

WEST VIRGINIA LEGISLATURE

REGULAR SESSION, 1968

ENROLLED

SENATE BILL NO. 37

(By Mr. Cason, Mr. President &  
And Mr. Carrigan)

PASSED January 27, 1968

In Effect from Passage

FILED IN THE OFFICE  
ROBERT D. BAILEY  
SECRETARY OF STATE  
THIS DATE 2-14-68

# 37

**ENROLLED**

**Senate Bill No. 37**

(By MR. CARSON, MR. PRESIDENT, AND MR. CARRIGAN)

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[Passed January 27, 1968; in effect from passage.]

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AN ACT to amend and reenact section nineteen, article six, chapter thirty-one of the code of West Virginia, one thousand nine hundred thirty-one, as amended, relating to investments which may be made by building and loan associations and certain limitations and qualifications with respect thereto.

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

That section nineteen, article six, chapter thirty-one of the code of West Virginia, one thousand nine hundred thirty-one, as amended, be amended and reenacted to read as follows:

**ARTICLE 6. BUILDING AND LOAN ASSOCIATIONS.**

**§31-6-19. How funds of association may be invested.**

Subject to the provisions of this article and its bylaws  
2 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  
5 or other obligation and mortgage or deed of trust on real  
6 estate. Such loans may be secured by a transfer and  
7 pledge to the association of shares having a matured  
8 or par value at least equal to the amount of such loans,  
9 or may be written on a direct reduction basis. A direct  
10 reduction loan shall mean a loan repayable in consecu-  
11 tive monthly installments, equal or unequal, beginning  
12 not later than thirty days after the date of the advance  
13 of the loan, sufficient to retire the debt, interest and  
14 principal within thirty years. The direct reduction bor-  
15 rower shall be given a membership certificate evidencing  
16 his rights in the association, but shall not participate  
17 in profits or losses. No building and loan association shall  
18 lend upon any one piece of real estate more than ten  
19 percent of its paid-in capital stock, contingent or reserve

20 funds, and undivided profits. Personal property may be  
21 accepted as additional security where the primary and  
22 principal security is a mortgage or deed of trust on real  
23 estate.

24 Second: In loans to shareholders upon their obliga-  
25 tion secured by the transfer and pledge to the association  
26 of shares not previously transferred or pledged to it, the  
27 withdrawal or par value of which shall at least equal  
28 the amount of such loan.

29 Any such bonds or obligations, mortgages, or deeds  
30 of trust taken by any such association from its share-  
31 holders shall be deemed conditioned upon the perform-  
32 ance of the provisions of this article and the bylaws of  
33 the association relating to the payment of loans, premium,  
34 interest, dues, fees, and fines, although the same may  
35 not be fully expressed therein.

36 Third: In the purchase of direct reduction loans made  
37 by others where such loans are secured by bond or other  
38 obligation and mortgage or deed of trust on real estate,  
39 however, no building and loan association shall purchase  
40 a loan made upon any one piece of real estate on which

41 there is owing a sum in excess of ten percent of its paid-in  
42 capital stock, contingent or reserve funds, and undivided  
43 profits. When a building and loan association purchases  
44 loans made by others, the borrowers shall not become  
45 shareholders or members of such association.

46 Fourth: A building and loan association may partici-  
47 pate with one or more financial institutions in any direct  
48 reduction real estate loan to borrowers, provided (a)  
49 that the participating interest of such association is not  
50 subordinated or inferior to any other participating in-  
51 terest, and (b) that the participating interest of such  
52 association in any loan on one piece of real estate shall  
53 not exceed ten percent of its paid-in capital stock, con-  
54 tingent or reserve funds, and undivided profits. When a  
55 building and loan association participates with other  
56 financial institutions in making real estate loans, the  
57 borrowers shall not become shareholders or members of  
58 such association. The term "financial institutions", as used  
59 herein, shall include a banking institution or trust com-  
60 pany, a building and loan association, a mutual savings  
61 bank, a cooperative bank, a homestead association, a

62 federal savings association, a federal savings and loan  
63 association and any supervised thrift and residential  
64 financing institution of a substantially similar nature.

65 Fifth: In real property as follows: (a) A lot of land  
66 whereon there is or may be erected a building or build-  
67 ings suitable for the convenient transaction of its busi-  
68 ness, from portions of which, not required for its own  
69 use, a revenue may be derived: *Provided*, That no building  
70 and loan association shall so invest more than ten percent  
71 of its assets; (b) such as shall be conveyed to it in satis-  
72 faction of debts previously contracted in the course of its  
73 business; (c) such as it shall purchase at sales under judg-  
74 ments, decrees, or mortgages or deeds of trust held by  
75 it: *Provided, however*, That any real estate acquired by  
76 any building and loan association under classes (b) and  
77 (c) shall be disposed of by the association at the earliest  
78 practicable date; but the officers thereof shall have a rea-  
79 sonable discretion in the matter of the time to dispose  
80 of such property in order to save the association from  
81 unnecessary losses.

82 . If at any time it has funds in excess of the amount  
83 needed for loans to its members, and the payment of  
84 matured shares and withdrawals, such funds may be  
85 invested:

86 (a) In loans to other domestic building and loan asso-  
87 ciations;

88 (b) In bonds or interest-bearing obligations of the  
89 United States, or the District of Columbia, or of the state  
90 of West Virginia, or of any county, district, school dis-  
91 trict, or other political subdivision in the state of West  
92 Virginia, or of any incorporated municipality in the  
93 state of West Virginia; and in such other securities as  
94 now are or hereafter may be accepted by the United  
95 States to secure government deposits in national banks,  
96 or approved by the state commissioner of banking.

97 (c) In loans to students which are insurable under  
98 the higher education act of 1965 or the national voca-  
99 tional student loan insurance act of 1965.

The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

William Toupin  
Chairman Senate Committee

Clayton C. Davidson  
Chairman House Committee

Originated in the Senate.

To take effect from passage.

Howard Meyers  
Clerk of the Senate

C. A. Blankenship  
Clerk of the House of Delegates

Howard E. Gamm  
President of the Senate

N. Laven White  
Speaker House of Delegates

The within approved this the 13  
day of February, 1968.

Hubert C. Smith  
Governor



PRESENTED TO THE  
GOVERNOR

Date 2/6/68

Time 10:09 AM

RECEIVED

FEB 14 10 17 AM '68

OFFICE OF  
SECRETARY OF STATE  
STATE OF WEST VIRGINIA