

Rec., Jan. 29, 1934

# ENROLLED BILL

Second Extraordinary Session

SENATE BILL NO. 76

By Mr. Beneke

PASSED January 23, 1934

IN EFFECT From PASSAGE

Originating in the S. S. C. S. Takes effect 7 R. O. M. Passage.  
Samuel D. Smith Clerk.  
Leo S. S. S. Clerk House of Delegates.

CORRECTLY ENROLLED

James L. Smith Chairman House Committee.  
James L. Smith Chairman Senate Committee.

**ENROLLED BILL**

(S. B. No. 76)

[Passed January 23, 1934; in effect from passage.]

AN ACT to amend chapter thirty-one of the code of West Virginia, one thousand nine hundred thirty-one, by adding thereto the following as article ten, providing for the creation of The Savings and Loan Association of the State of West Virginia and defining its powers and duties.

*Be it enacted by the Legislature of West Virginia:*

That chapter thirty-one, code of West Virginia, one thousand nine hundred thirty-one, be amended by the addition of the following as article ten thereof:

**ARTICLE X**

Section 1. Building and loan associations, savings and loan

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*Chairman Senate Committee.*

*James L. Smith*

*Chairman House Committee.*

2 associations, title guaranty companies, fire insurance companies,  
3 life insurance companies, mutual savings banks, and other in-  
4 stitutions making loans for a period of six years or longer  
5 are hereby authorized to create a savings and loan association  
6 of the state of West Virginia.

Sec. 2. Any number of building and loan associations, sav-  
2 ings and loan associations, title guaranty companies, fire in-  
3 surance companies, life insurance companies and mutual savings  
4 banks or kindred organizations of like kind and character, not  
5 fewer than eleven, may associate themselves together for the  
6 purpose of organizing a savings and loan association of the  
7 state of West Virginia as defined in this article, and subscribe  
8 for stock therein, and for that purpose they shall make, sign and  
9 acknowledge before some person authorized by the laws of this  
10 state to take acknowledgments of deeds, articles of association  
11 in writing which shall state:

12 (1) The Savings and Loan Association of the State of West  
13 Virginia;

14 (2) The name of the city or town where the principal office  
15 or place of business is to be located;

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16 (3) A provision that such association is organized under  
17 this article for the purpose herein expressed;

18 (4) The amount of the authorized capital stock, the number  
19 of shares in which the same shall be divided, the number of  
20 shares subscribed for, the amount of dollars which has been  
21 subscribed, the amount of dollars which has been paid;

22 (5) The names and post office addresses of all the incorpo-  
23 rators and the number of shares of stock subscribed by each.

Sec. 3. No charter shall be issued for The Savings and Loan  
2 Association of the State of West Virginia by the secretary of  
3 state or amendment to such charter made, until the application  
4 therefor shall have been submitted to the commissioner of bank-  
5 ing and approved by him, and his approval endorsed thereon.  
6 When so approved the secretary of state shall issue a charter  
7 to said savings and loan association of the state of West Vir-  
8 ginia.

Sec. 4. The incorporators shall make and adopt the necessary  
2 constitution and by-laws consistent with law and submit two  
3 copies thereof, duly certified by the secretary and chairman  
4 of the organization meeting, to the commissioner of banking.  
5 The constitution and by-laws, among other things, shall pro-

*A. H. Gray*

*Chairman Senate Committee.*

*James L. Smith*

*Chairman House Committee.*

*James L. Smith*

6 vide and determine:

7 (1) The date of the regular annual meeting, the notice to  
8 be given, the qualification of voters and the manner of voting,  
9 the manner of calling special meetings, and the proportion of  
10 shares which shall constitute a quorum;

11 (2) The number and qualification of directors and their  
12 terms of office, the removal or suspension of directors, the filling  
13 of vacancies and the meeting of the board of directors, its  
14 powers and duties;

15 (3) The officers, the manner of their election, their terms  
16 of office and their duties;

17 (4) The certificates which shall be issued to shareholders;

18 (5) The fees that may be charged its members;

19 (6) The sums of money or dues that shall be paid upon  
20 the shares and the time of their payment; the time and manner  
21 of apportioning, crediting and paying dividends;

22 (7) Loans and investments, the security to be taken for  
23 loans and the condition under which loans may be made and  
24 repaid;

25 (8) The fines which may be imposed upon members for  
26 failure to punctually pay dues, interest, premiums, taxes or

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27 insurance and for a reward for the punctual payment of the  
28 same;

29 (9) The conditions upon which shares may be transferred,  
30 repurchased or retired. Conditions upon which the association  
31 may advance money to borrowers for the payment of taxes,  
32 assessments, insurance premiums, repairs or other purposes as  
33 long as the security is sufficient;

34 (10) The manner and conditions under which the by-laws  
35 may be altered or amended.

Sec. 5. When the commissioner of banking shall have  
2 approved the by-laws of the association as 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 which officers and  
8 directors shall be members of the corporations or associations  
9 owning the capital stock of the savings and loan association of  
10 West Virginia with their addresses, and when the commissioner  
11 of banking is satisfied that such association has complied with  
12 all the requirements of the law precedent to the exercise of the

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13 powers imposed by law, and it appears that such association is  
 14 lawfully entitled to commence business, he shall give to such  
 15 association a certificate of authority under his hand and official  
 16 seal that such association is authorized to commence business.  
 17 The said savings and loan association of the state of West Vir-  
 18 ginia shall transact no business, except such as is incidental  
 19 or necessary preliminary to its organization until it has been  
 20 authorized by the commissioner of banking to do so.

