

## ACT 154

H.B. NO. 2550-82

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 407-61, Hawaii Revised Statutes, is amended to read as follows:

**"§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[.] unless the meeting is dispensed with upon unanimous written consent of all of the members who would have been entitled to vote upon the action if the meeting were held. 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 2.** Statutory material to be repealed is bracketed. New material is underscored.

**SECTION 3.** This Act shall take effect upon its approval.

(Approved May 29, 1982.)