

Savings and Loan Act of New Jersey

CHAPTER 56—LAWS OF 1946
REVISING CHAPTER TWELVE OF TITLE 17
OF THE REVISED STATUTES

EFFECTIVE APRIL 4, 1946

DEPARTMENT OF BANKING
AND INSURANCE
TRENTON, NEW JERSEY

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CHAPTER 56

AN ACT concerning savings and loan associations and building and loan associations, and revising chapter twelve of Title 17 of the Revised Statutes.

BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey:*

ARTICLE I

CONSTRUCTION AND DEFINITIONS

1. Construction as revision of prior laws. This act shall be construed as a revision of, and shall supersede, all provisions of chapter twelve of Title 17 of the Revised Statutes, including all amendments thereof and supplements thereto.

2. Citation. This act shall be known and may be cited as the "Savings and Loan Act."

3. Application of act. No association shall hereafter be incorporated for the purposes stated in this act, except pursuant to the provisions of this act. The provisions of this act shall apply to all associations in existence and operating under the provisions of chapter twelve of Title 17 of the Revised Statutes at the date of the enactment of this act.

4. Determination of members' rights and liabilities. The rights and liabilities of each member of an association, shall be determined by and shall be subject to the provisions of this act and all amendments thereof and supplements thereto, and to the provisions of the association's by-laws, and all changes which shall be made in such by-laws from time to time.

5. Construction as continuation of prior laws. The provisions of this act, not inconsistent with those of prior laws, shall be construed as a continuation of such laws.

6. Inconsistent laws repealed. All laws and parts of laws inconsistent herewith, are hereby repealed.

7. Classification and arrangement. Effect on construction. The classification and arrangement of the several sections of this act have been made for the purpose of convenience, reference, and orderly arrangement, and except where the context indicates otherwise, no implication or presumption of a legislative construction is to be drawn therefrom.

8. Outline, analyses and head notes not part of act. In the construction of this act, or any part thereof, no outline or analyses of the contents of this act, or of any article or any part thereof, and no head note to any article or section or part of any section, shall be deemed to be a part of this act.

9. Separability. Partial invalidity. If any provision of this act, or the application thereof to any person, is held invalid, the remaining provisions of this act, and the application of such provision to any other person, shall not be invalidated or affected thereby.

10. Definitions. The following words and phrases as used in this act, unless a different meaning is plainly required by the context, shall have the following meaning:

(1) "Association" shall mean any savings and loan association, building and loan association or any corporation, however named, now or hereafter operating pursuant to the provisions of this act.

(2) "Federal association" shall mean a savings and loan association organized pursuant to an Act of Congress approved June thirtieth, one thousand nine hundred and thirty-three, entitled "Home Owners' Loan Act of 1933" or any subsequent Act of Congress.

(3) "Board" shall mean the board of directors of any association.

(4) "Commissioner" shall mean the Commissioner of Banking and Insurance of the State of New Jersey, or such other official as may hereafter

be charged by State law with the supervision of associations.

(5) "Member" shall mean a person who holds a membership account in an association as a savings member or as a borrowing member.

(6) "Savings member" shall mean a person who holds a membership account representing savings in an association.

(7) "Borrowing member" shall mean a person to whom money of the association is loaned or one who is the owner of property upon which the association holds a mortgage.

(8) "Direct reduction loan" shall mean a loan the principal of which is repayable in periodical installments.

(9) "Sinking fund loan" shall mean a loan, the principal of which is contracted to be repaid with the participation value of an installment account pledged as collateral security for the payment of the loan.

(10) "Straight mortgage loan" shall mean a loan, the principal of which is repayable upon a fixed day and upon which no interim amortization is required.

(11) "Account loan" shall mean a loan secured by the pledge of a member's account and the shares, if any, issued in connection therewith.

(12) "Capital" of an association shall mean the aggregate participation value of all savings members' accounts. It shall not be limited and shall be accumulated only by payments by savings members, plus dividends credited to their membership accounts.

(13) "Participation value" of a membership account shall mean the amount paid by savings members on such account, plus dividends credited thereto, less payments of withdrawals and retirements therefrom and any other amounts lawfully deductible therefrom.

(14) "Withdrawal value" of a membership account shall mean the participation value of such an account at the time application for withdrawal

of the account is filed, less such part, if any, of the dividends then credited to such account as the association is authorized to retain upon withdrawal.

(15) "Gross income" shall mean the sum, for an accounting period, of the following:

- (a) Operating income.
- (b) Real estate income.
- (c) All profits actually received during such accounting period from the sale of securities, real estate or other property.
- (d) Any nonrecurring income.

(16) "Net income" shall mean gross income, for an accounting period, less the aggregate of the following:

- (a) Operating expenses.
- (b) Real estate expenses.
- (c) All losses actually sustained during such accounting period from the sale of securities, real estate or other property as shall not have been charged to reserves.
- (d) All interest paid, or due but unpaid, on borrowed money.
- (e) Any nonrecurring charges.

(17) "Insured association" shall mean an association whose members' accounts are insured by the Federal Savings and Loan Insurance Corporation.

(18) "Federal Savings and Loan Insurance Corporation" shall mean the corporation so named, organized pursuant to an Act of Congress, or any Federal corporation, instrumentality or agency which succeeds to the powers and functions of the Federal Savings and Loan Insurance Corporation or undertakes to discharge the purposes for which said corporation was created.

(19) "Federal Home Loan Bank Board" shall mean the board so named, organized pursuant to an Act of Congress, or any Federal corporation, instrumentality or agency which succeeds to the

powers and functions of the Federal Home Loan Bank Board, or which is formed to carry out the purposes for which such board was created.

(20) "Change in the by-laws" includes new by-laws and revisions, amendments, supplements and repealers of existing by-laws.

(21) "Account" shall mean the record of the financial relations of a member with an association as shown on the books of the association.

ARTICLE II

PURPOSES

11. Purposes. Associations operating under the provisions of this act shall be mutual associations for the purpose of promoting thrift, home ownership and housing.

ARTICLE III

INCORPORATION AND ORGANIZATION

12. Persons who may form corporation. Any nine or more persons, citizens of this State, hereinafter referred to as incorporators, may associate to form a corporation for the purposes specified in this act, by complying with the terms, conditions and procedure herein stated.

13. Contents of certificate of incorporation. The incorporators shall personally sign and prove or acknowledge as required for deeds of real estate, a certificate of incorporation, which shall state:

(1) The name of the association, which shall contain the words "savings and loan association." The name shall not be one already in use by another association in this State, nor one so similar thereto as to deceive the public or lead to uncertainty or confusion.

(2) The name of the municipality in this State where the association's office for the transaction of its business will be located.

(3) That it is incorporated to operate as an association pursuant to this act for the purposes herein stated.

(4) The name, residence (including street and number, if any) post-office address and occupation of each incorporator.

(5) The initial amount which each incorporator agrees to invest in the association before it commences business.

14. Original by-laws. The incorporators shall adopt the original by-laws of the association.

15. Application to commissioner for approval. The certificate of incorporation and the by-laws shall be submitted to the commissioner for his approval. Within ten (10) days thereafter, the commissioner shall give written notice to each incorporator, of the time and place designated by him for a hearing, by mailing the same to each incorporator at the post-office address stated in the certificate of incorporation. The time designated for such hearing shall be not less than six (6) weeks nor more than eight (8) weeks after the date upon which the commissioner mails such notice.

16. Notice of application and hearing thereon. The incorporators shall give public notice of such application and of the time and place designated by the commissioner for the hearing thereon, by publishing the same prior to the time of hearing at least once a week for four (4) weeks in at least one newspaper published and circulating in the municipality where the office of the association will be located. If there is no newspaper published in such municipality, the notice shall be published in a newspaper, to be designated by the commissioner, circulating in said municipality.

Said notice shall also state the proposed name of the association, the name of the municipality where the office of the association will be located, the names and addresses, both residence and post-office, of the incorporators, and the aggregate amount which they have agreed to invest in the association before it commences business.

The incorporators shall also mail or cause to be mailed, at least three (3) weeks prior to the time designated for said hearing, a copy of such notice

to each association with an office located within the county where the office of the proposed association for the transaction of its business is to be located.

Upon the request of the incorporators, the commissioner shall furnish a written list showing the names and street addresses of all associations to which such notice must be sent.

17. Hearing. At such hearing or at any adjournment thereof which may be granted by the commissioner, there shall be afforded an opportunity to be heard to anyone desiring it. The commissioner shall also make such independent examination or investigation of such application as the circumstances shall require.

18. Commissioner's decision. Within thirty (30) days after the close of the hearing, the commissioner shall announce his decision upon such application and file in his office, a written memorandum stating the reasons therefor which shall be open to public inspection. If it shall appear to the commissioner that the establishment of such association is warranted by the conditions prevailing in the area where the association proposes to transact business and that it will be of service to the public and benefit to its members, and that the character, responsibility and general fitness of the incorporators are such as to command confidence and warrant belief that the business of the association will be honestly and efficiently conducted and that the name proposed for the association conforms with the requirements of this act and that the proposed by-laws are proper, the commissioner shall approve such application and issue a certificate of approval which shall be endorsed upon or annexed to the certificate of incorporation.

19. Certificate to be filed. The certificate of incorporation with the commissioner's approval endorsed thereon or annexed thereto, shall be recorded within thirty (30) days after such approval, in the office of the clerk of the county where the office of the association for the transaction of business is to be located and after being so recorded

shall be filed in the Department of Banking and Insurance of the State of New Jersey. Said certificate or a copy thereof duly certified by the commissioner or by the clerk of the county where the same is recorded shall be evidence in all courts and places. Upon the recording and filing of such certificate, the persons so associated, their successors and assigns shall from the date of the filings be a corporation by the name set forth in the certificate with all of the powers mentioned in this act.

20. Time limit for commencing business. If the incorporators fail to complete the organization of an association and to cause it to commence business within six (6) months from the date when authority is granted to them to do so, the said certificate of incorporation shall ipso facto become null and void.

21. Branch offices. No association shall hereafter establish or maintain a branch office, except, that any association into which another association has been merged or which has acquired, by purchase, reorganization, or in any other manner, all or a substantial portion of the assets of another association, may, with the permission of the commissioner, and under such terms, and conditions as he may prescribe, maintain the office previously maintained by such other association, or a suitable substitute therefor, as a branch office; *provided, however,* that the commissioner shall first determine that the maintenance of such branch is in the public interest and will be of benefit to the area served by such branch and to the members of the association.

22. By-laws. Each association shall adopt such by-laws as may be required by the provisions of this act and as it may deem necessary or desirable for the regulation of its business and affairs and for the attainment of its purposes, consistent with the provisions of this act, and may change the same from time to time. The original by-laws of any association hereafter incorporated shall be adopted by the incorporators. Changes in the by-laws may be adopted by the board or by the members and

upon such notice as the by-laws shall provide. The term "constitution" as used by any association heretofore incorporated, shall be construed to be synonymous with the term "by-laws" as used in this act.

23. Commissioner's approval required. No by-law nor any change in the by-laws shall become effective until it shall have been submitted in writing to the commissioner and he shall either have approved it in writing, or have failed to take any action thereon for a period of thirty (30) days after it shall have been submitted to him. Approval shall not be withheld by the commissioner unless a proposed by-law or any change in the by-laws is in conflict with the provisions of this act.

