

Building and Loan Associations — Increase of Capital Stock—Capital Stock.

Building and loan associations may increase their capital stock by a vote of two-thirds of the entire capital stock, as provided by Section 5918, R. C. M., 1921.

Building and loan associations may increase their capital stock by a vote of the majority of the directors as provided in Section 6358, R. C. M., 1921.

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

My dear Mr. Skelton:

You have requested my opinion whether a building and loan association may increase its capital stock by a two-thirds vote of its stockholders at a meeting regularly called for that purpose, under Sections 5918 to 5923, inclusive, R. C. M. 1921, or whether it must increase its stock by a majority vote of its directors as provided by Section 6358, R. C. M. 1921.

The clause in Section 6358 that gives authority to increase the capital stock of a building and loan association by a majority vote of the directors, provides as follows:

“To increase or decrease its authorized capital or the face value of its shares at any time by a majority vote of its directors, and a certificate of such action shall be made by the president and secretary, and duly filed with the Secretary of State.”

The clause above quoted is a grant and not a limitation of powers. It does not expressly state that that is the only manner in which an increase of the capital stock may be made. The same section also gives a building and loan association “all such other powers as are necessary and proper to enable such corporation to carry out the

purpose of its organization," and Section 6355 provides that such association shall be organized under the laws of this state relating to corporations.

I believe that the Legislature did not intend by Section 6358 to provide an exclusive method of increasing the capital stock of a building and loan association but that it gives such associations powers in respect to the increase of capital stock not enjoyed by other corporations by permitting the more easy method of increasing by a majority vote of the directors.

It is, therefore, my opinion that such increase may be made by a two-thirds vote of the entire capital stock as provided by Section 5918 et seq., R. C. M. 1921, and that a building and loan association desiring to increase its capital stock may do so by either method.

Very truly yours.

L. A. FOOT,
Attorney General.