

ACT 51

S.B. NO. 1295

A Bill for an Act Relating to Service Corporations.

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

SECTION 1. Section 407-95, Hawaii Revised Statutes, is amended to read as follows:

1. Subsection (a) is amended to read as follows:

“(a) General service corporations. Subject to the provisions of this section, an association may, if permitted by the terms of its charter, invest in the capital stock, obligations, or other securities of any service corporation organized under the laws of this State if:

(1) The entire capital stock of such service corporation is available for purchase by, and only by, any and all savings and loan associations in

this State, and the capital stock is owned by more than one savings and loan association;

- (2) Not more than [25 percent] twenty-five per cent of the outstanding capital stock of such service corporation is, or may be, owned by any savings and loan association;
- (3) Every eligible savings and loan association is permitted to own an equal amount of the capital stock of such service corporation, or on such uniform basis as may be fixed by such corporation, each such association is permitted to own an amount of capital stock that is a stated percentage of its assets or saving capital at the time of any purchase by it of such stock, but capital stock outstanding on December 31, 1968, may be disregarded in determining compliance with this requirement; and
- (4) [Substantially all of the activities of such service corporation consist of originating, purchasing, selling and servicing loans upon real estate and participating interests therein, and/or clerical, bookkeeping, accounting, statistical, or similar functions performed primarily for savings and loan associations, plus] The service corporation's activities, performed directly or through one or more wholly owned subsidiaries or joint ventures, consists of any activity permitted to service corporations of federally chartered savings and loan associations, and such other activities as the bank examiner may approve."

2. Subsection (b) is amended to read as follows:

"(b) Approved service corporations. A savings and loan association may form a service corporation or invest in the capital stock, obligations or other securities of a service corporation other than as set forth in subsection (a) only with the prior specific approval of the bank examiner. Each application for approval to invest in a service corporation pursuant to this subsection [(b)] shall contain a statement setting forth the need for such corporation, the services to be performed by the corporation, the names of all institutions participating in the formation of the corporation, the amount of capital stock investment by each such institution, and such other information as the bank examiner may require. A service corporation organized pursuant to this subsection may engage in any activities, performed directly or through one or more wholly owned subsidiaries or joint ventures, permitted to service corporations of federally chartered savings and loan associations and such other activities as the bank examiner may approve."

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 18, 1983.)