24. Change of office location. Any association may change the location of its principal office to a new location but where the office is to be removed from one municipality to another, such change shall take place only after application to and the written approval of the commissioner of such change of location. Within ten (10) days after the submission of any such application, the commissioner shall give written notice by mail to the association of a time and place designated by him for a hearing on such application. The time designated for such hearing shall be not less than six (6) weeks nor more than eight (8) weeks after the date upon which the commissioner mails such notice. The association shall thereupon give notice by mail of such application and of the time and place designated by the commissioner for a hearing thereon at least three (3) weeks prior to the date of such hearing to all associations located within the municipality in which it is proposed to locate the office of the association.

Upon the request of the association, the commissioner shall furnish a written list showing the names and street addresses of all associations to which such notice must be sent.

The notice shall set forth the name of the association, the street address and municipality from

which its location is to be changed and the street address and municipality to which its location is to be changed. Within thirty (30) days after the close of the hearing, the commissioner shall announce his decision upon such application and file in his office a written memorandum stating the reasons therefor, which shall be open to public inspection. The commissioner shall not withhold his approval unless it appears that the interest of the members of the association or of the public will be adversely affected by such change. The commissioner may, in his discretion, dispense with such hearing in the event that (a) there is no association located in the municipality in which the applicant association intends to locate its office or (b) all associations in such municipality consent thereto in writing.

25. Change of name. An association may with the approval of the commissioner, change its name by a two-thirds vote of its board. A certificate signed by the president and secretary setting forth the former name and the new name and that it was adopted by a two-thirds vote of the board at a meeting held on the date specified in the certificate shall be recorded by the clerk of the county wherein the association is located and filed with the commissioner. The name so certified shall from the time of filing the certificate be the corporate title of the association. All deeds, mortgages, contracts, actions, judgments, transactions, proceedings and records made, received, entered into, carried on or done by an association before the adoption or certification of a change of name, but wherein the association is called by the name so subsequently adopted, shall be as valid as if the association were called therein by the name set forth in its original certificate of incorporation.

ARTICLE IV

POWERS

26. General powers. Every association shall have all of the powers conferred by this act, both expressed and implied, and such others as are incidental thereto, and incidental or necessary to the operation of its business and the attainment of its purpose. Such powers shall be exercised in conformity with the provisions contained in this act.

27. Specific powers. Without limiting the generality of the foregoing, every association shall have power to:

(1) Have succession by its corporate name for the period limited in its charter or certificate of incorporation, and when no period is limited, perpetually.

(2) Sue and be sued in any court.

(3) Adopt and use a common seal and alter the same.

(4) Purchase and otherwise acquire, hold, mortgage, pledge, lease, exchange, sell, convey and otherwise dispose of, any real and personal property, necessary or incidental to its operations and consistent with its powers and purposes.

(5) Insure its members' accounts with the Federal Savings and Loan Insurance Corporation, and comply with conditions necessary to obtain such insurance.

(6) Become a member of or stockholder in a Federal Home Loan Bank and to that end to comply with all conditions of membership therein.

(7) Act as agent for the United States or the State of New Jersey or any instrumentality of either of them, when designated for that purpose, and perform such reasonable duties as such agent as may be required of it.

(8) Join any co-operative league organized for the purpose of protecting and promoting the welfare of associations and their members and comply with all conditions of membership therein.

(9) Borrow money from any source in or out of the State, on the note, bond and mortgage or other obligation of the association upon such terms and conditions as the board may from time to time prescribe by resolution adopted by at least a majority of all the members of the board and duly recorded on the minutes and to pledge, assign or transfer mortgages, owned by the association and the obligations secured by such mortgages, together with the shares, if any pledged as collateral security therefor, or any real or other personal property, as security for the repayment of money so borrowed. No association shall borrow money if by doing so the aggregate of its indebtedness for borrowed money other than to the Federal Home Loan Bank will exceed twenty per centum (20%) of its capital, except with the approval of the commissioner.

(10) Take from its members, a premium for priority or privilege of loan or acquisition of real estate and no premium so taken shall be deemed usurious. The rate of premium may be agreed upon or be determined by auction.

(11) Require an advance payment of interest for a period of one (1) month on any loan; and accept advance payments of interest, if made at the option of the debtor, for any period on any loan. None of such payments shall be deemed usurious.

(12) Where shares are issued, charge an admission fee, not to exceed twenty-five cents (\$0.25) per share, which shall include the cost of the membership or share certificate and account book.

(13) Impose fines or charges upon a member for failure to make any payment to the association when due, but only as provided in this paragraph. Where the association issues installment share accounts it may impose such charge upon any member holding such an account or any borrower upon a sinking fund mortgage not in excess of one per centum (1%) a month upon the amount in arrears, except for the first month's arrearage or the amount by which such first month's arrearage may

be increased by subsequent arrearage in which case a charge not in excess of five per centum (5%) may be imposed. Such charges shall be subject to the further limitations that no such charge shall be deducted from any amount actually paid by a member upon an account nor shall the total of any such charges against any account in any fiscal year exceed the amount that may be charged for failure to make any payments for a six (6) month period nor shall any charge for default be made on a charge for default. Otherwise an association may impose a fine or charge for failure to make any required payment to it when due upon any loan or contract for the resale of real estate to a member not to exceed two per centum (2%) of the amount of each payment in arrears nor shall more than one such charge be made with respect to any one payment in arrears. None of such charges shall be deemed usurious.

(14) Compute interest upon any direct reduction loan, on designated payment dates, and add the same to the unpaid balance of such loan.

(15) Act as agent for any person where such agency will further the interests of the association and its members, subject to such limitations as may be prescribed by the commissioner.

(16) Provide for such retirement or disability benefits as its by-laws may prescribe and the commissioner may approve, for any of its officers or employees, in accordance with any plan sponsored by any Federal Home Loan Bank of which it is a member. Any association may at any time, withdraw from any such benefit plan and terminate its membership and participation therein and any and all prospective liability in connection therewith, by giving at least thirty (30) days written notice of its intention so to do to the officers and employees who will be affected thereby.

ARTICLE V
MANAGEMENT

28. Directors, number, powers. The business and affairs of every association shall be managed and directed by a board of directors. The board shall consist of such number as the by-laws provide, but not less than six (6). Each director shall be a member. He shall have such other qualifications and meet such eligibility requirements, as this act and the by-laws provide. The board may exercise any and all powers of an association not expressly reserved to the members of the association by the provisions of this act and the by-laws. If the by-laws so provide, the board may delegate any of its powers to any committee composed of members of the board.

29. Directors' election, vacancies. The directors shall be elected by the members of the association by ballot at the annual meeting, for such term, not exceeding three (3) years, as the by-laws provide. Where the term is more than one (1) year, the by-laws shall establish terms of office so that an equal number of directors, so far as possible, shall be elected each year. A vacancy in the board may be filled by the board until the next annual meeting of the association, when it shall be filled by the members of the association for the remainder of the unexpired term. Each director shall hold office for the term for which he is elected and until his successor shall be chosen and qualified.

30. Attorneys, employees. The board may retain or employ one or more attorneys-at-law of this State for a term not longer than one (1) year. The board may employ, or authorize any officer to employ, any persons necessary for the conduct of the business of the association.

31. Officers. The officers of every association shall be a president, one or more vice-presidents, a secretary and a treasurer and such other officers as the by-laws may provide, all of whom shall be

members of the association. They shall be elected by the board unless the by-laws provide for their election by the members of the association. Each officer shall be elected for a term of not more than one (1) year, but shall continue in office until the election and qualification of his successor. Any two offices, except the offices of president and vice-president, may be held by one person. No officer shall act as attorney or conveyancer of his association. A vacancy in any office may be filled by the board for the unexpired term.

32. Officers' powers. Each officer in addition to such powers and duties as usually pertain to his office shall have such powers and duties as the by-laws may provide and as may be delegated to him by the board. All checks, notes and drafts of the association shall be signed by at least two (2) of its officers.

33. Oath of office of directors and officers. Each officer and director shall, before entering upon the duties of his office, take and subscribe the following oath of office:

OATH OF OFFICE

STATE OF NEW JERSEY }
COUNTY OF } ss:

of full age, being duly
sworn on his oath according to law, deposes and
says:

1. I reside at _____ ; am a member
of the _____ Association; hereby accept
the office of _____, to which I have
been elected or appointed; will diligently and hon-
estly administer the affairs of said Association
within the scope of my powers and duties; and not
knowingly violate, or permit to be violated, the
provisions of the Savings and Loan Act of New
Jersey, and the Association's by-laws.

Subscribed and sworn

to before me this
day of _____

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All oaths of office shall be filed with the secretary. If any officer or director shall fail within a reasonable time after his election to take and subscribe the oath required by this section, the board may declare his office vacant. If any officer or director shall violate the provisions of his oath, the board, after affording him an opportunity to be heard, may declare his office vacant by a vote of two-thirds of the directors present at any meeting of the board, of which meeting notice shall have been given to each director.

34. Minimum account requirements for directors. Each director shall at all times own, in his own name, an unencumbered account in his association having a participation value of at least two hundred dollars (\$200.00) or an account upon which he shall pay at least five dollars (\$5.00) per month, without default, until a minimum unencumbered participation value of at least two hundred dollars (\$200.00) is attained which minimum shall thereafter be maintained; *provided, however*, that this section shall not disqualify any director, the participation value of whose account is reduced to less than two hundred dollars (\$200.00) due to the maturity of shares, provided that he resubscribes to an account upon which payments of at least five dollars (\$5.00) per month are made, without default, until a minimum unencumbered participation value of two hundred dollars (\$200.00) is again attained. If any director shall fail for more than three (3) months to maintain the minimum requirements of his account, his office shall thereupon automatically become vacated and he shall not become eligible to such office again until after the expiration of his then existing term of office.

35. Loans to officers, directors, attorneys or employees. No loan shall be made by any association to any officer, director, attorney or employee of such association, nor upon the security of any real estate which is owned by a corporation or partnership of which he is a stockholder or member, or in the ownership of which he has any direct or indi-

rect legal or equitable interest, except a mortgage loan made for the financing of the home of such officer, director, attorney or employee, or an account loan.

36. Default by directors and officers. No person who is in default for a period of more than three (3) months in the payment of any obligation to an association, shall be elected as an officer or director of such association. If any officer or director defaults for a period of more than three (3) months in the payment of any obligation to his association, his office shall thereupon automatically become vacant and he shall not become eligible to any office again until after the expiration of his then existing term of such office.

37. Restriction upon purchase of accounts. No officer, director, attorney or employee of any association shall purchase any account in such association from any other person, directly or indirectly, for less than the withdrawal value thereof.

38. Limitation of expenses. The aggregate amount of an association's expenses in any fiscal year for the compensation of officers, employees and directors and for premiums, contributions, or other expenditures made in connection with retirement, life insurance, disability, hospitalization or other like benefits for officers and employees and rent for the association's office, shall not exceed two per centum (2%) of the association's assets at the end of its last preceding fiscal year. This section shall not apply to an association whose assets were less than one hundred thousand dollars (\$100,000.00) at the end of its last preceding fiscal year.

39. Bonds required. The board shall require the secretary, treasurer, attorney, conveyancer and every other officer, director, employee, or agent handling or having the custody or charge of money, securities, books or records belonging to the association, before entering upon his duties, to be bonded in adequate amount and with good and sufficient surety, which shall be a surety company

authorized to transact business in this State, and such bonds shall be approved by the board. The board shall examine annually all the bonds and pass on their sufficiency, and, if insufficient, immediately require new or additional bonds. The failure of any person to furnish, or qualify for, such bond shall be ground for his summary removal by the board. The commissioner may at any time order the bond of any such person to be increased. In lieu of such individual bonds, the board may procure a blanket bond providing the same protection to the association. The association may pay the premiums on any and all such bonds.

