

APPROVED AND SIGNED BY THE GOVERNOR

Date 4-28-81

Time _____

70: 191

WEST VIRGINIA LEGISLATURE
REGULAR SESSION, 1981



ENROLLED

SENATE BILL NO. 191

(By Mr. Palumbo & Mr. Rogers)



PASSED April 10, 1981

In Effect from Passage



ENROLLED
Senate Bill No. 191

(By MR. PALUMBO and MR. ROGERS)

[Passed April 10, 1981; in effect from passage.]

AN ACT to repeal section fourteen, article eight, chapter thirty-one-a of the code of West Virginia, one thousand nine hundred thirty-one, as amended; to amend article six, chapter thirty-one of said code by adding thereto a new section, designated section forty-four; to amend and reenact section ten, article seven and section four, article ten, both of said chapter thirty-one; and to amend article four of said chapter thirty-one-a by adding thereto a new section, designated section forty-three, all relating to allowing building and loan associations, industrial banks, credit unions and banking institutions to permit the owner of a deposit, share or account on which interest or dividends are paid to make withdrawals by negotiable or transferable instruments for the purpose of making transfers to third parties if such deposit, share or account consists solely of funds in which the entire beneficial interest is held by one or more individuals or by an organization which is operated primarily for religious, philanthropic, charitable, educational or similar purposes and which is not operated for a profit.

Be it enacted by the Legislature of West Virginia:

That section fourteen, article eight, chapter thirty-one-a of the code of West Virginia, one thousand nine hundred thirty-one, as amended, be repealed; that article six, chapter thirty-one of said code be amended by adding thereto a new section, designated section forty-four; that section ten, article seven and section four, article ten, both of said chapter thirty-one, be amended and reenacted; and that article four of said chapter thirty-one-a be amended by adding thereto a new section, designated section forty-three, all to read as follows:

CHAPTER 31. CORPORATIONS.

ARTICLE 6. BUILDING AND LOAN ASSOCIATIONS.

§31-6-44. Negotiable order of withdrawal accounts allowed.

1 Building and loan associations may permit the owner of a
2 deposit or account on which interest or dividends are paid to
3 make withdrawals by negotiable or transferable instruments
4 for the purpose of making transfers to third parties if such
5 deposit or account consists solely of funds in which the entire
6 beneficial interest is held by one or more individuals or by an
7 organization which is operated primarily for religious,
8 philanthropic, charitable, educational or similar purposes
9 and which is not operated for a profit.

ARTICLE 7. INDUSTRIAL BANKS AND INDUSTRIAL LOAN COMPANIES.

§31-7-10. Powers of industrial banks; limitation of powers.

1 (a) The provisions of sections thirteen and fourteen, article
2 four, chapter thirty-one-a to the contrary notwithstanding,
3 and subject to the provisions of subsection (b) of this section,
4 in addition to the general powers conferred upon
5 corporations by the laws of this state and subject to the
6 restrictions, rules and regulations of the federal deposit
7 insurance corporation and the provisions of chapter sixteen,
8 Title 12 of the United States Code, each industrial bank
9 organized pursuant to this article shall have power to exercise
10 by its board of directors or duly authorized officers or agents
11 only those powers conferred upon industrial loan companies
12 under the provisions of section eleven of this article and in
13 addition thereto shall have the power to receive deposits from
14 the general public only as long as such deposits are insured
15 by the federal deposit insurance corporation, but shall not be
16 depositories of funds from the government of the United
17 States or from any of its agencies or political subdivisions or
18 from the state of West Virginia or from any of its agencies or
19 political subdivisions or from any other governmental
20 agency. An industrial bank may permit the owner of a deposit
21 or account on which interest or dividends are paid to make
22 withdrawals by negotiable or transferable instruments for the
23 purpose of making transfers to third parties if such deposit or
24 account consists solely of funds in which the entire beneficial
25 interest is held by one or more individuals or by an
26 organization which is operated primarily for religious,

27 philanthropic, charitable, educational or similar purposes
28 and which is not operated for a profit.

