ENROLLED

HOUSE BILL No. 533

(By Mr. STEPTOE)

PASSED FEBRUARY 22, 1971

In Effect FROM Passage
AN ACT to amend and reenact sections twenty-three, twenty-five and forty-two, article six, chapter thirty-one of the code of West Virginia, one thousand nine hundred thirty-one, as amended; and to further amend said article by adding thereto a new section, designated section forty-three, all relating to building and loan associations, default by borrowers, contingent reserves, rights and powers of associations, and their authority to make certain loans and investments.

Be it enacted by the Legislature of West Virginia:

That sections twenty-three, twenty-five and forty-two, article six, chapter thirty-one of the code of West Virginia, one
thousand nine hundred thirty-one, as amended, be amended and reenacted; and that said article be further amended by adding thereto a new section, designated section forty-three, all to read as follows:

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

§31-6-23. Default by borrower; acceleration of maturity; realizing on security.

1 Whenever any borrower on a direct reduction basis shall
2 fail or neglect to pay his contracted monthly install-
3 ments, or whenever any borrower on a loan secured by
4 shares shall fail or neglect to pay dues, interest, premium,
5 or fines, as provided by the bylaws or the terms of his
6 obligation, bond, mortgage, or deed of trust or other
7 evidence of indebtedness, for a period of thirty days, or
8 shall be in default in the performance of any of the ob-
9 ligations imposed upon him thereby, then the whole of
10 said indebtedness shall become and be immediately due
11 and payable at the option of the association. Any shares
12 pledged as security for such loan may be declared can-
13 celled and their withdrawal value at the time of said
14 declaration applied as a payment on the loan, and such
15 shares shall revert to the association. The balance or
the amount due, with interest and premium, fines, and other charges thereon, may be enforced by proceedings on the defaulting borrower's security according to law.

§31-6-25. Amount and purpose of contingent reserve; undivided profit account.

Every building and loan association shall set aside out of its earnings a contingent reserve. Until such time as the contingent reserve equals ten percent of the assets of the association, the association shall, at each dividend date, transfer to such contingent reserve a credit equivalent to at least five percent of the net earnings of the association for the period since the previous dividend date. The preceding requirement shall not apply to any building and loan association which is an insured institution and whose accounts are insured by the federal savings and loan insurance corporation. Such contingent reserve shall be used only for the purpose of making good to the association losses suffered on loans and expenses incurred in the collection of loans which may not be charged against or collected from the borrower. Every building and loan association may also carry an undivided profit account as provided in the constitution and
§31-6-42. State associations to have same rights, powers, etc., as federal associations as to savings accounts.

(a) Building and loan associations organized and existing under the laws of the state of West Virginia are hereby authorized to accept savings accounts and to issue to each holder of its savings accounts an account book, or a separate certificate, evidencing the ownership of the account and the interest of the holder thereof in the capital of such association, and to pay dividends and to distribute earnings thereon, all upon the same terms and conditions and subject to the same limitations and restrictions as were provided on the second day of January, one thousand nine hundred seventy-one, for federal savings and loan associations whose home offices are located in this state, under the “Rules and Regulations for the Federal Savings and Loan System” issued by the federal home loan bank board, and under the “Rules and Regulations for Insurance of Accounts,” issued by
the federal savings and loan insurance corporation: Provided, That whenever and wherever amendments to the charter or bylaws of said federal savings and loan associations were at such date permitted or required, as a prerequisite to the exercise of any such right, power, privilege or benefit, such amendments may be adopted to the charter, constitution and bylaws of building and loan associations organized under the laws of this state and: Provided, however, That whenever and wherever action by the members or by the board of directors of said federal savings and loan associations was at said date permitted or required as a prerequisite of the exercise of such right, power, privilege or benefit, such action may be taken by the shareholders or by the board of directors, as the case may be, of building and loan associations organized under the laws of this state. Nothing contained in this section shall be construed to authorize building and loan associations to accept savings deposits as distinguished from savings accounts.

(b) This statute shall not grant to any building and loan association organized under the laws of the state of
West Virginia, permission or authority to install or maintain any branch or to engage in business at any place other than its principal office in this state.

§31-6-43. Certain building and loan associations may make loans and investments permitted to be made by federal savings and loan associations doing business in this state.

In addition to all other powers conferred by this article, building and loan associations whose accounts are insured by the federal savings and loan insurance corporation are authorized and empowered to make any loan or investment permitted to be made by any federal savings and loan association doing business in this state on the second day of January, one thousand nine hundred seventy-one: Provided, That all such loans and investments shall be made upon the same terms and conditions and subject to the same restrictions and limitations as were at said date prescribed for loans and investments made by such a federal savings and loan association doing business in this state under the provisions of the homeowners loan act of one thousand nine hundred thirty-three, as amended, and the "Rules and Regulations
for The Federal Savings and Loan System”, as amended, promulgated by the federal home loan bank board:

Provided, however, That (a) whenever and wherever authorization by charter or bylaws of such a federal savings and loan association was at said date required by said law or said rules and regulations as a prerequisite to the making of any such loan or investment, such authorization in the case of a building and loan association may be granted by its charter or constitution and bylaws, as the case may be, or by amendments thereto heretofore or hereafter duly adopted; (b) whenever or wherever authorization of the members of such a federal savings and loan association was at said date required by said law or by said rules and regulations as a prerequisite to the making of any such loan or investment, such authorization may in the case of a building and loan association be granted by its shareholders; and (c) whenever and wherever approval by the board of directors of such a federal savings and loan association was at said date required by said law or by said rules and regulations as a prerequisite to the making of any
such loan or investment, such approval may in the case
of a building and loan association be granted by the
board of directors of such building and loan association.

Building and loan associations are authorized and em-
powered to amend their charters, constitutions and by-
laws to provide for the making of all loans and invest-
ments permitted by this section and their shareholders
and boards of directors are authorized to take any and all
actions required to authorize the making of such loans
and investments.
The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

[Signature]
Chairman Senate Committee

Phyllis Rucker
Chairman House Committee

Originated in the House.

Takes effect from passage.

[Signature]
Clerk of the Senate

[V. A. Blankenship]
Clerk of the House of Delegates

[Signature]
President of the Senate

[Signature]
Speaker House of Delegates

[Signature]
Governor

The within approved this the 1st day of March, 1971.
PRESENTED TO THE
GOVERNOR

Date 2/24/71
Time 1:45 p.m.