ARTICLE VI

MEMBERSHIP, ACCOUNTS, SHARES

40. Membership generally. The members of an association shall be those in whose names accounts are established either as savings members or as borrowing members. Except as limited by the provisions of this act, or the by-laws of an association, or its board, any person may become a member of an association.

41. Membership plan. Each association shall operate upon one of the following membership plans:

Plan 1. The nonshare plan described in section forty-two.

Plan 2. The share plan described in section forty-three.

Plan 3. The plan upon which it is operating at the date of the enactment of this act.

Any association may, at any time hereafter, change from the plan upon which it shall then be operating to Plan 1 or 2, and may make such change in plan applicable only to those memberships established after such change, continuing, concurrently, to operate upon the plan upon which it previously operated with respect to those memberships established prior to such change. The by-laws of each

association shall designate which of said plans it elects to operate under.

42. Nonshare plan. Membership in an association operating pursuant to the nonshare plan shall be evidenced by a membership certificate. Each member shall have an account book. Payments by savings members shall be made as provided in the by-laws. The same rate of dividend shall be declared to all savings members' accounts; *provided, however*, an additional reward profit dividend may be allowed when earned, if authorized by the by-laws. No such association shall impose any charge or fine against any savings member, nor retain any of the dividends credited to any member's account in the event of withdrawal of such account.

43. Share plan. Membership in an association operating pursuant to the share plan shall be evidenced by a share certificate; *provided, however*, the membership of a borrowing member may be evidenced only by a membership certificate. Every member shall have an account book, *provided, however*, it shall not be necessary to issue an account book where the share certificate shows the participation value of the account.

Such associations may issue the following types of shares, all of which shall be common shares, viz.:

(1) Installment shares, which shall be issued in connection with accounts upon which payments are made periodically in regular amounts as required by the by-laws. The by-laws shall specify the maturity value of such accounts. All such accounts shall have the same maturity value, but the by-laws may be amended to provide that accounts thereafter issued shall have a different maturity value from those theretofore issued.

Upon the maturity of an installment share account so much of its participation value as remains after payment of any obligation for which it may have been pledged, shall be disposed of in one of the following ways:

(a) The association may pay the same to the member in full, unless it shall be operating under the rotation payment plan, in which event payment shall be made in accordance with said plan.

(b) The association may transfer the same to any other type of account in said association to the credit of the member, giving him immediate written notice thereof, personally or by mail.

(c) The member may withdraw the same in accordance with the same terms and conditions which apply to other withdrawals.

(2) Savings shares, which shall be issued in connection with accounts upon which payments may be made at the option of the member.

(3) Income shares, which shall be issued in connection with accounts requiring the investment of fixed amounts in units of one hundred dollars (\$100.00) or multiples thereof, upon which dividends are paid in cash.

44. Limitation upon accounts. No savings member shall hold an account or accounts in any one association with an aggregate participation value exceeding fifteen thousand dollars (\$15,000.00) or one per centum (1%) of the capital of the association, whichever is greater, but in no case in excess of thirty-five thousand dollars (\$35,000.00); *provided, however*, that such limitation shall not apply to—

(a) An account held as provided in section forty-six (46) of this act; or

(b) An account which is pledged as security for the repayment of money due such association; or

(c) An installment share account; or

(d) An account, other than an installment share account, which exceeds the aforesaid limitation at the time of the enactment of this statute, but no additions other than dividends shall be made thereto; or

(e) Where such excess results from the addition of dividends to any such account, or from the acquisition of an account by gift, will or inheritance; or from the acquisition of an account previously held as collateral security for the payment of an obligation; or from the acquisition by one association of the assets of another association; or

(f) Where such excess results from a reduction in the capital of the association.

The by-laws may provide for any lesser limitation than set forth in this section. The board or any person or persons duly authorized by it, may refuse to accept any account and may limit the amount of payments which may be received on any account.

45. Forms of certificate. The following form of MEMBERSHIP certificate is hereby prescribed.

This certifies that.....is a savings

borrowing member of the undersigned and holds a membership account therein subject to the Savings and Loan Act of New Jersey and the by-laws of the undersigned.

Date..... Association
Association's Seal By
(Title of Officer or Officers)

The following form of SHARE certificate is hereby prescribed.

This certifies that.....is a member of the undersigned and holds (insert number and type of shares) shares therein subject to the Savings and Loan Act of New Jersey and the by-laws of the undersigned.

Date..... Association
Association's Seal By
(Title of Officer or Officers)

Participation Value \$.
(To be added if account book is not issued)

Said membership certificates and share certificates shall be signed by such officer or officers as the board of each association shall direct.

46. Governmental agencies may be members. The United States of America, the State of New Jersey, or any agency or instrumentality of either of them, or any corporation incorporated under the laws of the United States, in the stock of which the Secretary of the Treasury of the United States may be authorized by an Act of Congress to invest, may be a member of any association and hold one or more accounts therein without limit as to amount. Any association may make an agreement with any such member, deferring or postponing the right to withdraw all or any part of such member's account, but such member shall not be entitled to any withdrawal preferences or priorities as against any other member, and shall otherwise be entitled to all rights and privileges and subject to all obligations and limitations of membership in such association.

47. Minors. Minors may be members and shall be entitled to all of the rights and privileges and subject to all of the duties and liabilities of membership to the same extent as persons over the age of twenty-one years; *provided, however*, that no minor shall be entitled to vote until he shall have attained the age of sixteen years.

48. Fiduciaries. Whenever an account is held by a person designated on the records of an association as a fiduciary, it shall be conclusively presumed, in all dealings between the association and the fiduciary or any other persons, with respect to such account, that a fiduciary relationship in fact, exists, and that such fiduciary has power to invest money in the association, and to withdraw the same or any part thereof, and to transfer his membership to any other person. The receipt or acquittance of such fiduciary shall fully exonerate and discharge the association from all liability to any person having any interest in such account and the association shall not be under any duty to see to the proper application of the trust property.

Upon the death of any fiduciary, the value of his account may be paid, at the option of the association, either to the executor or administrator of such fiduciary, or to any substituted fiduciary, or to the person, if any, who is designated on the records of the association as the beneficiary of such account, if of the age of sixteen years or upwards, or to the guardian or parent or person standing in loco parentis to such person if under the age of sixteen years. The receipt or acquittance of any such person shall fully exonerate and discharge the association from all liability to any person having any interest in such account, and the association shall not be under any duty to see to the proper application of the trust property. This section is not intended to relieve an association of its duty to conform with the provisions of the laws imposing transfer inheritance taxes with respect to decedents' estates. This section is intended to protect associations in their dealings with persons designated on the records of an association as fiduciaries and persons having interests in trust property. It is not intended to regulate the rights and liabilities as between the fiduciaries and such persons.

49. Joint membership. A single membership in an association may be held by two or more persons. In the absence of written instructions to the contrary, consented to by the association, the account value of such membership may be paid by such association to any one or more of such persons whether the others be living or not, and the receipt or acquittance of the person so paid shall fully exonerate and discharge the association from all liability to any person having any interest in such account and the last survivor of such persons may transfer such membership to himself or any other person. This section is intended to protect associations in their dealings with members holding such accounts. It is not intended to regulate the rights and liabilities of the parties having interests in such accounts, as among themselves. This section is not intended to relieve an association of its

duty to conform with the provisions of the laws imposing transfer inheritance taxes with respect to decedents' estates.

50. Transfer of membership. A member may transfer, absolutely or conditionally, his membership to any other person, subject to the provisions of this act, by a written assignment accompanied by delivery of his membership certificate or share certificate and the account book, if any, issued in connection therewith. Every such transfer of membership, shall be deemed to include the account and the membership certificate or share certificate issued in connection therewith. The provisions of chapter eight of Title 14 of the Revised Statutes and the amendments thereof and supplements thereto shall not apply to such transfers. No such absolute transfer shall be effective against an association until such written assignment and the accompanying membership certificate or share certificate, and account book, shall be delivered to the association with a request that it complete such transfer upon its records. No such conditional transfer shall be effective against an association unless and until it actually receives notice thereof in writing.

51. Lost certificates and account books. Upon filing with an association by a member of record, or his legal representative, of an affidavit showing that his membership certificate, share certificate, or account book, or any of them has been lost, stolen or destroyed, and whether, and to whom the same has been pledged or assigned in whole or in part, such association may issue a duplicate membership certificate, share certificate, or account book, as the case may be, marked on the face thereof "A Duplicate;" *provided, however,* that the board of such association may, in its discretion, require such member or his legal representative to furnish a bond to the association in such amount, and with such security as it may deem necessary, to indemnify such association against any loss which might result from the issuance of such duplicate certifi-

cate or account book. Payment made by an association to the owner of record of a duplicate membership certificate, share certificate, or account book issued in accordance with this section shall release the association from all liability to any person claiming any interest in the original membership certificate, share certificate, or account book and the duplicate thereof.

52. Termination of membership. The membership of a savings member shall terminate when the amount of his account has been paid to him in full or when the transfer of his membership to another person has been recorded on the books of the association, or when his account has been retired as provided in this act. The membership of a borrowing member shall terminate when his status as a borrower from the association terminates or when his membership is transferred to another person and such transfer is recorded on the books of the association.

ARTICLE VII

MEMBERS' MEETINGS, NOTICES

53. Notice to members. Except where this act expressly provides otherwise, all notices, statements, reports or other documents required to be given to any member, shall be given to him either personally or by mail, postage prepaid, addressed to him at his last address which appears on the records of the association. Service by mail shall be complete upon posting.

54. By-laws furnished members. Every association shall make available to each member a copy of its by-laws and all changes therein.

55. Meeting place. Members' meetings shall be held at the association's main office or at such other place within a radius of five (5) miles thereof as the board may designate.

56. Meetings.

(1) Annual. The members shall meet at least once in each year upon not less than ten (10) days,

written notice by mail or publication in a newspaper published or circulating in the municipality in which the association is located, for the election of directors and the transaction of any other business which may properly be brought before such meeting. The polls at every such election shall be open for such period of time, not less than one-half hour, between the hours of nine ante meridian and nine post meridian at the time the by-laws shall designate.

(2) Special. Special meetings of the members may be called as provided in the by-laws, but upon not less than ten (10) days' written notice by mail or publication in a newspaper published or circulating in the municipality in which the association is located and the notice of such meeting shall state the purposes for which it is called. The secretary shall attend to the mailing or publication of such notices.

57. Quorum. The by-laws may prescribe the number of members which shall constitute a quorum at a meeting. In the absence of any provision in the by-laws, any number of members present at any meeting shall constitute a quorum.

58. Voting rights. Each member sixteen years of age, or over, shall be entitled to one (1) vote at any meeting of the association, regardless of the number of shares or accounts standing in his name, provided, however, that only one (1) vote shall be allowed on an account held by two or more persons, jointly.

Members may vote by written proxy if the by-laws so provide.

The by-laws may prohibit voting by persons who have become members within sixty (60) days of the date when the vote is cast.

When accounts or shares are pledged, the pledgor may vote thereon.

ARTICLE VIII

RESERVES, UNDIVIDED PROFITS, DIVIDENDS

59. Determination of net income. At the end of each accounting period and at least annually the board of each association shall determine the amount of net income, if any, earned during the accounting period. To aid the board in making such determination there shall be submitted to it, a financial statement including a statement of its operations during such accounting period and such additional data if any, as the board may require certified to be correct by an officer or by a competent accountant designated by the board.