29 (b) Notwithstanding the provisions of subsection (a) of
30 this section, an industrial bank under the provisions of this
31 article shall not:

32 (1) Make any loan under the provisions of this article for a
33 longer period than two years from the date thereof, except
34 upon express authorization of the board of directors of such
35 industrial bank;

36 (2) Hold at any one time the primary obligation or
37 obligations of any one person, firm or corporation, for more
38 than ten percent of the amount of the paid-up capital and
39 surplus of such industrial bank;

40 (3) Hold at any one time the obligation or obligations of
41 persons, firms or corporations purchased from any person,
42 firm or corporation in excess of twenty percent of the
43 aggregate paid-up capital and surplus of such industrial
44 bank;

45 (4) Make any loan or discount on the security of its own
46 capital stock unless such security or purchase shall be
47 necessary to prevent loss upon a debt previously contracted
48 in good faith. Stock so purchased or acquired shall be sold at
49 public or private sale or otherwise disposed of within ninety
50 days from the time of its purchase or acquisition;

51 (5) Have deposited with it deposits in an aggregate sum in
52 excess of ten times the aggregate amount of its paid-up
53 capital and surplus;

54 (6) Deposit any of its funds except with a national or state
55 bank doing business in this state or with solvent banking
56 institutions in other states which are federally insured;

57 (7) Pledge or hypothecate any of its securities or notes
58 owned by it to any of its creditors except in the same manner
59 as other banking institutions are permitted to do so under
60 either the provisions of chapter thirty-one-a of this code, the
61 rules and regulations of the commissioner of banking or the
62 rules and regulations of the federal deposit insurance
63 corporation and the provisions of chapter sixteen, Title 12 of
64 the United States Code;

65 (8) Pay any fees, bonuses, commissions, rewards, or other
66 consideration to any person, firm or corporation for the
67 privilege of using any plan of operation, scheme or device for
68 the organization or carrying on of business under this article,

69 or the use of any name, trademark or copyright to be so used;
70 nor shall any industrial bank organized under this article
71 enter into any contract for such purpose or purposes, or for
72 the purpose of giving to or vesting in any other corporation
73 any power or authority over the organization or management
74 of such industrial bank organized under this article;
75 (9) Pay greater rates of interest on its deposits than are
76 permitted to be paid by other banking institutions;
77 (10) Sell or offer for sale evidences or certificates of
78 indebtedness; or
79 (11) Receive checking accounts or demand deposits.

ARTICLE 10. CREDIT UNIONS.

§31-10-4. Powers.

1 A credit union shall have the following powers:
2 (a) To receive the savings of its members either as
3 payment on shares, or as deposits (including the right to
4 conduct Christmas clubs, vacation clubs and other such thrift
5 organizations within the membership);
6 (b) To make loans to members for provident or productive
7 purposes;
8 (c) To make loans to cooperative society or other
9 organization having membership in the credit union;
10 (d) To deposit funds in state and national banks;
11 (e) To invest in any investment legal for savings banks;
12 (f) To borrow money as hereinafter indicated;
13 (g) To permit the owner of a share or deposit to make
14 withdrawals by negotiable or transferable instruments or
15 other orders for the purpose of making transfers to third
16 parties if such share or deposit is one in which the entire
17 beneficial interest is held by one or more individuals or
18 members or by an organization which is operated primarily
19 for religious, philanthropic, charitable, educational or other
20 similar purposes and which is not operated for profit.

CHAPTER 31A. BANKS AND BANKING.

ARTICLE 4. BANKING INSTITUTIONS AND SERVICES GENERALLY.

**§31A-4-43. Negotiable order of withdrawal accounts
allowed.**

1 A banking institution may permit the owner of a deposit or
2 account on which interest or dividends are paid to make
3 withdrawals by negotiable or transferable instruments for the

4 purpose of making transfers to third parties if such deposit or
5 account consists solely of funds in which the entire beneficial
6 interest is held by one or more individuals or by an
7 organization which is operated primarily for religious,
8 philanthropic, charitable, educational or similar purposes
9 and which is not operated for a profit.

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

R. P. Baylor
Chairman Senate Committee

Tony E. Whitlow
Chairman House Committee

Originated in the Senate.

To take effect from passage.

Todd C. Wilkins
Clerk of the Senate

W. Blankenship
Clerk of the House of Delegates

W. H. Harrison
President of the Senate

W. H. Lee, Jr.
Speaker House of Delegates

The within *is approved* this the *20*
day of *April*, 1981.

John R. Rhyne
Governor

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OFFICE OF THE GOVERNOR

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OFFICE
SECY. OF STATE