

SENATE BILL NO. 267
INTRODUCED BY MEYER, SIMPKINS

IN THE SENATE

JANUARY 27, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON BUSINESS & INDUSTRY.
	FIRST READING.
FEBRUARY 7, 1989	COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.
FEBRUARY 8, 1989	PRINTING REPORT.
FEBRUARY 10, 1989	SECOND READING, DO PASS.
FEBRUARY 11, 1989	ENGROSSING REPORT.
FEBRUARY 13, 1989	THIRD READING, PASSED. AYES, 31; NOES, 18.
	TRANSMITTED TO HOUSE.

IN THE HOUSE

FEBRUARY 20, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON AGRICULTURE, LIVESTOCK & IRRIGATION.
	FIRST READING.
MARCH 3, 1989	ON MOTION, REREFERRED TO COMMITTEE ON BUSINESS & ECONOMIC DEVELOPMENT.
MARCH 9, 1989	COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.
MARCH 11, 1989	SECOND READING, CONCURRED IN.
MARCH 13, 1989	THIRD READING, CONCURRED IN. AYES, 84; NOES, 14.
	RETURNED TO SENATE.

MARCH 14, 1989

IN THE SENATE

RECEIVED FROM HOUSE.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 *Senate* BILL NO. *267*
2 INTRODUCED BY *Meyer Simpson*
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT REMOVING THE
5 PROHIBITIONS AGAINST A BUILDING AND LOAN ASSOCIATION
6 ACCEPTING FARM LAND AS SECURITY AND OFFERING CHECKING
7 ACCOUNTS; AMENDING SECTIONS 32-2-401 AND 32-2-406, MCA; AND
8 REPEALING SECTION 32-2-419, MCA."

9
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 **Section 1.** Section 32-2-401, MCA, is amended to read:

12 "32-2-401. Powers and duties of building and loan
13 associations. A building and loan association may:

14 (1) have continual succession by its corporate name;

15 (2) sue and be sued in any court;

16 (3) make and use a common seal and alter it at
17 pleasure;

18 (4) appoint those officers or agents the business of
19 the corporation requires and pay them suitable compensation;

20 (5) enter into obligations or contracts essential to
21 the transaction of its ordinary affairs or for the purposes
22 of the corporation;

23 (6) issue stock to stockholders and savings
24 certificates to members on the terms and conditions the
25 articles of incorporation and bylaws provide;

1 (7) assess and collect from members interest on loans
2 at the times and in the amount provided for in the articles
3 of incorporation and bylaws;

4 (8) permit members to withdraw all or part of their
5 savings at the times and upon the terms as the articles of
6 incorporation and bylaws may provide;

7 (9) cancel savings certificates upon which all credits
8 have been withdrawn or upon which loans have been canceled
9 or savings upon which no payments have been made for a
10 period of 6 months, by returning to the members all credits,
11 if any, and reissue the certificates as new savings
12 certificates;

13 (10) issue savings certificates to minors and permit
14 them to be withdrawn as other savings certificates. The
15 receipt by the minor is a valid acquittance if his rights
16 have been fully secured to him.

17 (11) acquire, hold, encumber, and convey that real
18 estate and personal property necessary for the transaction
19 of its business or necessary to enforce or protect its
20 securities;

21 (12) borrow money, only when necessary and not
22 exceeding 20% of its assets, except when borrowing from the
23 federal home loan bank as provided in 32-2-405, and issue
24 its promissory note for the loan;

25 (13) make loans to members on the security of the

savings accounts of the association and also on their notes secured by first mortgages on improved real estate, including suburban homes ~~but-not-on~~ or farm lands ~~or but not~~ on mining property, for not to exceed 75% of the actual value of the real estate and upon the terms and conditions which may be provided in the articles of incorporation and bylaws;

(14) cancel those loans and release the securities on those terms the board of directors may provide;

(15) invest the money of the association in accordance with 32-2-406;

(16) loan money to other building and loan associations;

(17) make distribution of all interest and dividends earned after payment of expenses and setting aside a sum for the contingent funds as provided in this chapter;

(18) amend its articles of incorporation by changing the name, place of business, the number of directors, and increase or decrease the capital stock, and provide for its own continual succession by a majority vote of its directors. However, those amendments are of no effect until approved by the department.

(19) dissolve the corporation in accordance with the provisions of this chapter;

(20) provide, by articles of incorporation and bylaws

adopted or amended by its board of directors, for the proper exercise of the powers granted in this section and the conduct and management of its affairs;

(21) exercise those other powers which are necessary and proper to enable the corporation to carry out the purpose of its organization."