60. General reserve account. Each association shall establish a general reserve account which shall be maintained for the purpose of absorbing losses and extraordinary expenses. At the end of each accounting period and before the declaration of any dividends, each association shall transfer to the general reserve account, an amount equal to ten per centum (10%) of the association's net income for such accounting period, less any amount required by the Federal Savings and Loan Insurance Corporation to be allocated to a reserve account. Such transfer shall be made from the net income for the period, the undivided profits account, or any other unapportioned profits. No transfer to the general reserve account shall be required to be made so long as the amount held in such general reserve account plus the amount held in any reserve account required by the Federal Savings and Loan Insurance Corporation exceeds an amount equal to fifteen per centum (15%) of the association's total assets. The board of any association in its discretion may transfer additional amounts to the general reserve account beyond those required by the provisions of this section.

61. Special reserve accounts. Each association shall establish and maintain such special reserve accounts as are required by the provisions of this

act and may establish and maintain such other reserve accounts as in the judgment of its board are necessary or desirable. Such reserve accounts may be established and maintained by transfers thereto from net income, the undivided profits account or any other unapportioned profits. Any amount remaining in any reserve account established in accordance with this section which is no longer needed for the purpose for which such reserve account was established may be transferred to the undivided profits account.

62. Dividend participation—exceptions. At least annually and after determination of the net income for the period and the establishment of reserves as required or permitted by this act, the board of each association shall determine by resolution the rate or rates of dividend, if any, which shall be declared for each class of account. Such dividends shall be taken only from net income or from the undivided profits account. Dividends shall be apportioned to members' accounts upon a compound interest plan. Accounts having a participation value of less than fifty dollars (\$50.00) may be excluded from participation in dividends if the by-laws so provide. Associations issuing installment share accounts may declare dividends to accounts of other classes at a rate less than, but no more than, the rate declared to installment share accounts for the same period, unless the by-laws provide for a reward profit plan in which event all dividends, except those provided for under the reward profit plan shall be declared at the same rate. Dividends shall be added to members' accounts except where otherwise provided by this act. Notwithstanding any other provisions of this article, an association may apportion dividends to installment share accounts at other than a regular dividend period for the purpose of maturing such accounts; *provided, however*, that the amount of dividends so apportioned shall be no greater than the pro rata share of income for the current period applicable for dividend purposes to such accounts.

63. Undivided profits account. Any surplus net income or any other available profits which remain after reserve and dividend requirements have been met, may be maintained in an undivided profits account.

64. Restrictions upon reserves and undivided profits account. The aggregate amount of all reserve and undivided profits accounts of any association shall not be increased so long as the aggregate amount of such accounts exceeds an amount equal to twenty-five per centum (25%) of an association's assets, except with the approval of the commissioner. If at any time the amount of the general reserve account of an association exceeds twenty-five per centum (25%) of its assets, the excess may, with the approval of the commissioner, be transferred to the undivided profits account.

65. Reward profit plan. In order to stimulate systematic thrift and to provide greater regularity in the receipt of funds, which may be used for the financing of homes and the making of other authorized investments, the members of any association may create, by provision in the by-laws, a reward profit plan. Such reward profit plan shall provide for the payment of an additional dividend, designated a reward profit, to those members who make an agreed number of consecutive monthly payments of any amount agreed upon between the association and the member. The reward profit shall not exceed an amount equivalent to one per centum (1%) per year of the participation value of the member's account and consecutive payment shall not be required for a period greater than one hundred twenty (120) months in order to become eligible for such reward profit, except that associations issuing installment share accounts may provide for the payment of the reward profit upon the maturity of such installment share accounts.

The by-laws may provide for the payment of part of the reward profit to any member who withdraws prior to the completion of the full term and after

payments for a period of at least thirty-six (36) months have been made.

The commissioner shall have power to establish uniform rules and regulations for the operation of the reward profit plan which shall be applicable to all associations which shall establish such plans and which rules and regulations shall be observed in the applicable by-law provisions, including reasonable provisions to conserve such reward profit for the benefit of members who may temporarily default in their required payments.

Each association whose by-laws provide for a reward profit plan shall establish, in addition to other reserve accounts, a reward profit reserve account. Such reward profit reserve account shall be maintained in an amount equal to the total of the reward profits which have been calculated for those accounts which are eligible to participate in the reward profit plan. An amount sufficient to maintain the reward profit reserve account in the required amount shall be transferred thereto from net income or from the undivided profits account at each dividend period. If, at any dividend period, the reward profit reserve account shall be in excess of the required amount, the excess may be transferred to the undivided profits account.

Any association may by change in its by-laws, abolish the reward profit plan provided that the association shall credit to the account of each member participating in such plan, the amount set aside at that time in the reward profit reserve account for his benefit, and any excess not required for such purposes shall be transferred to the undivided profits account. No further reward profits shall be calculated or applied to any account after the effective date of the abolition of the plan.

ARTICLE IX

WITHDRAWALS AND RETIREMENTS

66. Application for withdrawal. Any member may at any time, file with his association a written application for payment of all or any part of the withdrawal value of any account standing in his name, whether or not such account has matured.

67. Cancellation of withdrawal application. Any withdrawal application may be cancelled, in whole or in part, at the written request of the withdrawing member, with the consent of the association, upon such reasonable terms, as such association may impose.

68. Other withdrawal plans prohibited. No association shall obligate itself to pay withdrawals on any other plan than that provided in this act, nor shall any association purchase an account from any member.

69. Withdrawal payment procedure. Every withdrawal application not paid when presented, shall be numbered, dated, and filed, by the association, in the order of its actual receipt, and shall be paid in such order, either in full or on the rotation plan as hereinafter prescribed. No association, however, shall pay any withdrawal application in full, and not pay every such application on file in full, except where payment in full results from the operation of the rotation plan.

70. Funds required for withdrawals. Within the first ten (10) days of each fiscal month, each association shall apply to the payment of withdrawal applications which shall have been filed with it on or before the first day of its preceding fiscal month, a sum equal to at least fifty per centum (50%) of its net receipts during such preceding fiscal month, or so much thereof as shall be necessary. Any association may apply a larger percentage of such receipts or other available funds for such purpose, but shall not obligate itself to do so. Net receipts, as used in this section, means all money received by an association, except borrowed money, less

operating expenses, amounts due and paid or payable on creditor obligations, and amounts paid, appropriated or reserved for the conservation, preservation, or protection of any property or asset of such association.

71. Rotation plan. If, within the first ten (10) days of any fiscal month, the funds of an association, available for the payment of withdrawals, in accordance with the provisions of section seventy of this act, shall be insufficient to pay in full all withdrawal applications which shall have been filed with it on or before the first day of its preceding fiscal month, each such withdrawal application shall be paid in the order in which it was filed, fifty dollars (\$50.00) on account, or the balance due thereon, whichever is less; and, if the available funds are sufficient to make more than one such payment upon each such application, such rotating payment process shall be repeated until the available funds are exhausted. Each month thereafter the rotation payments shall begin with the application next following the one upon which the last preceding rotation payment was made. So long as an association is operating upon the rotation payment plan, no member shall have more than one withdrawal application on file at a time.

72. Application of withdrawal value to indebtedness. Nothing in this article shall prevent an association from applying and crediting, at any time, the full withdrawal value of any account pledged with it as security for the payment of any debt, toward the payment of such debt.

73. Dividend retention. Any association, except one which operates under the nonshare plan described in section forty-two of this act, may, upon the withdrawal of an account prior to its maturity, retain such portion of the dividends credited to such account as its by-laws may prescribe, not exceeding however, fifty per centum (50%), thereof if the withdrawal application is filed within two years from the date when such account was opened, and at least five per centum (5%) less for each

succeeding year, if the withdrawal application is filed before the end of the third or any succeeding year; *provided, however*, five per centum (5%) of the dividends may be retained upon any withdrawal regardless of the time when the withdrawal application may be filed; *and provided further*, that any association may continue to apply its profit retention schedule which is in existence at the date of the enactment of this act, insofar as it is reasonable, but such changes, if any, as may hereafter be made therein, shall conform with the limitations of this section.

74. Restrictions on suits. No person shall institute or prosecute any suit or action against an association to recover the value of any account or any part thereof, until an application for the withdrawal thereof has been filed, and not then, so long as such association pays withdrawals as provided in this act. At least thirty (30) days' written notice of the intention to institute such suit shall be served upon the association and upon the commissioner. Recovery in any such suit shall be limited to the amount which the claimant would have received up to the date of the entry of judgment, if payment had been made to him in accordance with the provisions of this act.

75. Retirement. If funds are on hand for the purpose, any association may, by resolution of its board, retire any account by giving at least thirty (30) days' written notice of its intention so to do, which may be sent by registered mail addressed to the member owning such account at his address appearing on the records of the association. Such notice shall identify the account; state the retirement date and the retirement value; and include a statement that said account will not participate in any dividend declared after such retirement date and that no interest or other income will accrue thereon. From and after such retirement date, the member owning such account shall cease to be a member and shall have no further rights or liabilities of membership with respect to such account.

In the case of the retirement of an installment share account upon which the required payments are in arrears for six (6) successive months, the retirement value shall be the withdrawal value as of the date of the passage of such resolution. In the case of the retirement of any other account, the retirement date shall be some date upon which dividends are credited and the retirement value shall be the participation value, including the dividend credited to such account on the retirement date.

The member owning such an account shall be entitled to receive full payment of such retirement value by demanding the same on such retirement date or at any time thereafter, subject, however, to the provisions of section seventy-six of this act, and by surrendering to the association his account book and membership certificate or share certificate. An association may pay such retirement value without awaiting a demand for payment. No association shall retire any account when it has applications for withdrawal which have been on file for more than thirty (30) days and which are unpaid in whole or in part. No association shall retire an account of any of its officers or directors where such retirement shall operate to disqualify such officer or director from holding his office in the association.

If such retirement value is not paid or demanded within thirty (30) days after such retirement date, it shall be transferred to a retirement account and there remain to the credit of the person owning such account subject to his right to demand payment thereof, and to the association's right to pay the same, in accordance with the provisions of this section.

76. Unclaimed accounts: If the address of a member or of his legal representative is not known and is not ascertained within one year from the time of the retirement of his account, the association may apply to the Orphans' Court of the county where it is located for an order, and the Court may make an order designating a bank, trust company

or savings bank, in the county, in which such moneys may be deposited to the credit of the member or his legal representative. A compliance with the terms of the order shall be a full discharge of all liability on the part of the association to the member for the amount so deposited. The moneys so deposited shall be paid by the bank, trust company or savings bank to the member or his legal representative in the same manner and under the same conditions as if the deposit had been made personally by the member. There shall be deducted from the amount due the member, such reasonable sum for the cost of application, as the Court may direct.

ARTICLE X INVESTMENTS

77. Investments authorized. The funds of every association shall be invested in accordance with the provisions of this act.

78. Loans. Investments in loans may be made as follows:

(1) Mortgage loans. In direct reduction, sinking fund, and straight mortgage loans. Each such loan shall be evidenced by an obligation and secured by a mortgage which shall be a first lien, except as to current taxes, on real estate in this State used or to be used wholly or partially for dwelling purposes. An association may hold one or more subsequent mortgages on real estate provided it also holds all prior encumbrances, except current taxes, thereon. If the proceeds of any such loan are used in whole or in part to improve the mortgaged real estate, they may be advanced in installments as the construction of a building or the making of other improvements thereon progresses and the value of the contemplated improvement may be included in arriving at the appraised value of the property.

Each direct reduction loan shall require periodical payments sufficient to pay the principal and interest of the loan in full in a period of twenty

years or less. Any association may by agreement with the borrowing member reduce the amount of periodical payments, but the amount of the periodical payments thereafter required shall be sufficient to pay the balance of the loan and interest thereon within a period of twenty years or less from the time of making such agreement. Each sinking fund loan shall require periodical payments, at least monthly, on an account pledged as collateral security for such loan which shall be sufficient to pay such loan in a period of twenty years or less. Any association may by agreement with the borrowing member provide for the application of such account to the principal of the loan and for a reduction in the periodical payments required on an account thereafter; *provided, however*, that such periodical payments thereafter required shall be sufficient to retire the loan in a period of twenty years or less from the time of the making of such agreement. The amount of any direct reduction loan or sinking fund loan, less the withdrawal value of any account which may be pledged as collateral security therefor, shall not exceed eighty per centum (80%) of the value of such real estate as found by appraisal at the time when the loan is granted.

