

SENATE BILL 268

Introduced by Meyer, et al.

1/27	Introduced
1/27	Referred to Business & Industry
2/02	Hearing
2/07	Committee Report--Bill Passed as Amended
2/10	2nd Read Do Pass Motion Failed
2/10	2nd Reading Indefinitely Postponed

1 *Anna* BILL NO. *268*  
2 INTRODUCED BY *Meyer Simpson*  
3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE LAW ON  
5 BUILDING AND LOAN ASSOCIATIONS; ALLOWING THE USE OF THE NAME  
6 "SAVINGS BANK"; REVISING THE LATE CHARGE ON DELINQUENT  
7 PAYMENTS; ELIMINATING REQUIREMENT FOR APPROVAL OF CERTAIN  
8 CONTRACTS; AMENDING SECTIONS 32-2-101, 32-2-201, AND  
9 32-2-402, MCA; REPEALING SECTION 32-2-305, MCA; AND  
10 PROVIDING AN IMMEDIATE EFFECTIVE DATE."

11  
12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13 **Section 1.** Section 32-2-101, MCA, is amended to read:

14 "32-2-101. Purpose -- definitions. (1) A corporation  
15 operated for the purpose of encouraging home ownership and  
16 thrift and making substantially all of its loans on real  
17 estate mortgage security ~~shall be~~ is known in this chapter  
18 as a building and loan association or a savings and loan  
19 association or a savings bank and is under the supervision  
20 of the department, which shall enforce all laws with respect  
21 to it.

22 (2) The associations have continual succession and  
23 ~~shall be~~ are organized under the provisions of this chapter.

24 (3) When used in this chapter, the following  
25 definitions apply:

1 (a) "Building and loan association" includes savings  
2 and loan associations and savings banks organized under this  
3 chapter.

4 (b) "Department" means the department of commerce  
5 provided for in Title 2, chapter 15, part 18.

6 (c) "Capital stock" means the aggregate of shares of  
7 nonwithdrawable capital issues by a capital stock  
8 association.

9 (d) "Member" means:

10 (i) a person holding a savings account of a mutual  
11 association;

12 (ii) a person borrowing from or assuming or obligated  
13 upon a loan or an interest therein held by the association;

14 (iii) a person purchasing property securing a loan or  
15 interest therein held by such association; or

16 (iv) any other person obligated to the association.

17 (e) "Mutual association" means a building and loan  
18 association formed without authority to issue stock.

19 (f) "Savings account" means that part of the savings  
20 liability of the association which is credited to the  
21 account of the holder thereof and includes any form of  
22 withdrawable deposit.

23 (g) "Stock association" means a building and loan  
24 association formed with authority to issue stock.

25 (h) "Stockholder" means the holder of one or more

1 shares of any class of capital stock of a capital stock  
2 association organized and operating pursuant to the  
3 provisions of this chapter.

4 (4) For the purposes of subsection (3)(d), a joint,  
5 survivorship, or any other multiple owner or borrower  
6 relationship constitutes a single membership."

7 **Section 2.** Section 32-2-201, MCA, is amended to read:

8 "32-2-201. Articles of incorporation -- contents.

9 Whenever any (1) Any number of persons, not less than five,  
10 that desire to incorporate a building and loan association,  
11 having-for-its the object of which is the conduct and  
12 operation of such an association as defined in this chapter,  
13 they shall prepare and file articles of incorporation to  
14 that effect in the manner specified in this chapter.

15 (2) Such The articles shall must be signed, sealed,  
16 and acknowledged in the form now provided by the statutes of  
17 this--state Montana for the conveyance of real estate and  
18 shall must include the following:

19 (a) the name of the association, which may not be  
20 the same as or too closely resemble that in use by any  
21 existing corporation established under the laws of this  
22 state--The Montana, and which must include the words:

23 (i) "building and loan association"; or

24 (ii) "savings and loan association" shall-form-a-part  
25 of-the-name,-and-a-corporation-not-organized-under--this

1 chapter--may--not--use--a-name-embodying-that-combination-of  
2 words,-provided-that-the-associations-existing-as-of-May--17  
3 1927,-may-continue-their-present-names; or

4 (iii) "savings bank". Notwithstanding the use of the  
5 words "savings bank", a corporation organized under this  
6 section is not a savings bank as defined in 32-1-102 and  
7 32-1-106 and is not subject to the provisions of 32-1-421  
8 and 32-1-422.

