WEST VIRGINIA LEGISLATURE
REGULAR SESSION, 1983

ENROLLED
SENATE BILL NO. 120

(By Mr. Heck)

PASSED February 16, 1983
In Effect ninety days from Passage
ENROLLED

Senate Bill No. 190

(By Mr. Heck)

[Passed February 16, 1983; in effect ninety days from passage.]

AN ACT to amend and reenact section forty-four, article six, chapter thirty-one of the code of West Virginia, one thousand nine hundred thirty-one, as amended; to amend and reenact section ten, article seven, chapter thirty-one of said code; and to amend and reenact section four, article ten of said chapter thirty-one; and to amend and reenact section forty-three, article four, chapter thirty-one-a of said code, all relating to allowing building and loan associations, industrial banks, credit unions and banking institutions to offer negotiable order of withdrawal accounts to any officer, employee or agent of the United States, any state, county, municipality or political subdivision thereof who is depositing public funds.

Be it enacted by the Legislature of West Virginia:

That section forty-four, article six, chapter thirty-one of the code of West Virginia, one thousand nine hundred thirty-one, as amended, be amended and reenacted; that section ten, article seven, chapter thirty-one of said code, be amended and reenacted; and that section four, article ten of said chapter thirty-one be amended and reenacted; and that section forty-three, article four, chapter thirty-one-a be amended and reenacted, 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
   3 to make withdrawals by negotiable or transferable
   4 instruments for the purpose of making transfers to third
   5 parties if such deposit or account consists solely of funds in
   6 which the entire beneficial interest is held by one or more
   7 individuals or by an organization which is operated
   8 primarily for religious, philanthropic, charitable,
   9 educational or similar purposes and which is not operated
   10 for a profit or if such deposit or account consists of public
   11 funds deposited by an officer, employee or agent of the
   12 United States, any state, county, municipality or political
   13 subdivision thereof.

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,
   2 article four, chapter thirty-one-a to the contrary
   3 notwithstanding, and subject to the provisions of
   4 subsection (b) of this section, in addition to the general
   5 powers conferred upon corporations by the laws of this
   6 state and subject to the restrictions, rules and regulations of
   7 the federal deposit insurance corporation and the
   8 provisions of chapter sixteen, Title 12 of the United States
   9 Code, each industrial bank organized pursuant to this
   10 article shall have power to exercise by its board of directors
   11 or duly authorized officers or agents only those powers
   12 conferred upon industrial loan companies under the
   13 provisions of section eleven of this article and in addition
   14 thereto shall have the power to receive deposits from the
   15 general public only as long as such deposits are insured by
   16 the federal deposit insurance corporation. An industrial
   17 bank may permit the owner of a deposit or account on which
   18 interest or dividends are paid to make withdrawals by
   19 negotiable or transferable instruments for the purpose of
   20 making transfers to third parties if such deposit or account
   21 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 or if such deposit or account consists of public funds deposited by an officer, employee or agent of the United States, any state, county, municipality or political subdivision thereof.

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

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

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

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

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

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

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

(7) Pledge or hypothecate any of its securities or notes owned by it to any of its creditors except in the same manner as other banking institutions are permitted to do so under either the provisions of chapter thirty-one-a of this code, the rules and regulations of the commissioner of banking or the rules and regulations of the federal deposit insurance
corporation and the provisions of chapter sixteen, Title 12
of the United States Code;
(8) Pay any fees, bonuses, commissions, rewards, or
other consideration to any person, firm or corporation for
the privilege of using any plan of operation, scheme or
device for the organization or carrying on of business under
this article, or the use of any name, trademark or copyright
to be so used; nor shall any industrial bank organized under
this article enter into any contract for such purpose or
purposes, or for the purpose of giving to or vesting in any
other corporation any power or authority over the
organization or management of such industrial bank
organized under this article;
(9) Pay greater rates of interest on its deposits than are
permitted to be paid by other banking institutions;
(10) Sell or offer for sale evidences or certificates of
indebtedness; or
(11) Receive checking accounts or demand deposits.

ARTICLE 10. CREDIT UNIONS.

1 A credit union shall have the following powers:
2 (a) To receive the savings of its members either as
payment on shares, or as deposits (including the right to
conduct Christmas clubs, vacation clubs and other such
thrift organizations within the membership);
3 (b) To make loans to members for provident or
productive purposes;
4 (c) To make loans to cooperative society or other
organization having membership in the credit union;
5 (d) To deposit funds in state and national banks;
6 (e) To invest in any investment legal for savings banks;
7 (f) To borrow money as hereinafter indicated;
8 (g) To permit the owner of a share or deposit to make
withdrawals by negotiable or transferable instruments or
other orders for the purpose of making transfers to third
parties if such share or deposit is one in which the entire
beneficial interest is held by one or more individuals or
members or by an organization which is operated primarily
for religious, philanthropic, charitable, educational or
other similar purposes and which is not operated for profit
or if such deposit or account consists of public funds
22 deposited by an officer, employee or agent of the United
23 States, any state, county, municipality or political
24 subdivision thereof.

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
2 or account on which interest or dividends are paid to make
3 withdrawals by negotiable or transferable instruments for
4 the purpose of making transfers to third parties if such
5 deposit or account consists solely of funds in which the
6 entire beneficial interest is held by one or more individuals
7 or by an organization which is operated primarily for
8 religious, philanthropic, charitable, educational or similar
9 purposes and which is not operated for a profit or if such
10 deposit or account consists of public funds deposited by an
11 officer, employee or agent of the United States, any state,
12 county, municipality or political subdivision thereof.
The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

James L. Davis
Chairman Senate Committee

[Signature]
Chairman House Committee

Originated in the Senate.

In effect ninety days from passage.

Jerald P. West
Clerk of the Senate

Donald L. Hogg
Clerk of the House of Delegates

Wanda R. Weir-Hoxie
President of the Senate

[Signature]
Speaker House of Delegates

The within is approved this the 28th day of ___, 1983.

[Signature]
Governor