The term of any straight mortgage loan shall not exceed three years. The amount of any such straight mortgage loan shall not exceed fifty per centum (50%) of the value of the property as found by appraisal at the time the loan is granted. An association may renew any straight mortgage loan held by it for a period not exceeding three years and for amounts not in excess of fifty per centum (50%) of the value of the real estate as found by appraisal at the time of such renewal. The total amount invested in straight mortgage loans by any association, shall not exceed ten per centum (10%) of its assets at the time any such investment is made.

(2) Improvement or repair loans. In additional loans to members for the repair, alteration, or

improvement of real estate owned by such members, upon which the lending association already holds a mortgage lien. If the mortgage already held by the lending association secures payment of a direct reduction loan, such additional loan shall not exceed the sum of one thousand dollars (\$1,000.00) or the amount which has been repaid in reduction of the principal of such mortgage loan, whichever is less. If the mortgage already held by the lending association secures payment of a sinking fund loan, such additional loan shall not exceed the sum of one thousand dollars (\$1,000.00) or the withdrawal value of the installment account which is pledged as collateral security for the payment of such sinking fund loan, whichever is less. Each such additional loan shall be evidenced by an obligation which shall state the terms on which such loan is made, and the amount thereof shall be added to the amount due on the association's mortgage against such real estate, and payment thereof shall be secured thereby. All persons who acquire any rights in, or liens upon, the mortgaged real estate subsequent to the recording of any association's mortgage shall hold such rights and liens subject to the association's right to make such additional loans. For the purpose of such additional loans, no search or examination of the title to the mortgaged real estate shall be required. The power to make such additional loans is in addition to, and not to the exclusion of, the power to make any other lawful loan.

(3) Camp meeting leaseholds. In any obligation secured by first mortgage on any leasehold estate of real estate in this State of any camp meeting association, to the extent authorized by, and subject to, the limitations and restrictions contained in R. S. 17:2-1.

(4) Purchase of loans. In the purchase of any loan which an association is authorized to make.

(5) Account loans. In loans secured by a pledge of a member's account. No such loan shall exceed the withdrawal value of the pledged account, less interest thereon for a period of six (6) months.

(6) Guaranteed loans. In loans guaranteed or insured in whole or in part by the United States of America or the State of New Jersey or any instrumentality or agency of either of them, or for which a commitment to so guarantee or insure has been made. Such loans shall not be subject to the limitations defined in section seventy-eight subdivision (1) and section eighty-two of this act. Such loans shall include only those which are made for the purchase or improvement of real estate in New Jersey, or for the construction, alteration, repair, or improvement of buildings erected thereon, used or to be used, wholly or partially for dwelling purposes, in which case they may or may not be secured by mortgages; or those which may be made for any other purpose provided they be secured by a mortgage on real estate in New Jersey used or to be used wholly or partially for dwelling purposes.

79. Other investments. Securities. An association may invest as follows:

(1) Obligations of the United States. In obligations of or guaranteed as to principal and interest by, the United States of America.

(2) Federal Home Loan Bank Stock. In stock of the Federal Home Loan Bank, of which it is eligible to be a member; and in other obligations of any Federal Home Loan Bank or Banks or of the Federal Home Loan Bank System.

(3) Participation in mortgage loans. In the investment in participating interests in mortgage loans. The mortgage which secures payment of any such participating interest shall be a lien upon real estate in this state used or to be used wholly or partially for dwelling purposes and shall conform with the limitations, conditions and requirements set forth in this article regulating direct reduction mortgage and straight mortgage loans, with respect to priority of lien, the percentage of such loan to the appraised value of the mortgaged property, and the terms of repayment of such loan. Such participating interest shall entitle the asso-

ciation to share all money and other benefits derived from such mortgage loan, or incidental thereto, pro rata with, or with preference and priority over, the holder of any other participating interest therein. The total amount invested in such participating interests by any association, shall not exceed ten per centum (10%) of its assets at the time any such investment is made.

(4) Accounts of other associations. In accounts of any insured association of this State and of any Federal association whose principal office is located in this State, provided that no such investment shall be made in excess of the amount for which such account is insured by the Federal Savings and Loan Insurance Corporation.

(5) Savings banks' investments. In any investment in which savings banks of New Jersey are or shall be authorized to invest by any law of this State, other than investments which are, or which hereafter shall be, specifically designated and regulated by this act; *provided, however*, no funds may be invested pursuant to this subsection which are required for authorized loans to members.

(6) Loans on securities. In loans upon obligations secured by the pledge of any security designated in subsections (1) and (5) of this section, provided that such loans shall not exceed eighty per centum (80%) of the market value of the security pledged as collateral; *and provided further*, that no funds may be invested pursuant to this subsection which are required for other authorized loans to members.

80. Real estate. Investments may be made in real estate as follows:

(1) Office building for transaction of association's business.

In the purchase of improved or unimproved real estate and in the erection or improvement of buildings thereon for the purpose of providing offices for the transaction of an association's business. Such buildings may also include space for rental purposes. The cost to the association of such lands

and buildings shall not exceed fifty per centum (50%) of the sum of such association's general reserve and undivided profits account at the time such investment is made.

(2) Property purchased for resale to members.

In the purchase of improved or unimproved real estate in this State and in the construction or improvement of buildings thereon, for resale to members, when the contracts for resale are executed concurrently with, or prior to, such purchase. The member with whom such contract for resale is made shall pay to the association upon the making of such contract, at least twenty per centum (20%) of the purchase price therein designated and shall pay the balance thereof, together with the interest thereon, in periodical installments over a period not exceeding twenty years. All such properties shall be used wholly or partially for dwelling purposes.

81. Appraisals. No real estate shall be purchased nor shall any investment in any mortgage loan be made until one or more appraisals of the value of the real estate purchased or loaned upon shall have been made and until the purchase or loan shall have been approved by the board or by a committee of the board designated for that purpose. Where the purchase price of such real estate or the amount of the mortgage loan is ten thousand dollars (\$10,000.00) or less, such appraisal shall be made by at least two (2) persons, one (1) of whom shall be an officer or director of the association, or in lieu thereof, by an independent qualified appraiser not an officer, director or employee of the association. Otherwise the appraisal shall be made by at least two (2) persons one (1) of whom shall be an independent qualified appraiser not an officer, director or employee of the association. The appraisal report of each appraiser shall be signed by him and shall be filed and preserved among the records of the association. Where more than one (1) person appraises the real estate in question, a joint report or separate reports may be filed.

82. Limitation on amounts of real estate loans and investments. No association shall loan upon the security of, nor invest in any contract for the resale of, any one property, more than ten thousand dollars (\$10,000.00) unless the aggregate amount owing to it on all of its mortgage loans exceeds five hundred thousand dollars (\$500,000.00) in which event, it may make any such loan or investment in an amount equal to two and one-half per centum (2½%) of its assets or fifteen thousand dollars (\$15,000.00) whichever amount is greater. The total amount owing to an association upon all such loans and investments in excess of fifteen thousand dollars (\$15,000.00) shall not exceed twenty-five per centum (25%) of the aggregate amount owing to it on all of its mortgage loans at the time any such loan or investment in excess of fifteen thousand dollars (\$15,000.00) is made.

83. Restrictions on investments.

(1) No association shall make any of the investments authorized by this act, except those authorized by section seventy-eight, subdivision five and section seventy-nine, subdivisions one and two of this act, if, and so long as, the sum of its cash on hand and in banks and the value of its investments in obligations of the United States of America, which either mature in ten (10) years or less from their respective dates or which may be redeemed at the option of the holder at a fixed redemption value prior to maturity, is less than five per centum (5%) of its total assets.

(2) No association shall make any of the investments authorized by this act, except investments authorized by section seventy-nine, subdivisions one and two of this act at any time when any application for withdrawal remains unpaid in whole or in part, six (6) months after the date of the filing thereof.

ARTICLE XI

REPORTS, EXAMINATIONS AND AUDITS

84. Reports to members. Every association shall make available to its members annually, a printed report of its financial condition as of the end of its fiscal year, either

(1) By mailing or delivering to each member, a statement of assets and liabilities, a statement of operations and a statement of the undivided profits account, or

(2) By publishing a statement of its assets and liabilities at least once in a newspaper published or circulating in the municipality in which the association is located and by furnishing to any member upon request, a printed statement of assets and liabilities, a statement of operations and a statement of the undivided profits account.

85. Reports to commissioner. Every association shall, within sixty (60) days after the close of each fiscal year, file in the department, on blanks to be provided by the commissioner, a report of its transactions, affairs and financial condition as of the end of its fiscal year. The report shall state the names and addresses of its directors, officers, attorneys, agents and other employees, and the compensation, if any, paid to each, and shall be verified by the oaths of the officers and such other persons as the commissioner shall designate. The commissioner may call for additional reports when he deems it expedient, but not oftener than once in every three (3) months.

If any association fails to file its annual report within the time herein specified, or any additional report within such reasonable period as the commissioner fixes, the officers whose duty it is to file the reports shall each be liable individually to a penalty of fifty dollars (\$50.00), to be recovered by the commissioner, in the name of the State, in a court of competent jurisdiction, and when collected to be paid into the State treasury and ap-

plied to the expenses of the department. The commissioner may, for sufficient cause, extend the time for filing any reports for not more than ten (10) days.

86. Examinations by commissioner. Every association shall be subject to the inspection and supervision of the department, and the commissioner shall, either personally or by a person appointed by him, visit and examine every association at least once every two years, or oftener if deemed expedient. When deemed advisable, the examiner shall verify the liabilities of the association to its members by an inspection and verification of their accounts. The commissioner shall promptly communicate the result of every examination to the president of the association examined, who shall present the same to the board at the next regular meeting, or a special meeting, if deemed advisable, or if so directed by the commissioner. The action taken thereon by the board shall thereupon be promptly communicated by the president to the commissioner.

87. Testimony and production of books and securities; subpoenas. The officers, directors and employees of the association shall exhibit its books, papers and securities to the commissioner or the person appointed by him to conduct the examination, and otherwise facilitate the same so far as it may be in their power so to do. The commissioner and every examiner may administer an oath to any person whose testimony is required on any examination, and compel the appearance of any person for the purpose of examination, by subpoena ad testificandum, or subpoena duces tecum. The subpoena may be served by any police officer or constable of the municipality in which such person resides.

If any person shall refuse to obey the subpoena, give testimony, answer questions or produce any books, papers or documents as required, a justice of the Supreme Court may, upon application and proof of the refusal, make an order awarding proc-

ess of subpoena or subpoena duces tecum out of the court for the witness to appear and testify before the commissioner or examiner, and order that he give testimony, answer questions and produce books, papers or documents as required. Upon filing the order in the office of the Clerk of the Supreme Court, the clerk shall, under the seal of the court, issue process of subpoena for the appearance of the person before the commissioner or examiner at a time and place named therein, and thereafter from day to day until his examination is completed. The subpoena may contain a direction that the witness bring with him to the examination, books, papers or documents mentioned therein, and the clerk shall issue, under the seal of the court, such other or further order in reference to the examination, appearance, production of books, papers or documents before the commissioner or examiner as the justice shall direct.

