 into the state treasury.

Sec. 23. Any two or more associations of this state may con-
2 solidate into a single association by a two-thirds vote of all the
3 shareholders of each of the different associations at a special
4 meeting of each association called for that purpose, of which
5 at least ten days' notice shall have been given to each member,
6 the consolidation to be upon such terms as shall be mutually
7 agreed upon by the boards of directors of such associations,
8 and such terms shall be plainly set forth to each shareholder
9 in the notice of such special meeting.

10 Any association may, after like notice to shareholders, upon
11 the affirmative vote of the holders of sixty-six and two-thirds

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12 per cent of its outstanding stock, sell and transfer its business to
13 another association: *Provided*, In the event of either a consolida-
14 tion or a sale, the commissioner of banking shall have at least ten
15 days' written notice of said proposal and that he shall approve
16 said proposed transaction in writing.

17 Any shareholder, not consenting to such consolidation, sale,
18 or transfer, shall be entitled to receive the withdrawal value
19 of his shares as provided hereinbefore in settlement, or to have
20 such value applied in part settlement of his loan, if he be a
21 borrower.

Sec. 29. All the powers and duties of the commissioner of
2 banking of this state shall apply to building and loan asso-
3 ciations in so far as the same are applicable and not incon-
4 sistent with the provisions hereof, and all the provisions of the
5 state banking law setting forth the powers and duties of the
6 commissioner of banking and all institutions over which he
7 is given supervision and control shall apply to building and
8 loan associations, except as inconsistent herewith, and shall
9 be construed as part of this article the same as if specifically
10 incorporated herein.

Sec. 30. If upon examination the commissioner of banking

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2 finds any domestic building and loan association conducting its
3 business contrary to law, or failing to comply therewith, he
4 shall notify its board of directors of such fact in writing. If
5 after thirty days such illegal practices or failure continue, or
6 if he should find that the affairs of any such association are in
7 an unsound condition and that the interests of the public de-
8 mand its dissolution and the winding up of its business, he
9 shall in either case take possession of said association and
10 liquidate the same in the manner provided in respect to state
11 banks in chapter thirty-one of the code.

Sec. 31. In case any deputy commissioner or employee ap-
2 pointed or acting under the provisions of this article shall dis-
3 close to any person, other than officially to the commissioner of
4 banking of the state by the report made to him, or in compliance
5 with the order and precept of a court, the names of shareholders
6 in any building and loan association or any information respect-
7 ing their private accounts, or who shall wilfully make a false
8 official report as to the condition of such association, shall be
9 guilty of a misdemeanor and on conviction thereof shall be fined
10 in the sum of not less than one hundred dollars nor more than
11 five hundred dollars.

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Sec. 32. The by-laws of any building and loan association
2 may be repealed, altered, or amended from time to time in such
3 manner as may be provided in the by-laws of such association.
4 No amendment shall be in force or effect until a certificate of
5 its adoption, in duplicate, under the seal of the association,
6 signed by the president and the secretary, showing date of the
7 meeting, that required notice was given, the attendance of share-
8 holders, and the number of shares represented, and the vote
9 upon the amendment, is filed with the commissioner of banking
10 and approved by him in writing, his approval or disapproval of
11 such amendment being endorsed upon the copies of the certifi-
12 cate of adoption, one of which to be returned to the association
13 and the other to be filed in his office.

Sec. 33. Foreign building and loan associations doing busi-
2 ness in this state shall conduct such business in accordance with
3 the laws governing domestic associations, and shall comply with
4 all the requirements of said laws, except as herein provided. No
5 foreign building and loan association shall do business in West
6 Virginia until it procures from the commissioner of banking a
7 certificate of authority to do business in this state, after comply-
8 ing with the following provisions:

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9 (1) It shall file with the commissioner of banking a certified
10 copy of its charter, constitution and by-laws, and other rules and
11 regulations, showing the manner of conducting business, together
12 with a statement of its financial condition, such as is required
13 from all building and loan associations organized under the laws
14 of this state.

Sec. 34. When a foreign building and loan association has
2 complied with the provisions of this article, and the commissioner
3 of banking is satisfied that it is doing business according to the
4 laws of West Virginia and is in sound financial condition, he
5 shall issue his certificate of authority to the association to do
6 business in this state. Annually thereafter, upon filing the
7 statement required from domestic building and loan associations
8 in this state, and if the commissioner of banking be satisfied that
9 such foreign association is conducting its business in accordance
10 with the laws of this state and entitled to public confidence, he
11 shall issue a renewal of such certificate of authority.