Sec. 6. The members of The Savings and Loan Association of  
 2 the State of West Virginia shall be only those who can qualify  
 3 under section I of this article and to whom its shares shall have  
 4 been issued or transferred in accordance with the provisions of  
 5 its constitution and by-laws. Each association, company or corpo-  
 6 ration shall have the right to voluntarily subscribe to the capital  
 7 stock of the said savings and loan association of the state of  
 8 West Virginia in an amount of not less than one per cent of  
 9 the total amount which it has invested in real estate loans.  
 10 in West Virginia. The membership shall continue until the  
 11 right to withdraw has been given them by the board of directors.

Sec. 7. The subscription to the capital stock by each member  
 2 shall be paid under the terms and conditions prescribed by the

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3 board of directors.

Sec. 8. The Savings and Loan Association of the State of  
2 West Virginia shall be permanent in character.

Sec. 9. The board of directors of The Savings and Loan Asso-  
2 ciation of the State of West Virginia shall be composed of not  
3 less than seven nor more than eleven members, two of whom,  
4 of opposite political faith, shall be appointed by the governor,  
5 and shall not be identified as a stockholder of any of the sub-  
6 scribing associations, companies or corporations, and nine to be  
7 elected by the stockholders.

Sec. 10. No subscriber shall have more than one representa-  
2 tion on the board of directors. A subscriber shall be per-  
3 mitted to cast but one vote for each director.

Sec. 11. The savings and loan association of the state of  
2 West Virginia shall be permitted to loan to its shareholders  
3 on real estate which was acquired by said member through  
4 foreclosure proceedings a sum not greater than sixty per cent  
5 of the amount invested in such property by said member or  
6 sixty per cent of the appraised value thereof, whichever is  
7 lower.

Sec. 12. Members of said association may borrow from the



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2 Savings and Loan Association of the State of West Virginia on  
3 loans and mortgages owned by them in an amount not to  
4 exceed sixty-five per cent of the appraised value of the note  
5 or the amount loaned, whichever is lower.

Sec. 13. The rate of interest to be paid upon such loans  
2 mentioned in sections eleven and twelve shall not be more  
3 than six per cent per annum.

Sec. 14. The Savings and Loan Association of the State of  
2 West Virginia shall have authority to borrow money from  
3 any federal agency or others by note and by the issuance of  
4 bonds, for such period and amounts of interest to be paid there-  
5 on as shall be determined by the board of directors. Neither  
6 the payment of principal or interest thereon shall be guaranteed  
7 by the state of West Virginia. Before any bonds shall be issued  
8 by the said association there shall be deposited with the auditor  
9 of the state, collateral consisting of loans made upon real estate  
10 within the State of West Virginia in an amount of at least one  
11 hundred and twenty-five per cent of the bonds issued, and his  
12 certificate issued to the effect that such collateral is sufficient.

Sec. 15. The Savings and Loan Association of the State of  
2 West Virginia is empowered to represent individuals, com-

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3 panies, associations or corporations loaning money and mak-  
4 ing collections thereof upon real estate located within the  
5 state of West Virginia and to act as agent for the sale of real  
6 estate and the issuance of insurance for its members, and own  
7 real estate taken in foreclosure in regular course of business.

Sec.16. Members of this association shall not be permitted  
2 to foreclose trust deeds on real property held by them as  
3 security for loans without the permission of the board of  
4 directors of the association, created by this article, first had  
5 and obtained. Before applying to said board for permission  
6 to foreclose, the defaulting debtor shall have had at least thirty  
7 days' written notice of intention to apply for such permission.

Sec. 17. Any member borrowing money on real estate  
2 owned by it through foreclosure proceedings shall agree that it  
3 will sell to the former owner, his heirs or assigns, or succes-  
4 sors, the property now held by it for the exact amount of  
5 money due said member, including interest at six per cent,  
6 taxes, costs and repairs on the property sold, provided the said  
7 property has not previously been sold to a third party, and  
8 terms of sale are approved by the board of directors.

Sec. 18. Said association shall not pay any dividend to

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2 its members until a reserve of fifty per cent of the value of  
3 the outstanding bonds that are payable in five years shall  
4 have been set aside.

Sec. 19. Executors, administrators, guardians, curators,  
2 committees, trustees or other fiduciaries, banks, trust com-  
3 panies, building and loan associations, and insurance com-  
4 panies may without any order of any court invest money in  
5 the bonds issued by The Savings and Loan Association of the  
6 State of West Virginia.

Sec. 20. The association is hereby authorized to join any  
2 federal agency or association created by virtue of an act  
3 of congress or trade association in the pursuance of the pur-  
4 poses for which said association was created.

Sec. 21. The said association shall be under the supervision  
2 of the commissioner of banking.

3 If any part of this act be for any reason declared unconsti-  
4 tutional, or otherwise invalid, the decision of the court shall  
5 not affect the validity of any remaining portion thereof.

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*James L. Smith*  
Chairman Senate Committee.

*B. M. Shier*  
Speaker of the House of Delegates

*Geo S Hall*  
Clerk of the House of Delegates

*A. M. Maupers*  
President of the Senate

*James L. Smith*  
Chairman House Committee.

*David D. Smith*  
Clerk of the Senate

The within is.....

this.....day of....., 1934.

Filed in the office of the Secretary of State  
of West Virginia

**FEB 5 1934**  
Wm. S. O'BRIEN,  
Secretary of State

\_\_\_\_\_  
Governor