88. Attachment for contempt. If any person so summoned by subpoena issued by said clerk shall refuse to obey the subpoena or any direction therein, or to give testimony, answer questions, produce any books, papers or documents as required, or obey any order made by the justice, the commissioner or examiner may upon affidavit proving the facts apply to the justice for an attachment against the person as for a contempt. The justice shall hear the application and if satisfactory proof is made of the refusal, issue an attachment, directed to any constable or police officer of the municipality, for the arrest of the person, and upon his being brought before him, shall hear the case. The justice may enforce, by imprisonment in the county jail, obedience to the subpoena, the answering of any proper questions, the production of any book, paper or document that the witness would be compelled to produce in a law court and the payment of the costs of the proceeding, as taxed by the justice.

89. False testimony; perjury. A person who shall willfully and corruptly testify falsely to a material matter, upon oath administered by the

commissioner or examiner upon such investigation or inquiry, or in regard to a report made to the commissioner, shall be guilty of perjury and be punished accordingly.

90. Immunity to violator testifying. Any person violating this act shall be a competent witness and compellable to testify in any proceeding under sections eighty-six to eighty-eight of this act against any other person charged with so offending, but the testimony of the former person given in any such case shall not be used in any prosecution, civil or criminal, against the person so testifying.

91. Audits. The board of every such association shall cause a thorough audit of the condition of the association to be made at least once in each calendar year in a manner and form approved by the commissioner. The audit shall be made by a competent accountant, not an officer, director, or employee of the association, or by a Federal or State supervisory authority. Each such audit shall include a verification of at least twenty per centum (20%) in number of the members' accounts. A written report of the result of each such audit shall be made and certified or sworn to by the person who shall make such audit and one copy of such report shall be retained by the association and another copy thereof shall be filed with the commissioner within sixty (60) days after the completion of such audit. If the board shall fail to provide for the making of a proper audit, by a person or agency herein designated, or if the required audit is not properly made, prepared or filed, the commissioner shall make such audit or cause the same to be made. Each association shall keep a copy of each of its audit reports on file at its office, available for inspection during ordinary business hours by any of its members.

ARTICLE XII

SUPERVISION

92. Commissioner's additional powers. The commissioner's powers and duties conferred and imposed by this article shall be in addition to those conferred and imposed by the other provisions of this act.

93. Discontinuance of unauthorized practices. If it shall appear to the commissioner that an association has violated any law of this State, or any of its by-laws, or is conducting its business in an unsafe or unauthorized manner, he may order it in writing to discontinue its illegal or unsafe practices. Such order shall be sent to the association's president, who shall present it to the board at its next regular meeting, or at a special meeting, if he deems it advisable, or if the commissioner so directs. The board's action thereon shall be promptly communicated by the president to the commissioner.

An association which fails or refuses to comply with an order of the commissioner issued pursuant to this section within the time limited in such order, shall be liable to a penalty of five hundred dollars (\$500.00) to be recovered with costs by the State in any court of competent jurisdiction by action prosecuted by the Attorney-General.

94. Grounds for action by commissioner. Revocation of authority to transact business. If it shall appear to the commissioner that the interests of the creditors or members of an association are being jeopardized because the association has violated any law of this State or any of its by-laws, or because it is conducting its business in an unsafe or unauthorized manner; or if the association refuses to submit its books, papers and concerns to the inspection of the commissioner, or an examiner appointed by him; or if an officer or director refuses to be examined on oath regarding the affairs of an association; or if an association suspends

payment of its creditor obligations; or if any application for withdrawal shall remain unpaid in whole or in part for a period of two (2) years after it shall have been filed; or if, as a result of any examination or from any report made to him, the commissioner has reason to conclude that the association is in an unsound or unsafe condition to transact business; or that its capital is impaired; or that it is unsafe or inexpedient for it to continue business; or if it neglects or refuses to comply with any order issued by the commissioner pursuant to section ninety-three of this act, the commissioner may, if the association is a foreign association, revoke and cancel its authority to do business in this State, and if the association was incorporated under the laws of this State, proceed in the manner provided in sections ninety-five, ninety-six and ninety-seven of this act, or any one or more of said sections.

95. Conservation orders. For the purpose of conserving the assets of an association and of protecting the interests of its members and the public, the commissioner may require any association, by an order in writing effective for a period of ninety (90) days, to apply money received by it in the manner provided in section ninety-seven (6) of this act; to suspend payment of withdrawals and maturities; and to restrict or limit investments thereafter made. Such order may also prohibit all persons, including members, from instituting suit on any claim against said association during said period. The commissioner may continue the effectiveness of any such order for additional ninety (90) day periods from time to time but not for a total period longer than one (1) year from the date of the issuance of the original order. He may also modify any such order from time to time within said one (1) year period. The making of any such order, or modification thereof, shall not prohibit the commissioner from proceeding in accordance with the provisions of section ninety-six and ninety-seven of this act.

96. Application to the Chancellor for relief. The commissioner may apply to the Chancellor for an injunction to restrain the association from transacting further business, or from transferring or disposing of any of its property in any manner, or from paying excessive expenses of management, or for the removal of any attorney, conveyancer, officer, director, employee or agent of the association, or for such other relief as the case may require. If the Chancellor, after hearing upon notice, shall be satisfied of the sufficiency of the application, he may make such orders or decrees as shall be equitable and just and modify or revoke the same from time to time. Without limiting the generality of his powers, the Chancellor, may, upon application by the commissioner, issue an injunction and appoint a receiver with power to take possession, manage and dispose of all of the association's real and personal property, books and records and to hold and dispose of the proceeds thereof, as the court shall direct.

97. Possession and operation by commissioner.

(1) Commissioner's authority. The commissioner may forthwith take charge of the association and possession of all its real and personal property, books and records, and continue the operation of its business until such possession and management shall be returned to its board, or until such association shall merge, reorganize or dissolve and commence liquidation.

(2) Purpose of possession and operation by commissioner. The purpose of the commissioner's management of an association and operation of its business and possession of its assets, shall be to enable him to determine, within one year from the date when he undertakes such management, whether it is for the best interests of its creditors, members and the public that the association should be continued as a going concern, or should be merged, reorganized or dissolved and liquidated.

(3) Return of management and possession. The commissioner may return the management of an

association to its board and the possession of its property to the association at any time after he has taken charge and possession thereof, upon such terms and conditions, if any, as he may prescribe.

(4) Powers of commissioner in possession. The commissioner shall have full and complete powers necessary to enable him to determine promptly and efficiently whether it is for the best interests of the association's creditors, members and the public that it be continued as a going concern or that it be merged, reorganized or dissolved and liquidated. Without limiting the generality of his powers, he shall have power to:

- (a) Continue the operation of the association's business.
- (b) Conserve its assets and business.
- (c) Pay its debts and operating expenses.
- (d) Collect moneys due to it.
- (e) Compromise and settle claims by and against it.
- (f) Exercise any power conferred by this chapter on the association or its board.
- (g) Call meetings of its members.
- (h) Submit for the approval of its members any terms which he sees fit to recommend with respect to merger, reorganization or dissolution and liquidation.

(5) Appointment and compensation of counsel and assistants. The commissioner may, from time to time, appoint one or more special assistant deputy commissioners of banking and insurance, who may or may not be employees in the department as the commissioner shall determine, as agent or agents, to assist him in administering the business and affairs of any association of which he has taken possession, and he may, from time to time, hire such employees and assistants as he shall deem necessary to the proper administration of the business and affairs of such association, including officers and employees of the association. He may

further, notwithstanding any other provision of the law, appoint an attorney or a counsellor-at-law of this State, who need not be a member or an employee of the department of law of this State, to represent and advise him and to act as counsel in the administration of the business and property of the association. He may further, at the expense of the association, obtain such security for the faithful performance of the duties of such assistant deputy commissioners, counsel, and other employees as he shall deem necessary. Appointments of special assistant deputy commissioners and counsel made pursuant to this subsection shall be evidenced by a writing signed by the commissioner and filed in the department.

The compensation of the special assistant deputy commissioners, counsel, and of all other persons engaged in the administration of the business and affairs of such association, shall be fixed by the commissioner, subject to the approval of the Court of Chancery as hereinafter provided, and shall, upon the certificate of the commissioner, be paid out of the funds of the association.

(6) Segregation and application of money paid after commissioner takes possession.

(a) All moneys, which shall be paid on any unpledged account or shares of an association after the commissioner has taken charge of such association and possession of its assets, shall be segregated from all other receipts, and held in trust, until the property and business of the association shall be returned to the management of its board, or until it shall merge, reorganize, or dissolve. Upon the happening of any of such events, such money shall, without any impairment whatever and at the option of each person who shall have paid the same either be repaid to him or credited to his account.

(b) All moneys, which shall be paid on any indebtedness due to the association, or on any

account which shall be pledged for the payment of any such indebtedness, after the commissioner has taken charge of such association and possession of its assets, shall be applied without impairment directly to the payment of such indebtedness.

(7) Effect of commissioner's possession on rights of third persons. Upon taking charge of an association and possession of its property, the commissioner shall give notice thereof forthwith to all persons holding or having possession of any assets of the association. No person having knowledge or notice that the commissioner has taken charge of an association shall thereafter acquire any lien upon any of the association's assets for any payment advanced, or clearance thereafter made. Upon taking charge of an association by the commissioner, all judgments, decrees, levies and executions against such association's property shall be stayed, unless otherwise ordered by the Court of Chancery.

(8) Financial statements by commissioner. At least annually, and upon the termination of his possession of the assets of an association, the commissioner shall submit a financial statement and report of the affairs of each association in his possession, or in liquidation by him to each of the members thereof. Such statement and report shall include a statement of assets and liabilities, a statement of operations, including an itemized statement of all fees and salaries paid to each special assistant deputy commissioner, agent and counsel of such association, and a statement showing the extent of the liquidation of its assets and the application of the proceeds thereof. The first such report shall be submitted to the members not later than one (1) year from the date when the commissioner takes possession, or in the case of an association in possession of the commissioner, when this act takes effect, not later than one (1) year from such effective date.

(9) Dissolution. Liquidation. Action by members. If the commissioner determines that it is for the best interests of the members and the public that the association be dissolved and liquidated, he shall after paying all claims which have been proved and allowed against the association, call a meeting of the members on ten (10) days' notice, stating the object thereof, at which the members shall determine whether the affairs of the association shall be managed and directed, during the liquidating period, by the commissioner or by three trustees, who shall be members and who shall be elected at such members' meeting. All questions submitted to the members at such meeting shall be decided by a majority of the votes cast, by person or by proxy.

Upon the adoption of such resolution by the members, the association shall be deemed to be dissolved and it shall be liquidated in accordance with the provisions of Article XIX. The commissioner or the trustees, as the case may be, shall have all the powers and duties conferred and imposed upon trustees by the provisions of Article XIX, and subject to such restrictions as may therein be contained.

(10) Appeal to court from commissioner's action. If when an association, of whose property and business the commissioner has taken possession as aforesaid, or any member thereof, deems itself or himself aggrieved by any act of the commissioner, or any failure of the commissioner to act, while he is in charge of the affairs of the association and in possession of its assets, the association or such member, may file a petition in the Court of Chancery for appropriate relief. The court, upon notice to the commissioner, shall hear and determine the matter in a summary manner and enjoin or compel further proceedings or action by the commissioner, and make such other order or decree as shall be equitable and just.

