

## ACT 180

S. B. NO. 1014

A Bill for an Act Relating to Savings and Loan Associations.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. Section 407-31, Hawaii Revised Statutes, is amended to read as follows:

“**Sec. 407-31 Powers.** Every association carrying on business under the authority of this chapter may:

- (1) Have succession by its corporate name for the period limited in its articles of association and during any extension thereof;
- (2) Sue and be sued in any court;
- (3) Make and use a common seal and alter it at its pleasure;
- (4) Purchase, hold, and dispose of any real estate upon which it may have a mortgage or in which it may have any interest; and it may sell, lease, mortgage, or otherwise deal with and dispose of the same at pleasure, but shall not otherwise acquire or deal in real estate; provided, that the association may acquire real estate or a leasehold interest therein, the whole or any part of which may be necessary for a location for the transaction of its business, provided that the cost of land and improvements shall not exceed the association’s undivided profits and reserve accounts unless the prior approval of the bank examiner is obtained; provided, further, that any real estate except that used for its business location shall be sold by the association within five years from the time of acquisition thereof;
- (5) Hold, purchase, and dispose of such personal estate as the purposes of the association may require;

- (6) Borrow money for any of the purposes authorized by this chapter; provided, that if an association is not a member of a federal home loan bank, it may borrow not more than an aggregate amount equal to one-fourth of its capital on the date of borrowing, and if an association is a member of a federal home loan bank, it may borrow not more than an aggregate amount equal to one-half of its capital; provided, further, that within the amount equal to one-half of its capital, the association may borrow from sources other than such federal home loan bank an aggregate amount not in excess of twenty-five per cent of its capital; a subsequent reduction of capital shall not affect in any way outstanding obligations for borrowed money; all the loans and advances may be secured by property of the association;
- (7) Appoint such subordinate officers and agents as the business of the association requires;
- (8) Make bylaws, not inconsistent with law, for the management of its property, the election and removal of its directors and officers, the regulation of its affairs, and the issuance, manner of voting, transfer, withdrawal, and cancellation of its shares of stock pursuant to law; provided, that every member shall be entitled to one vote for each \$100 or fraction thereof of the withdrawal value of his share account, and each borrowing member shall be entitled to one vote in addition to any votes he may have as a shareholder. No member shall cast more than fifty votes. Nothing in this paragraph shall be deemed to limit the number of votes which a member may have in his capacity as a holder of guaranty stock.
- (9) Receive and accumulate funds to be loaned, and loan the same to its members, investors, or others;
- (10) Permit or require members and investors to withdraw part or all of their payments on shares or investment certificates, and prescribe the terms and conditions of such withdrawals, as authorized by this chapter;
- (11) Receive money for investment and issue investment certificates therefor."

SECTION 2. Section 407-61, Hawaii Revised Statutes, is amended to read as follows:

**"Sec. 407-61 Rights of members; meetings.** The rights, privileges and powers, and the duties and liabilities of members of an association are fixed by the charter, bylaws, and this chapter. An annual meeting of the members of each association shall be held in the months of January, February, or March as fixed in the bylaws of such association. Every association shall prepare and deliver to each member upon application, a statement of its financial condition, in the form prescribed or approved by the bank examiner.

Membership. All shareholders of record and all borrowers from the association shall be members thereof. Any person, including an adult individual, male or female, single or married, a partnership, association, and corporation, may be a borrower from the association, provided the person has full legal

power to contract for the payment of a loan under the laws of this State.

Voting, proxies, quorum. Voting may be by proxy, provided the proxy instrument authorizing the proxy to vote has been executed in writing by the member. Any number of members present at a regular or special meeting of members constitutes a quorum. When not inconsistent with law, a majority of all votes cast at any meeting of members shall determine any question. For purposes of any provision of law which requires the vote of each class of stock of a corporation which has more than one class of stock issued and outstanding, borrowing members shall not be deemed to be the holders of a separate class of stock. The members who are entitled to vote at any meeting of the members shall be those owning accounts of record and borrowing members of record at the end of the calendar month next preceding the date of the meeting of members, except those who have ceased to be members. The number of votes of each member shall be determined pursuant to section 407-31(8).

Fees and fines, restrictions on. The association shall not directly or indirectly charge any membership, admission, repurchase, withdrawal, or any other fee or sum of money, for the privilege of becoming, remaining, or ceasing to be a member of the association, except as provided for by this chapter and excepting reasonable charges upon the making of a loan. This provision shall not prejudice the rights of any association to collect, receive, or charge fees contracted to be paid before May 16, 1941. The association shall not charge any member any sum of money by way of fine or penalty for any cause, except that a reasonable charge may be made against borrowers for defaults or prepayments.

Transfer of real estate security, effect of. A borrowing member obligated upon a real estate loan shall remain a member of the association, even though he has transferred the real estate security subject to the real estate loan, so long as the borrowing member remains obligated upon the real estate loan; provided, that the association may, at the request of the borrowing member and the transferee of the real estate security, transfer the membership to any transferee of the real estate security, who is obligated on the real estate loan. No such transfer of the membership, however, shall release the transferor from the obligation of the real estate loan.”

SECTION 3. Statutory material to be repealed is bracketed. New material is underscored. In printing this Act, the revisor of statutes need not include the brackets, the bracketed material, or the underscoring.\*

SECTION 4. This Act shall take effect upon its approval.

(Approved May 24, 1973.)

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\*Edited accordingly.