Section 2. Section 32-2-406, MCA, is amended to read:

"32-2-406. Investments. (1) A building and loan association may invest the money of the association in:

(a) the bonds and securities of the United States, bonds and other obligations guaranteed as to interest and principal by the United States, and the stocks, bonds, debentures, and other securities and obligations of any federal home loan bank created under the laws of the United States;

(b) the bonds and warrants of any state and of any county, city, or school district of the state of Montana;

(c) the obligations of the federal savings and loan insurance corporation lawfully issued pursuant to Title IV of the National Housing Act;

(d) improved real estate which has been sold under contract, including suburban homes ~~but-not-including~~ or farm lands ~~or but not including~~ mining property. However, the total amount remaining so invested, excluding real estate otherwise acquired, may not exceed 15% of its assets. The

1 amount so invested may not exceed 85% of the price
2 stipulated in the contract of sale or 85% of the value of
3 the property so purchased, whichever is the lesser.

4 (e) other bonds, securities, and investments, not to
5 exceed 10% of the association assets.

6 (2) Not over 10% of the assets of an association may
7 be invested in home office buildings, furniture, and
8 fixtures. Other real property acquired in any manner or for
9 any purpose may not be held for more than 5 years, except by
10 permission of the department.

11 (3) Notwithstanding other provisions of the law, it is
12 lawful for a building and loan association or other
13 financial institution operating under the laws of this state
14 to invest the funds or money in its custody or possession,
15 eligible for investment, in debentures issued by the federal
16 housing administrator and in obligations of national
17 mortgage associations."

18 NEW SECTION. **Section 3.** Repealer. Section 32-2-419,
19 MCA, is repealed.

20 NEW SECTION. **Section 4.** Extension of authority. Any
21 existing authority to make rules on the subject of the
22 provisions of [this act] is extended to the provisions of
23 [this act].

-End-

APPROVED BY COMM. ON
BUSINESS & INDUSTRY

1 *Senate* BILL NO. *267*
2 INTRODUCED BY *Meyer Simpson*
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT REMOVING THE
5 PROHIBITIONS AGAINST A BUILDING AND LOAN ASSOCIATION
6 ACCEPTING FARM LAND AS SECURITY AND OFFERING CHECKING
7 ACCOUNTS; AMENDING SECTIONS 32-2-401 AND 32-2-406, MCA; AND
8 REPEALING SECTION 32-2-419, MCA."

9
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 **Section 1.** Section 32-2-401, MCA, is amended to read:

12 "32-2-401. Powers and duties of building and loan
13 associations. A building and loan association may:

14 (1) have continual succession by its corporate name;

15 (2) sue and be sued in any court;

16 (3) make and use a common seal and alter it at
17 pleasure;

18 (4) appoint those officers or agents the business of
19 the corporation requires and pay them suitable compensation;

20 (5) enter into obligations or contracts essential to
21 the transaction of its ordinary affairs or for the purposes
22 of the corporation;

23 (6) issue stock to stockholders and savings
24 certificates to members on the terms and conditions the
25 articles of incorporation and bylaws provide;

1 (7) assess and collect from members interest on loans
2 at the times and in the amount provided for in the articles
3 of incorporation and bylaws;

4 (8) permit members to withdraw all or part of their
5 savings at the times and upon the terms as the articles of
6 incorporation and bylaws may provide;

7 (9) cancel savings certificates upon which all credits
8 have been withdrawn or upon which loans have been canceled
9 or savings upon which no payments have been made for a
10 period of 6 months, by returning to the members all credits,
11 if any, and reissue the certificates as new savings
12 certificates;

13 (10) issue savings certificates to minors and permit
14 them to be withdrawn as other savings certificates. The
15 receipt by the minor is a valid acquittance if his rights
16 have been fully secured to him.