(11) Disposition of unclaimed funds due to members and creditors. Report to Legislature. If any

liquidating dividend due to any member or any amount due to any creditor, remains in the hands of the commissioner for a period of six (6) months after the date of the order for final distribution, such moneys shall be deposited by the commissioner in one or more State banks of deposit, savings banks, trust companies, or insured associations, to the credit of the commissioner, in trust for the persons entitled thereto. In the commissioner's annual report to the Legislature, he shall include a statement showing the amounts remaining in his hands due to members and creditors of associations which he has taken possession of and liquidated and the names of said associations, respectively. The commissioner may pay the moneys so held by him to the persons entitled thereto, upon receipt of satisfactory evidence of their right thereto. He may apply the interest earned by such moneys towards defraying the expenses of paying and distributing the unclaimed amounts to the persons entitled thereto, and shall include in his annual report to the Legislature, a statement showing the amount of interest earned by such unclaimed moneys.

(12) Liquidation and accounting by commissioner. On making application to the court for approval of expenses of administration as provided by subsection five, the commissioner shall file in the said court an accounting of the administration of the association's affairs from the date upon which possession thereof was taken, including an accounting of the administration of the association's affairs by the commissioner's predecessor or predecessors in office, where such possession was initially taken by such predecessor. Accountings subsequent to the first accounting filed pursuant hereto, shall be only for the period elapsed since the last prior accounting filed in the said court, but shall include a summary of the administration of the association's affairs for the period covered by prior accountings. Upon the filing of the application and the accounting, the court shall make an

order directing all members of the association and all claimants entitled to a distributive share of the proceeds of the association's liquidation to show cause, upon at least ten (10) days' notice, why the accounting should not be approved, and why the expenses of administration should not be allowed in the amounts determined by the commissioner. Copies of the order to show cause shall be mailed to members and claimants at their addresses as they appear on the association's records. Where it is made to appear to the court that the members and claimants are so numerous that service of the order to show cause upon each of them is impracticable or will impose unnecessary hardship, the court may by order designate individual members and other claimants to represent the respective classes of members and other claimants, and may direct that service of a copy of the order to show cause shall be made only upon the representatives so designated, and shall, in such case, direct that the order to show cause be printed once at least ten (10) days before the return day, in a newspaper published in the municipality in which the association has its principal office, and, if there be no such newspaper, then in a newspaper published in the place nearest thereto. Upon the return day of the order to show cause, the court shall have jurisdiction to hear and determine summarily all matters arising thereon, and shall make such decree thereon as justice and equity shall require. An appeal from a decree so made shall lie as in other cases in the Court of Chancery, provided such appeal is taken within thirty (30) days from the filing of the decree. Upon making complete distribution of the proceeds of the liquidation of any association, directed in an order of the Court of Chancery, made pursuant to the provisions of this subsection, the commissioner shall file in the Court of Chancery a statement of such distribution, and shall file in the department, a certificate that such statement has been filed, specifying the date of such filing. Upon the date of the filing of said certificate

in the department, the rights, privileges and franchises of said association shall be terminated. A copy of the certificate, certified by the commissioner, shall be evidence in all courts and places.

98. Proceedings in chancery upon commissioner's refusal to act. If the capital of an association becomes impaired, or if it suspends its ordinary business for want of funds to carry it on, and the commissioner refuses for a period of twenty (20) days after demand is made upon him by a creditor or member, to take charge of its operations and possession of its property, as hereinbefore provided, the Attorney-General, or any creditor or member of such association, may apply to the Court of Chancery, by petition, for appropriate relief. The court, upon due notice to the association and the commissioner, shall hear and determine the matter in a summary manner and upon being satisfied of the truth of the allegations of the petition, and that the capital of the association is impaired and that it cannot continue or resume the operation of its business in a short time thereafter with safety to its creditors and the public and advantage to its members, may issue an injunction to restrain the association, its officers and agents from exercising any of its privileges or any of its franchises and from collecting or receiving any money due to it and from paying out any of its money and from selling, assigning, transferring, or otherwise disposing of any of its assets, except to a receiver appointed by the court, and make such other orders and decrees as may be equitable and just. If the court appoints a receiver, he shall have the same powers and duties of a receiver appointed under the provisions of Title 14, Corporations, General, of the Revised Statutes of New Jersey.

99. Proceedings before commissioner.

(1) Review of commissioner's determination. Except as herein otherwise expressly provided, any association or member aggrieved by any determination, decision, or order of the commission or by

any failure of the commissioner to make any such determination, decision or order, may, within thirty (30) days thereafter apply for a review thereof by an application for a writ of certiorari to the New Jersey Supreme Court or by a petition to the Chancellor of New Jersey, in accordance with the respective practices of said courts.

The reviewing court shall determine de novo, and in a summary manner, all questions, both of fact and of law, touching upon the legality and the reasonableness of such determination, decision or order, and render such judgment, and make such orders and decrees as shall be lawful and just.

(2) Appearances before commissioner. Any person, who is required or permitted to appear before the commissioner as a party in any proceeding, shall appear in person, or by an attorney-at-law of this State.

(3) Evidence in proceedings before commissioner.

(a) Subpœnas. The commissioner shall have power to issue subpœnas to compel the attendance of witnesses and the production of documents, papers, books, records and other evidence, before him, or any deputy appointed to act for him, in any matter over which he has jurisdiction, control, or supervision. The commissioner, or any such deputy, shall have the power to administer oaths and affirmations to any person whose testimony is required.

If any person shall refuse to obey any such subpœna, or to give testimony, or to produce evidence as required thereby, any Justice of the Supreme Court may, upon application and proof of such refusal, make an order awarding process of subpœna, or subpœna duces tecum, out of the Supreme Court, for the witness to appear before the commissioner, or such deputy, and to give testimony, and to produce evidence as required thereby. Upon filing such order in the office of the Clerk of the Supreme

Court, the clerk shall issue process of subpœna, as directed, under the seal of said court, requiring the person to whom it is directed, to appear at the time and place therein designated.

If any person served with any such subpœna shall refuse to obey the same, and to give testimony, and to produce evidence as required thereby, the commissioner may apply to any Justice of the Supreme Court, for an attachment against such person, as for a contempt. The justice, upon satisfactory proof of such refusal, shall issue an attachment, directed to any sheriff, constable or police officer, for the arrest of such person, and upon his being brought before such justice, proceed to a hearing of the case. The justice shall have power to enforce obedience to such subpœna, and the answering of any question, and the production of any evidence, that may be proper, by a fine, not exceeding one hundred dollars (\$100.00) or by imprisonment in the county jail, or by both fine and imprisonment, and to compel such witness to pay the costs of such proceeding to be taxed.

(b) Perjury. Any person who, upon oath, shall willfully testify falsely in any proceeding before the commissioner, or any such deputy, shall be guilty of perjury.

(c) Witness fees and mileage. Witnesses subpœnaed to appear before the commissioner, or any such deputy, shall receive the same fees and mileage as witnesses in civil actions.

(4) Applications for commissioner's approval. In all cases where the commissioner's approval is required and no procedure for obtaining the same is specified, application therefor shall be made in writing and the commissioner shall, within thirty (30) days after receipt of such application, give written notice to the association either approving such application, when the same may be properly

disposed of ex parte, or designating a time and place when and where the commissioner will give opportunity to be heard thereon to the association, and to any party in interest who requests such opportunity. The commissioner may grant reasonable adjournments of such hearing. Within thirty (30) days after such hearing, or after the date designated therefor, if no one appears to be heard, the commissioner shall give written notice to the association of his decision, which notice shall state the reasons therefor, if the application is denied.

If the commissioner fails to give any such notice within the time prescribed therefor, such failure shall be construed as his approval of such application.

100. Requests for information by members.

(1) Application to association. Any member desiring information from his association may file with the association, an application therefor in writing, which shall state:

- (a) His full name and address.
- (b) The amount of the participation value of his account in the association.
- (c) The particular information which he seeks.
- (d) The purpose for which he seeks it.

(2) Appeal to commissioner. If the association shall fail to supply the information applied for within ten (10) days after receipt by it of said written application, such member may, within an additional ten (10) day period, apply to the commissioner for an order requiring the association to do so.

The application to the commissioner shall be in writing. It shall contain, or have attached thereto, a true copy of the application which was served upon the association, and shall state the date of such service. Within five (5) days after filing said affidavit with the commissioner, such member shall serve a true copy thereof upon the association.

The commissioner shall designate a time and place for a hearing upon such application, and give at least ten (10) days' written notice thereof, which may be sent by registered mail, to the association and the applicant. The date designated for the hearing shall be within thirty (30) days from the date of filing such application with the commissioner. The commissioner may grant reasonable adjournments of such hearing.

Within ten (10) days after the conclusion of such hearing, the commissioner shall determine whether the information is sought in good faith, and whether it will be for the best interests, not only of the applicant but of the association and its other members, that the application be granted. Upon such determination, the commissioner may refuse said application or grant the same in whole or in part and may impose such terms and conditions as he shall deem necessary or proper to protect the interests of the association and its other members.

True copies of the commissioner's determination, and the reasons therefor, and of the order based thereon, shall be sent by registered mail to the applicant and the association within five (5) days after it is filed in the commissioner's office.

(3) Procedure is exclusive. The procedure herein provided for obtaining information from an association, shall be exclusive; but application for a review of the reasonableness and legality of the commissioner's decision may be made in accordance with the provisions of this act.

101. Bookkeeping methods and accounting practices. The commissioner may adopt rules and regulations with respect to bookkeeping methods and accounting practices designed to produce safety of operation and each association and its officers and employees shall comply therewith.

ARTICLE XIII

MERGER

102. Procedure. Any two (2) or more associations located in the same or contiguous counties may, by the vote or written assent of two-thirds of the members of each association present in person or by proxy at separate meetings, merge into a single association, upon such terms as shall have been agreed upon by two-thirds of the board of each association, or, in the case of any association whose property and business are in the possession of the commissioner, upon such terms as shall be designated by the commissioner, notice of which terms shall have been given to each member of the associations in the calls for the meetings at which the proposed merger is to be considered by the members of the associations, or upon such modified terms as may be adopted at such meetings of members of the associations. Before the notice is mailed it shall be approved, as to form, by the commissioner. Members of the associations who do not attend the meetings or do not vote thereat shall, if the merger is so approved by the members, be deemed to assent to the merger. Notice of the meetings at which the proposed merger is to be considered shall be given by mail to the members of the associations at their addresses appearing on the books of the associations, not less than ten (10) nor more than twenty (20) days prior to the meetings. The terms of merger may provide that the business of the association into which or with which the other association or associations shall merge may be carried on at the place or places where the business of the association or associations so merged may have been carried on prior to the merger, subject to the limitations contained in section twenty-one of this act and for the exchange of accounts in the association or associations so merged for accounts of the same or a different class of the association into which the association or

associations shall be merged. Before a merger shall become effective the associations shall jointly certify to the commissioner that they have complied with all of the requirements of this section. The certificate shall be under the hands of the respective presidents and secretaries of the associations, except that the commissioner shall execute the certificate for any association whose property and business are in his possession. Within fifteen (15) days after the filing of said certificate with the commissioner, he shall determine whether the proposed merger is in the interest of the public and of the members of the merging associations, and approve or disapprove thereof in writing.

The approval of the commissioner of any merger shall be endorsed upon the certificate, which shall be recorded by the clerk of each county where the associations are located and filed with the department. Thereupon the merger shall take effect according to its terms and shall be binding upon all members of the associations so merging.

