ENROLLED

SENATE BILL NO. 37

(By Mr. Cassady, Mr. President, and Mr. Carrajan)

PASSED

January 27, 1968

In Effect... Passage

FILED IN THE OFFICE

ROBERT D. BAYLEY

SECRETARY OF STATE

THIS DATE 2-14-68
ENROLLED

Senate Bill No. 37

(By Mr. Carson, Mr. President, and Mr. Carrigan)

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

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 any building and loan association may invest the funds received by it as follows:

First: In loans to its shareholders secured by a bond or other obligation and mortgage or deed of trust on real estate. Such loans may be secured by a transfer and pledge to the association of shares having a matured or par value at least equal to the amount of such loans, or may be written on a direct reduction basis. A direct reduction loan shall mean a loan repayable in consecutive monthly installments, equal or unequal, beginning not later than thirty days after the date of the advance of the loan, sufficient to retire the debt, interest and principal within thirty years. The direct reduction borrower shall be given a membership certificate evidencing his rights in the association, but shall not participate in profits or losses. No building and loan association shall lend upon any one piece of real estate more than ten percent of its paid-in capital stock, contingent or reserve
funds, and undivided profits. Personal property may be
accepted as additional security where the primary and
principal security is a mortgage or deed of trust on real
estate.

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

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

Third: In the purchase of direct reduction loans made
by others where such loans are secured by bond or other
obligation and mortgage or deed of trust on real estate,
however, no building and loan association shall purchase
a loan made upon any one piece of real estate on which
there is owing a sum in excess of ten percent of its paid-in
capital stock, contingent or reserve funds, and undivided
profits. When a building and loan association purchases
loans made by others, the borrowers shall not become
shareholders or members of such association.

Fourth: A building and loan association may partici-
pate with one or more financial institutions in any direct
reduction real estate loan to borrowers, provided (a)
that the participating interest of such association is not
subordinated or inferior to any other participating in-
terest, and (b) that the participating interest of such
association in any loan on one piece of real estate shall
not exceed ten percent of its paid-in capital stock, con-
tingent or reserve funds, and undivided profits. When a
building and loan association participates with other
financial institutions in making real estate loans, the
borrowers shall not become shareholders or members of
such association. The term “financial institutions”, as used
herein, shall include a banking institution or trust com-
pany, a building and loan association, a mutual savings
bank, a cooperative bank, a homestead association, a
federal savings association, a federal savings and loan association and any supervised thrift and residential financing institution of a substantially similar nature.

Fifth: In real property as follows: (a) A lot of land whereon there is or may be erected a building or buildings suitable for the convenient transaction of its business, from portions of which, not required for its own use, a revenue may be derived: Provided, That no building and loan association shall so invest more than ten percent of its assets; (b) such as shall be conveyed to it in satisfaction of debts previously contracted in the course of its business; (c) such as it shall purchase at sales under judgments, decrees, or mortgages or deeds of trust held by it: Provided, however, That any real estate acquired by any building and loan association under classes (b) and (c) shall be disposed of by the association at the earliest practicable date; but the officers thereof shall have a reasonable discretion in the matter of the time to dispose of such property in order to save the association from unnecessary losses.
If at any time it has funds in excess of the amount needed for loans to its members, and the payment of matured shares and withdrawals, such funds may be invested:

(a) In loans to other domestic building and loan associations;

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

(c) In loans to students which are insurable under the higher education act of 1965 or the national vocational student loan insurance act of 1965.
The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

William Tongas
Chairman Senate Committee

Clayton C. Davidson
Chairman House Committee

Originated in the Senate.

To take effect from passage.

Herman Negus
Clerk of the Senate

T.A. Blankenship
Clerk of the House of Delegates

Howard E. Carson
President of the Senate

N. labore Zubele
Speaker House of Delegates

The within appro

advance this the 13

day February, 1968.

Hilbert C. Smith
Governor