17 (11) acquire, hold, encumber, and convey that real
18 estate and personal property necessary for the transaction
19 of its business or necessary to enforce or protect its
20 securities;

21 (12) borrow money, only when necessary and not
22 exceeding 20% of its assets, except when borrowing from the
23 federal home loan bank as provided in 32-2-405, and issue
24 its promissory note for the loan;

25 (13) make loans to members on the security of the

savings accounts of the association and also on their notes secured by first mortgages on improved real estate, including suburban homes ~~but not on~~ or farm lands ~~or but not~~ on mining property, for not to exceed 75% of the actual value of the real estate and upon the terms and conditions which may be provided in the articles of incorporation and bylaws;

(14) cancel those loans and release the securities on those terms the board of directors may provide;

(15) invest the money of the association in accordance with 32-2-406;

(16) loan money to other building and loan associations;

(17) make distribution of all interest and dividends earned after payment of expenses and setting aside a sum for the contingent funds as provided in this chapter;

(18) amend its articles of incorporation by changing the name, place of business, the number of directors, and increase or decrease the capital stock, and provide for its own continual succession by a majority vote of its directors. However, those amendments are of no effect until approved by the department.

(19) dissolve the corporation in accordance with the provisions of this chapter;

(20) provide, by articles of incorporation and bylaws

adopted or amended by its board of directors, for the proper exercise of the powers granted in this section and the conduct and management of its affairs;

(21) exercise those other powers which are necessary and proper to enable the corporation to carry out the purpose of its organization."

Section 2. Section 32-2-406, MCA, is amended to read:

"32-2-406. Investments. (1) A building and loan association may invest the money of the association in:

(a) the bonds and securities of the United States, bonds and other obligations guaranteed as to interest and principal by the United States, and the stocks, bonds, debentures, and other securities and obligations of any federal home loan bank created under the laws of the United States;

(b) the bonds and warrants of any state and of any county, city, or school district of the state of Montana;

(c) the obligations of the federal savings and loan insurance corporation lawfully issued pursuant to Title IV of the National Housing Act;

(d) improved real estate which has been sold under contract, including suburban homes ~~but not including~~ or farm lands ~~or but not including~~ mining property. However, the total amount remaining so invested, excluding real estate otherwise acquired, may not exceed 15% of its assets. The

1 amount so invested may not exceed 85% of the price
2 stipulated in the contract of sale or 85% of the value of
3 the property so purchased, whichever is the lesser.

4 (e) other bonds, securities, and investments, not to
5 exceed 10% of the association assets.

6 (2) Not over 10% of the assets of an association may
7 be invested in home office buildings, furniture, and
8 fixtures. Other real property acquired in any manner or for
9 any purpose may not be held for more than 5 years, except by
10 permission of the department.

11 (3) Notwithstanding other provisions of the law, it is
12 lawful for a building and loan association or other
13 financial institution operating under the laws of this state
14 to invest the funds or money in its custody or possession,
15 eligible for investment, in debentures issued by the federal
16 housing administrator and in obligations of national
17 mortgage associations."

18 NEW SECTION. **Section 3.** Repealer. Section 32-2-419,
19 MCA, is repealed.

20 NEW SECTION. **Section 4.** Extension of authority. Any
21 existing authority to make rules on the subject of the
22 provisions of [this act] is extended to the provisions of
23 [this act].

-End-

1 *Senate* BILL NO. *267*
2 INTRODUCED BY *Meyer Simpson*
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT REMOVING THE
5 PROHIBITIONS AGAINST A BUILDING AND LOAN ASSOCIATION
6 ACCEPTING FARM LAND AS SECURITY AND OFFERING CHECKING
7 ACCOUNTS; AMENDING SECTIONS 32-2-401 AND 32-2-406, MCA; AND
8 REPEALING SECTION 32-2-419, MCA."

9
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 **Section 1.** Section 32-2-401, MCA, is amended to read:

12 "32-2-401. Powers and duties of building and loan
13 associations. A building and loan association may:

- 14 (1) have continual succession by its corporate name;
15 (2) sue and be sued in any court;
16 (3) make and use a common seal and alter it at
17 pleasure;
18 (4) appoint those officers or agents the business of
19 the corporation requires and pay them suitable compensation;
20 (5) enter into obligations or contracts essential to
21 the transaction of its ordinary affairs or for the purposes
22 of the corporation;
23 (6) issue stock to stockholders and savings
24 certificates to members on the terms and conditions the
25 articles of incorporation and bylaws provide;

1 (7) assess and collect from members interest on loans
2 at the times and in the amount provided for in the articles
3 of incorporation and bylaws;

4 (8) permit members to withdraw all or part of their
5 savings at the times and upon the terms as the articles of
6 incorporation and bylaws may provide;

7 (9) cancel savings certificates upon which all credits
8 have been withdrawn or upon which loans have been canceled
9 or savings upon which no payments have been made for a
10 period of 6 months, by returning to the members all credits,
11 if any, and reissue the certificates as new savings
12 certificates;

13 (10) issue savings certificates to minors and permit
14 them to be withdrawn as other savings certificates. The
15 receipt by the minor is a valid acquittance if his rights
16 have been fully secured to him.

