

Building and Loan Associations—Bank Organization Requirements Refer to Building and Loan Associations—Oath of Office of Directors.

A building and loan association is subject to the banking laws of this state in so far as they are applicable. The directors of a building and loan association must take the oath prescribed for a director of a banking corporation by Section 6025 of the Revised Codes of 1921.

L. Q. Skelton, Esq.,
State Examiner,
Helena, Montana.

My dear Mr. Skelton:

You have requested an opinion from this office as to whether bank organization requirements should be applied to building and loan associations in their organization.

Section 6355, Revised Codes of 1921, provides, in part, as follows:

"Such associations shall be organized under the laws of this state relating to corporations, and shall be conducted under the banking laws of Montana, so far as applicable, except as otherwise provided in this act."

Section 6025 provides as follows:

"The affairs of the bank shall be managed by a board of directors, not less than three nor more than twenty-five in number, all of whom shall be stockholders of such bank and citizens of the United States, and of whom at least three-fourths must be residents of the state of Montana. No person who shall have been convicted of a crime against the banking laws of the United States or of any state of the Union shall be elected a director. The directors shall be elected for the term of one year at the annual meeting of the stockholders, which shall be held on the second Tuesday in January of each year. In case the election shall not be made on the day fixed for the annual meeting, the corporation shall not thereby be dissolved, but an election may be had at any other time agreeable to the by-laws of the corporation, and the persons so elected shall hold their office until the second Tuesday in January following, or until others are elected and qualified. In case of death or resignation of one or more of said directors, the vacancy shall be filled by the board, and the directors so appointed shall hold office until the next annual election, at which time a director shall be elected to fill out the unexpired term. Every director shall take and subscribe an oath that he will diligently and honestly perform his duty in such office, and will not knowingly violate or permit a violation of any of the provisions of this act; that he is the owner in good faith of the required number of shares of stock in the bank standing in his name on the books of the bank. Such oaths shall be made in duplicate, one copy of which shall be transmitted to the superintendent of banks and filed in his office, and one copy shall be kept on file in the office of the bank."

There would seem to be no reason why a building and loan association should not be subject to the banking laws in so far as they are applicable, inasmuch as building and loan associations partake of many of the qualities and advantages of a banking institution.

The particular question raised by the letter of Mr. Besancon is whether the oath of office, prescribed by Section 6025 for bank directors, should also be applied to directors of a building and loan association.

Under the provisions of Section 6357, the State Examiner is required to investigate and ascertain the responsibility, character, and general fitness of the incorporators, and also determine whether the public convenience and advantage will be promoted by the organization of such association.

It is thus the apparent intent of the statute to give the State Examiner very comprehensive powers with relation to the personnel of these institutions, and in my opinion the directors must take such an oath as is prescribed for directors of a banking corporation.

I believe the Legislature contemplated that building and loan associations should be governed, as far as practicable, by the regulations prescribed under the banking laws of this State.

Very truly yours,

WELLINGTON D. RANKIN,

Attorney General.