Sec. 35. Every foreign building and loan association doing
2 business in this state shall be subject to the same examinations
3 as are domestic building and loan associations: *Provided*, That
4 the expense of all examinations of such foreign associations

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5 shall be paid by the association examined, as prescribed in
6 section thirty-three, article eight, chapter thirty-one, of the
7 code, and the money so paid shall be paid into the state treasury.
8 Such examination may be made in collaboration with the state
9 wherein the foreign association has its home office.

Sec. 36. It shall be unlawful for any person to act as agent
2 for any building and loan association not authorized to do busi-
3 ness in this state, or to solicit, sell, or dispose of any shares of
4 any such unauthorized association, and any person or persons
5 acting for any such unauthorized association, or in any manner
6 aiding in the transaction of the business of such association in
7 this state, shall be deemed guilty of a misdemeanor, and upon
8 conviction thereof, shall be punished by a fine of not less than
9 fifty dollars nor more than five hundred dollars for each offense,
10 and in default of payment of such fine, shall be imprisoned in
11 the county jail for a period not exceeding one year. All fines
12 collected under the provisions of this section shall be paid into
13 the state treasury.

Sec. 37. All foreign building and loan associations authorized
2 to do business in this state shall be subject to and shall pay to
3 the commissioner of banking the following fees, which shall be

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4 paid into the state treasury, to-wit: For filing an application
5 for admission to do business in this state, five hundred dollars.
6 For each certificate of authority and annual renewal thereof, two
7 hundred dollars. For filing each semi-annual report, ten dollars,
8 and for filing certified copy of charter, constitution and by-laws,
9 ten dollars.

Sec. 38. All domestic and foreign building and loan associa-
2 tions shall pay annually to the state auditor a state license tax
3 for the privilege of doing business in this state in an amount
4 based upon the amount of money loaned by such associations in
5 this state instead of upon the proportion of capital stock repre-
6 sented by the property owned and used in this state, and in
7 computing such tax the same rate shall be used for foreign
8 associations as is used for domestic associations: *Provided, how-*
9 *ever,* That the amount of money loaned by such associations
10 shall be taken to be the amount shown upon the face of the
11 document evidencing the loan without deduction of credits
12 therefrom.

Sec. 39. Whoever directly or indirectly, wilfully and know-
2 ingly, makes or transmits to another or circulates or counsels,
3 aids, procures, or induces another to make, transmit, or circulate

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4 any false or untrue statement, rumor, or suggestion derogatory
5 to the financial condition, solvency, or financial standing of any
6 building and loan association, including any foreign building
7 and loan association, doing business in this state, or with intent
8 to depress the value of the shares, bonds or securities of any such
9 association, directly or indirectly, wilfully and knowingly, makes
10 or transmits to another, circulates or counsels, aids, procures, or
11 induces another to make, transmit, or circulate any false or un-
12 true statement, rumor, or suggestion derogatory to the financial
13 condition, or with respect to the earnings or management of the
14 business of any building and loan association, or resorts to any
15 fraudulent means with intent to depress in value the shares,
16 bonds, or securities of any building and loan association, shall
17 be guilty of a misdemeanor, and upon conviction thereof, each
18 offender shall be fined not more than one thousand dollars or
19 imprisoned not more than one year, or in the discretion of the
20 court be both fined and imprisoned.

Sec. 40. Any person violating any of the provisions of this
2 article shall be subject to the penalties provided in section
3 thirty-nine, article eight, chapter thirty-one, of the code, unless
4 a specific penalty is provided in this article.

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Sec. 41. The provisions of this article are several, but if any
2 provisions of this article be held unconstitutional, the decision
3 of the court shall not affect or impair any of the remaining pro-
4 visions of the article. It is hereby declared as a legislative
5 intent that this article would have been adopted had such un-
6 constitutional provisions not been included therein.

Sec. 42. Sections one, two, three, four, five, six and seven, of
2 article six of chapter thirty-one of the code of West Virginia,
3 relating to building and loan associations, and all articles or
4 parts of articles, general or special, heretofore enacted, incon-
5 sistent or in conflict with the provisions of this article, are here-
6 by repealed.

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Chairman Senate Committee.

Joseph D. Smith

J. Alfred Taylor
Speaker of the House of Delegates.

W. H. Hines
Clerk of the House of Delegates.

W. H. Hines
President of the Senate.

M. S. Hodges
Clerk of the Senate.

Chairman House Committee.

Conceit Meadows

The within is *Approved*

this *17th* day of *March*, 1931.

W. G. Fowley
Governor.

Filed in the office of the Secretary of State
of West Virginia. MAR 13 1931
GEORGE W. ENARP,
Secretary of State.