17 (11) acquire, hold, encumber, and convey that real
18 estate and personal property necessary for the transaction
19 of its business or necessary to enforce or protect its
20 securities;

21 (12) borrow money, only when necessary and not
22 exceeding 20% of its assets, except when borrowing from the
23 federal home loan bank as provided in 32-2-405, and issue
24 its promissory note for the loan;

25 (13) make loans to members on the security of the

savings accounts of the association and also on their notes secured by first mortgages on improved real estate, including suburban homes ~~but-not-on~~ or farm lands ~~or~~ but not on mining property, for not to exceed 75% of the actual value of the real estate and upon the terms and conditions which may be provided in the articles of incorporation and bylaws;

(14) cancel those loans and release the securities on those terms the board of directors may provide;

(15) invest the money of the association in accordance with 32-2-406;

(16) loan money to other building and loan associations;

(17) make distribution of all interest and dividends earned after payment of expenses and setting aside a sum for the contingent funds as provided in this chapter;

(18) amend its articles of incorporation by changing the name, place of business, the number of directors, and increase or decrease the capital stock, and provide for its own continual succession by a majority vote of its directors. However, those amendments are of no effect until approved by the department.

(19) dissolve the corporation in accordance with the provisions of this chapter;

(20) provide, by articles of incorporation and bylaws

adopted or amended by its board of directors, for the proper exercise of the powers granted in this section and the conduct and management of its affairs;

(21) exercise those other powers which are necessary and proper to enable the corporation to carry out the purpose of its organization."

Section 2. Section 32-2-406, MCA, is amended to read:

"32-2-406. Investments. (1) A building and loan association may invest the money of the association in:

(a) the bonds and securities of the United States, bonds and other obligations guaranteed as to interest and principal by the United States, and the stocks, bonds, debentures, and other securities and obligations of any federal home loan bank created under the laws of the United States;

(b) the bonds and warrants of any state and of any county, city, or school district of the state of Montana;

(c) the obligations of the federal savings and loan insurance corporation lawfully issued pursuant to Title IV of the National Housing Act;

(d) improved real estate which has been sold under contract, including suburban homes ~~but-not-including~~ or farm lands ~~or~~ but not including mining property. However, the total amount remaining so invested, excluding real estate otherwise acquired, may not exceed 15% of its assets. The

1 amount so invested may not exceed 85% of the price
2 stipulated in the contract of sale or 85% of the value of
3 the property so purchased, whichever is the lesser.

4 (e) other bonds, securities, and investments, not to
5 exceed 10% of the association assets.

6 (2) Not over 10% of the assets of an association may
7 be invested in home office buildings, furniture, and
8 fixtures. Other real property acquired in any manner or for
9 any purpose may not be held for more than 5 years, except by
10 permission of the department.

11 (3) Notwithstanding other provisions of the law, it is
12 lawful for a building and loan association or other
13 financial institution operating under the laws of this state
14 to invest the funds or money in its custody or possession,
15 eligible for investment, in debentures issued by the federal
16 housing administrator and in obligations of national
17 mortgage associations."

18 NEW SECTION. **Section 3. Repealer.** Section 32-2-419,
19 MCA, is repealed.

20 NEW SECTION. **Section 4. Extension of authority.** Any
21 existing authority to make rules on the subject of the
22 provisions of [this act] is extended to the provisions of
23 [this act].

-End-

SENATE BILL NO. 267

INTRODUCED BY MEYER, SIMPKINS

A BILL FOR AN ACT ENTITLED: "AN ACT REMOVING THE PROHIBITIONS AGAINST A BUILDING AND LOAN ASSOCIATION ACCEPTING FARM LAND AS SECURITY AND OFFERING CHECKING ACCOUNTS; AMENDING SECTIONS 32-2-401 AND 32-2-406, MCA; AND REPEALING SECTION 32-2-419, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 32-2-401, MCA, is amended to read:

"32-2-401. Powers and duties of building and loan associations. A building and loan association may:

(1) have continual succession by its corporate name;

(2) sue and be sued in any court;

(3) make and use a common seal and alter it at pleasure;

(4) appoint those officers or agents the business of the corporation requires and pay them suitable compensation;

