

WEST VIRGINIA LEGISLATURE  
REGULAR SESSION, 1971

ENROLLED

HOUSE BILL No. 533

(By Mr. STEPHENS)

PASSED FEBRUARY 22, 1971

In Effect FROM Passage



FILED IN THE OFFICE  
JOHN D. ROCKEFELLER, IV  
SECRETARY OF STATE  
THIS DATE 3-2-71

533

**ENROLLED**

**House Bill No. 533**

(By MR. STEPTOE)

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[Passed February 22, 1971; in effect from passage.]

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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

16 the amount due, with interest and premium, fines, and  
17 other charges thereon, may be enforced by proceedings  
18 on the defaulting borrower's security according to law.

**§31-6-25. Amount and purpose of contingent reserve; un-  
divided profit account.**

1 Every building and loan association shall set aside out  
2 of its earnings a contingent reserve. Until such time as  
3 the contingent reserve equals ten percent of the assets  
4 of the association, the association shall, at each dividend  
5 date, transfer to such contingent reserve a credit equiv-  
6 alent to at least five percent of the net earnings of the  
7 association for the period since the previous dividend  
8 date. The preceding requirement shall not apply to any  
9 building and loan association which is an insured in-  
10 stitution and whose accounts are insured by the federal  
11 savings and loan insurance corporation. Such contingent  
12 reserve shall be used only for the purpose of making  
13 good to the association losses suffered on loans and ex-  
14 penses incurred in the collection of loans which may not  
15 be charged against or collected from the borrower. Every  
16 building and loan association may also carry an undi-  
17 vided profit account as provided in the constitution and

18 bylaws of the association. The contingent reserve and  
19 the undivided profit account shall be invested as other  
20 funds of the association.

**§31-6-42. State associations to have same rights, powers, etc.,  
as federal associations as to savings accounts.**

1 (a) Building and loan associations organized and exist-  
2 ing under the laws of the state of West Virginia are  
3 hereby authorized to accept savings accounts and to  
4 issue to each holder of its savings accounts an account  
5 book, or a separate certificate, evidencing the ownership  
6 of the account and the interest of the holder thereof in  
7 the capital of such association, and to pay dividends and  
8 to distribute earnings thereon, all upon the same terms  
9 and conditions and subject to the same limitations and  
10 restrictions as were provided on the second day of Jan-  
11 uary, one thousand nine hundred seventy-one, for fed-  
12 eral savings and loan associations whose home offices are  
13 located in this state, under the "Rules and Regulations  
14 for the Federal Savings and Loan System" issued by  
15 the federal home loan bank board, and under the "Rules  
16 and Regulations for Insurance of Accounts," issued by

17 the federal savings and loan insurance corporation: *Pro-*  
18 *vided*, That whenever and wherever amendments to the  
19 charter or bylaws of said federal savings and loan asso-  
20 ciations were at such date permitted or required, as a  
21 prerequisite to the exercise of any such right, power,  
22 privilege or benefit, such amendments may be adopted  
23 to the charter, constitution and bylaws of building and  
24 loan associations organized under the laws of this state  
25 and: *Provided, however*, That whenever and wherever  
26 action by the members or by the board of directors of  
27 said federal savings and loan associations was at said  
28 date permitted or required as a prerequisite of the exer-  
29 cise of such right, power, privilege or benefit, such ac-  
30 tion may be taken by the shareholders or by the board  
31 of directors, as the case may be, of building and loan  
32 associations organized under the laws of this state. Noth-  
33 ing contained in this section shall be construed to au-  
34 thorize building and loan associations to accept savings  
35 deposits as distinguished from savings accounts.

36 (b) This statute shall not grant to any building and  
37 loan association organized under the laws of the state of

38 West Virginia, permission or authority to install or main-  
39 tain any branch or to engage in business at any place  
40 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.**

1 In addition to all other powers conferred by this ar-  
2 ticle, building and loan associations whose accounts are  
3 insured by the federal savings and loan insurance corpo-  
4 ration are authorized and empowered to make any loan or  
5 investment permitted to be made by any federal savings  
6 and loan association doing business in this state on the  
7 second day of January, one thousand nine hundred  
8 seventy-one: *Provided*, That all such loans and invest-  
9 ments shall be made upon the same terms and conditions  
10 and subject to the same restrictions and limitations as  
11 were at said date prescribed for loans and investments  
12 made by such a federal savings and loan association  
13 doing business in this state under the provisions of the  
14 homeowners loan act of one thousand nine hundred  
15 thirty-three, as amended, and the "Rules and Regulations

16 for The Federal Savings and Loan System”, as amended,  
17 promulgated by the federal home loan bank board:  
18 *Provided, however,* That (a) whenever and wherever  
19 authorization by charter or bylaws of such a federal  
20 savings and loan association was at said date required  
21 by said law or said rules and regulations as a prerequi-  
22 site to the making of any such loan or investment, such  
23 authorization in the case of a building and loan asso-  
24 ciation may be granted by its charter or constitution and  
25 bylaws, as the case may be, or by amendments thereto  
26 heretofore or hereafter duly adopted; (b) whenever or  
27 wherever authorization of the members of such a federal  
28 savings and loan association was at said date required  
29 by said law or by said rules and regulations as a pre-  
30 requisite to the making of any such loan or investment,  
31 such authorization may in the case of a building and  
32 loan association be granted by its shareholders; and  
33 (c) whenever and wherever approval by the board of  
34 directors of such a federal savings and loan association  
35 was at said date required by said law or by said rules  
36 and regulations as a prerequisite to the making of any

37 such loan or investment, such approval may in the case  
38 of a building and loan association be granted by the  
39 board of directors of such building and loan association.

40 Building and loan associations are authorized and em-  
41 powered to amend their charters, constitutions and by-  
42 laws to provide for the making of all loans and invest-  
43 ments permitted by this section and their shareholders  
44 and boards of directors are authorized to take any and all  
45 actions required to authorize the making of such loans  
46 and investments.

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

*Russell M. Beane*  
Chairman Senate Committee

*Phyllis R. Rutledge*  
Chairman House Committee

Originated in the House.

Takes effect from passage.

*Howard Myers*  
Clerk of the Senate

*VA Blankenship*  
Clerk of the House of Delegates

*Ehrhardt*  
President of the Senate

*Joe F. Bowersby*  
Speaker House of Delegates

The within *approved* this the *1<sup>st</sup>*  
day of *March*, 1971.

*Arthur W. Shaare, Jr.*  
Governor



PRESENTED TO THE  
GOVERNOR

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

RECEIVED

MAR 2 12 43 PM '71

OFFICE OF  
SECRETARY OF STATE  
STATE OF WEST VIRGINIA