9 (b) the principal office or place of business of  
10 the association, which shall must be within this--state  
11 Montana;

12 (c) if a capital stock association, the aggregate  
13 number of shares which that the corporation will--have has  
14 authority to issue;

15 (d) a provision that such the association is  
16 organized under and for the purposes expressed in this  
17 chapter for-the-purposes-herein-expressed; and

18 (e) the names and residences of the persons who  
19 subscribed and acknowledged the declaration, a majority of  
20 whom shall must be citizens of this-state Montana and shall  
21 must thereafter be called incorporators.

22 (3) Except for a corporation organized under 32-1-102  
23 or 32-1-106, a corporation not organized under this chapter  
24 may not use a name embodying any of the combinations of  
25 words in subsections (2)(a)(i) through (2)(a)(iii); however,

1 associations existing as of May 1, 1927, may continue to use  
 2 their names as of that date."

3 **Section 3.** Section 32-2-402, MCA, is amended to read:

4 "32-2-402. Limit on interest and penalties. (1)  
 5 Interest not exceeding the lawful contract rate may be  
 6 charged and collected on delinquent stock payments when  
 7 those unpaid payments are credited with dividends. The  
 8 interest ~~shall-in-no-event~~ may not be at a rate exceeding  
 9 the rate percent of the dividend declared on the same unpaid  
 10 stock payments.

11 (2) An association may not charge or collect from a  
 12 stockholder, member, or borrower any fines, premiums, or  
 13 penalties of any kind; except that a late payment penalty  
 14 not to exceed \$5 an amount equal to 5% of the total amount  
 15 of delinquent interest and penalty installment may be  
 16 charged for payments more than 15 days late.

17 (3) An officer, agent, or employee of an association  
 18 collecting or attempting to collect a penalty, fine, or  
 19 premium of any kind, except the late payment penalty, or  
 20 interest at a rate higher than provided in the note or other  
 21 evidence of debt or in this chapter is guilty of a  
 22 misdemeanor."

23 NEW SECTION. **Section 4. Repealer.** Section 32-2-305,  
 24 MCA, is repealed.

25 NEW SECTION. **Section 5. Extension of authority.** Any

1 existing authority to make rules on the subject of the  
 2 provisions of [this act] is extended to the provisions of  
 3 [this act].

4 NEW SECTION. **Section 6. Effective date.** [This act] is  
 5 effective on passage and approval.

-End-

APPROVED BY COMM. ON  
BUSINESS & INDUSTRY

SENATE BILL NO. 268

INTRODUCED BY MEYER, SIMPKINS

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE LAW ON BUILDING AND LOAN ASSOCIATIONS; ALLOWING THE USE OF THE NAME "SAVINGS BANK"; REVISING THE LATE CHARGE ON DELINQUENT PAYMENTS; ELIMINATING REQUIREMENT FOR APPROVAL OF CERTAIN CONTRACTS; AMENDING SECTIONS 32-2-101, 32-2-201, AND 32-2-402, MCA; AND REPEALING SECTION 32-2-305, MCA;--~~AND PROVIDING-AN-IMMEDIATE-EFFECTIVE-DATE.~~"

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**Section 1.** Section 32-2-101, MCA, is amended to read:

"32-2-101. Purpose -- definitions. (1) A corporation operated for the purpose of encouraging home ownership and thrift and making substantially all of its loans on real estate mortgage security ~~shall-be~~ is known in this chapter as a building and loan association or a savings and loan association or a savings bank and is under the supervision of the department, which shall enforce all laws with respect to it.

(2) The associations have continual succession and ~~shall-be~~ are organized under the provisions of this chapter.

(3) When used in this chapter, the following definitions apply:

(a) "Building and loan association" includes savings and loan associations and savings banks organized under this chapter.

(b) "Department" means the department of commerce provided for in Title 2, chapter 15, part 18.

(c) "Capital stock" means the aggregate of shares of nonwithdrawable capital issues by a capital stock association.

(d) "Member" means:

(i) a person holding a savings account of a mutual association;

(ii) a person borrowing from or assuming or obligated upon a loan or an interest therein held by the association;

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(e) "Mutual association" means a building and loan association formed without authority to issue stock.

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(g) "Stock association" means a building and loan association formed with authority to issue stock.

(h) "Stockholder" means the holder of one or more

1 shares of any class of capital stock of a capital stock  
2 association organized and operating pursuant to the  
3 provisions of this chapter.

4 (4) For the purposes of subsection (3)(d), a joint,  
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