(5) enter into obligations or contracts essential to the transaction of its ordinary affairs or for the purposes of the corporation;

(6) issue stock to stockholders and savings certificates to members on the terms and conditions the articles of incorporation and bylaws provide;

(7) assess and collect from members interest on loans at the times and in the amount provided for in the articles of incorporation and bylaws;

(8) permit members to withdraw all or part of their savings at the times and upon the terms as the articles of incorporation and bylaws may provide;

(9) cancel savings certificates upon which all credits have been withdrawn or upon which loans have been canceled or savings upon which no payments have been made for a period of 6 months, by returning to the members all credits, if any, and reissue the certificates as new savings certificates;

(10) issue savings certificates to minors and permit them to be withdrawn as other savings certificates. The receipt by the minor is a valid acquittance if his rights have been fully secured to him.

(11) acquire, hold, encumber, and convey that real estate and personal property necessary for the transaction of its business or necessary to enforce or protect its securities;

(12) borrow money, only when necessary and not exceeding 20% of its assets, except when borrowing from the federal home loan bank as provided in 32-2-405, and issue its promissory note for the loan;

(13) make loans to members on the security of the

1 savings accounts of the association and also on their notes
 2 secured by first mortgages on improved real estate,
 3 including suburban homes but-not-on or farm lands or but not
 4 on mining property, for not to exceed 75% of the actual
 5 value of the real estate and upon the terms and conditions
 6 which may be provided in the articles of incorporation and
 7 bylaws;

8 (14) cancel those loans and release the securities on
 9 those terms the board of directors may provide;

10 (15) invest the money of the association in accordance
 11 with 32-2-406;

12 (16) loan money to other building and loan
 13 associations;

14 (17) make distribution of all interest and dividends
 15 earned after payment of expenses and setting aside a sum for
 16 the contingent funds as provided in this chapter;

17 (18) amend its articles of incorporation by changing
 18 the name, place of business, the number of directors, and
 19 increase or decrease the capital stock, and provide for its
 20 own continual succession by a majority vote of its
 21 directors. However, those amendments are of no effect until
 22 approved by the department.

23 (19) dissolve the corporation in accordance with the
 24 provisions of this chapter;

25 (20) provide, by articles of incorporation and bylaws

1 adopted or amended by its board of directors, for the proper
 2 exercise of the powers granted in this section and the
 3 conduct and management of its affairs;

4 (21) exercise those other powers which are necessary
 5 and proper to enable the corporation to carry out the
 6 purpose of its organization."

7 **Section 2.** Section 32-2-406, MCA, is amended to read:

8 **"32-2-406. Investments.** (1) A building and loan
 9 association may invest the money of the association in:

10 (a) the bonds and securities of the United States,
 11 bonds and other obligations guaranteed as to interest and
 12 principal by the United States, and the stocks, bonds,
 13 debentures, and other securities and obligations of any
 14 federal home loan bank created under the laws of the United
 15 States;

16 (b) the bonds and warrants of any state and of any
 17 county, city, or school district of the state of Montana;

18 (c) the obligations of the federal savings and loan
 19 insurance corporation lawfully issued pursuant to Title IV
 20 of the National Housing Act;

21 (d) improved real estate which has been sold under
 22 contract, including suburban homes but-not-including or farm
 23 lands or but not including mining property. However, the
 24 total amount remaining so invested, excluding real estate
 25 otherwise acquired, may not exceed 15% of its assets. The

1 amount so invested may not exceed 85% of the price
2 stipulated in the contract of sale or 85% of the value of
3 the property so purchased, whichever is the lesser.

4 (e) other bonds, securities, and investments, not to
5 exceed 10% of the association assets.

6 (2) Not over 10% of the assets of an association may
7 be invested in home office buildings, furniture, and
8 fixtures. Other real property acquired in any manner or for
9 any purpose may not be held for more than 5 years, except by
10 permission of the department.

11 (3) Notwithstanding other provisions of the law, it is
12 lawful for a building and loan association or other
13 financial institution operating under the laws of this state
14 to invest the funds or money in its custody or possession,
15 eligible for investment, in debentures issued by the federal
16 housing administrator and in obligations of national
17 mortgage associations."

18 NEW SECTION. **Section 3. Repealer.** Section 32-2-419,
19 MCA, is repealed.

20 NEW SECTION. **Section 4. Extension of authority.** Any
21 existing authority to make rules on the subject of the
22 provisions of [this act] is extended to the provisions of
23 [this act].

-End-