103. Effect of merger. Upon the merger of any association into another:

(a) Its corporate existence shall be merged into that of the other association, and all its rights, privileges and franchises, and its right, title and interest in and to all property of whatever kind, whether real, personal or mixed, and things in action, and every right, privilege, interest or asset of value or benefit then existing which would inure to it under an unmerged existence, shall be transferred to and vested in the association into which it has merged, without further act or deed and without any right or reversion. The last mentioned association shall have and hold the same in its own right as fully as the same was possessed and held by the merged association;

(b) Its rights, liabilities, obligations and relations to any person shall remain unimpaired, and the association into which it has been merged shall, by the merger, succeed to all the relations, obligations and liabilities, as though it had itself assumed

or incurred the same. No obligation or liability of a member in an association a party to the merger shall be affected by the merger, but the obligations and liabilities shall continue as they existed before the merger;

(c) A pending action or other judicial proceeding to which a merged association is a party shall not abate or be discontinued by reason of the merger, but may be prosecuted to final judgment, order or decree as if the merger had not been effected, or the association into which the other association has been merged may be substituted as a party to the action or proceeding, and any judgment, order or decree may be rendered for or against it that might have been rendered for or against the other association if the merger had not occurred.

ARTICLE XIV

FOREIGN ASSOCIATIONS

104. Application for admission. A savings and loan association of another State hereinafter designated as "foreign association" may be admitted to transact business in this State upon application to the commissioner for authority to transact business in this State and filing in the department the following:

(a) A duly authenticated copy of its charter or certificate of incorporation, its constitution and by-laws, and thereafter certified copies of all amendments thereto.

(b) The names and addresses of its officers and directors, and the compensation paid each officer.

(c) A report of its condition, verified by the oath of the officers and other persons designated by the commissioner, and in the form prescribed by him.

105. Admission by commissioner; prerequisites. If it appears to the commissioner by the report and an examination of the foreign association that it has good assets of sufficient value to cover all its liabilities; that its methods of doing business

are safe and not contrary to the laws governing associations of this State and that the association has complied with the further requirements of this article, it may be admitted to transact business in this State upon a certificate of authority issued by the commissioner.

106. Deposit of securities. Before issuing the certificate of authority, the commissioner shall require the foreign association to deposit with him such securities, amounting to at least one hundred thousand dollars (\$100,000.00), as he approves, to be held by him in trust for the exclusive benefit and security of the creditors and members of the association resident in this State. He may require it to deposit additional securities, and order a change in any of the securities so deposited at any time, and no change or transfer thereof shall be effectual without his assent. The deposit shall be maintained intact in the full sum required at all times, but the association making the deposit, so long as it continues solvent and complies with the provisions of this act applicable to it, may receive the dividends or interests on the securities deposited. It may, from time to time, with the assent of the commissioner, withdraw any of the securities on depositing with him other like securities; the cash value of which shall equal those withdrawn.

107. Attorney for service of process; manner of service. The certificate of authority shall be for the current year only and shall not be issued until the foreign association shall, by a duly executed instrument filed in the department, constitute the commissioner and his successors in office its true and lawful attorney, upon whom all original process in an action or legal proceeding against it may be served, and therein shall agree that any original process against it which may be served on the commissioner shall be of the same force and validity as if served on the association, and that the authority thereof shall continue in force irrevocable so long as any liability of the association remains outstanding in this State.

108. Transacting business without authority; penalty. If any such foreign association itself, or by its agents, attorneys, solicitors, surveyors, canvassers, collectors or other representatives of whatever designation or if any agent, attorney, solicitor, surveyor, canvasser, collector or other representative or any individual or firm, whether on behalf of the association or not, solicits, negotiates or in anywise transacts any business in this State except in the enforcement of contracts by legal process, without having complied with this act, the association and such persons shall respectively be liable in a penalty of two hundred and fifty dollars (\$250.00) and all costs of suit, to be sued for and collected in the name and for the benefit of the State, by the commissioner. The first process against any person may be by *capias ad respondendum*, and any person against whom judgment is obtained shall be committed to a county jail until the penalty and costs are paid.

109. Renewal of certificate of authority. The commissioner may refuse to renew the annual certificate of authority to do business in this State, if in his judgment the affairs of the foreign association are in an unsound condition, or its investments are illegal or unsafe, or its liabilities exceed its assets, or it is not complying with all the provisions of this act.

110. Annual report; penalty. Every such foreign association doing business in this State shall annually in the month of January file in the department a report of its condition at the close of business on December thirty-first last preceding and of its transactions for the year ending on that day, in such form and verified by such officers and other persons as the commissioner designates. The commissioner shall furnish blank forms for all reports required, and may call for additional reports at such other times as he deems expedient. If the association fails to file the annual report prior to February first, or to furnish the additional reports called for by the commissioner within such reason-

able time as he shall fix, it shall be liable in a penalty of two hundred and fifty dollars (\$250.00) and costs of action, to be sued for and collected by the commissioner in the name and for the benefit of the State.

111. Investment of funds. The funds received by any such foreign association from members in this State shall be invested only in the manner provided by law for associations of this State.

ARTICLE XV

INSURANCE OF ACCOUNTS BY FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

112. Filing copy of application and statement of acceptance or rejection. Each association which applies for the insurance of its accounts by the Federal Savings and Loan Insurance Corporation shall file with the commissioner within one week after its adoption, a certified copy of the resolution applying for such insurance adopted by its board or its members, and shall, further, within one week of the receipt by it of notice of acceptance or rejection by such corporation of such application file a statement of such acceptance or rejection in the office of the commissioner.

113. Terminating insurance. No such association shall terminate such insurance except after thirty (30) days' prior written notice thereof to the commissioner, unless the commissioner shall have waived such notice in writing.

114. Powers of commissioner not impaired; joint powers with insurance corporation. Nothing contained in this article shall be construed as repealing, modifying or impairing any powers, duties, rights or responsibilities of the commissioner in respect to any association organized under or subject to the provisions of this act; *provided, however*, that whenever the commissioner shall, pursuant to any of the provisions of this act, take possession of the property and business of an association whose members' or shareholders'

shares, accounts or investments have been insured by the Federal Savings and Loan Insurance Corporation, he shall forthwith give notice thereof in writing to the Federal Savings and Loan Insurance Corporation at Washington, D. C., by registered mail, a copy of which notice, with the original receipt of such mailing attached thereto, shall be filed in the department. At any time after such taking of possession, but not later than ten (10) days after the date of the mailing of such notice, the Federal Savings and Loan Insurance Corporation may file in the department its election in writing to assume and exercise or to decline the powers vested in it pursuant to the provisions of this section, and in default of its filing such election, it shall be deemed to have waived and declined to assume and exercise such powers. Upon its filing such election to assume and exercise such powers, the Federal Savings and Loan Insurance Corporation and the commissioner shall be vested jointly with the exercise of all the powers, duties and authority conferred and imposed upon the commissioner pursuant to section ninety-seven of this act. All acts done by the commissioner in administering the affairs of such association before the filing of such election by the Federal Savings and Loan Insurance Corporation shall be binding upon the Federal Savings and Loan Insurance Corporation; *provided, however*, that any exercise of the powers conferred by section ninety-seven (2) or of section ninety-seven (4) (h) of this act, any appointment, employment, hiring, retention, or compensation of legal or other personnel or assistance except as to service performed entirely before the filing of such election, and, except in the regular and ordinary course of business any sale or other disposition of assets and any compromise or release, shall require the approval of the Federal Savings and Loan Insurance Corporation to be effective, unless the Federal Savings and Loan Insurance Corporation shall decline to assume and exercise the powers conferred by this section. All notices, citations, plead-

ings or other documents, which under the provisions of said sections are authorized or required to be filed with or served on the commissioner, need only be filed with or served on the commissioner, but he shall promptly furnish the Federal Savings and Loan Insurance Corporation with a copy of each such notice, citation, pleading, or document filed with or served upon him, except where the Federal Savings and Loan Insurance Corporation shall waive or shall have waived, in writing, the furnishing of such copy; *provided, however*, that failure of the commissioner to furnish such copy shall not affect the validity of such filing or service. The Federal Savings and Loan Insurance Corporation shall have all the rights, privileges and powers conferred upon it by the Federal statutes now or hereafter enacted, and may make loans on the security of, or purchase at public or private sale, or at any receiver's sale, and, when purchased, may liquidate or sell, any part of the assets of the association, and, in the event of the purchase of any of such assets, it shall bid for and pay a fair and reasonable price. Whether or not the Federal Savings and Loan Insurance Corporation shall serve as aforesaid, whenever it shall pay or make available for payment the liabilities of any such insured association in liquidation which are insured by it, it shall be subrogated upon the surrender and transfer to it of any share, share account or account insured by it, with respect to such share, share account or account, but such surrender and transfer of such share, share account or account shall not affect any right which the transferor thereof may have in any portion of such share, share account or account which is uninsured or any right to participate in the distribution of the net proceeds remaining from the disposition of the assets of such insured association; *provided*, that the rights of the investors in, and creditors of, such insured association shall be determined in accordance with the applicable provisions of the laws of this State. Notwithstanding any other provision or provisions of the

law granting, governing, defining or limiting the powers or right of members to vote upon any question or issue whatsoever requiring the consent or approval of the members of the association by a vote of the majority or otherwise, the Federal Savings and Loan Insurance Corporation, whether or not it shall serve as aforesaid, shall be entitled, at any meeting or meetings of the association held after the commissioner takes possession of the business and property of the association, to cast one (1) vote for each member of the association whose shares, share account, or account is insured and who is not entitled by way of withdrawal or maturity rights to a sum greater than the maximum amount for which a single member may be insured by the corporation, and whose account has been paid, or made available for payment. The right to vote herein conferred shall be exercised by the corporation by any of its officers, or by such person or persons as its board of trustees may designate. All votes so cast by the corporation shall have the same effect and shall be considered for all purposes whatsoever as if severally and individually cast by the members of the association whose shares, share account, or accounts are insured as aforesaid, and who are severally entitled to a sum not greater than the maximum amount for which a single member may be insured by the corporation.

ARTICLE XVI

CONVERSION INTO FEDERAL ASSOCIATION

115. Procedure. Any association which is a member of a Federal Home Loan Bank may convert itself into a Federal association with the same force and effect as though originally incorporated as a Federal association.

(a) When, in the judgment of the board of such association, it shall be deemed advisable and for the interests of its members that the same shall be converted into a Federal association, as provided in this section, the board shall adopt a resolution to that effect.

(b) After the adoption of such resolution, a meeting of the members of the association shall be held upon not less than ten (10) days' written notice to the members by mail, postage prepaid, directed to their addresses appearing on the books of the association, which notice shall contain a statement of the time, place and purpose for which such meeting is called. Proof by affidavit of mailing of such notice shall be filed in the office of the commissioner before the time of such meeting.

(c) At a meeting of the members of any such association held as provided in paragraph (b) of this section, such members may by the affirmative vote of two-thirds of the members of the association present, either in person or by proxy, declare by resolution the determination to convert the association into a Federal association. A copy of the minutes of the proceedings of such meeting of the members, verified by the affidavit of the president or vice-president, and the secretary of the meeting, shall be filed in the office of the commissioner within twenty (20) days after the date of such meeting.

(d) Within three (3) months after the date of such meeting, the association shall take such action, in the manner prescribed or authorized by the laws of the United States as shall make it a Federal association, and there shall be filed in the office of the commissioner a copy of the charter issued to such Federal association by the Federal Home Loan Bank Board or a certificate showing the organization of such association as a Federal association, certified by the secretary or an assistant secretary of the Federal Home Loan Bank Board. Upon the granting to any association of a charter by the Federal Home Loan Bank Board, the association receiving such charter shall cease to be an association operating pursuant to this act and shall no longer be subject to the supervision and control of the commissioner.

116. Corporate existence continued upon conversion. Upon the conversion of any association into a Federal association, the corporate exist-

ence of such association shall not terminate, but such Federal association shall be deemed to be a continuation of the entity of the association so converted and all the property of the converted association, including all its right, title and interest in and to all property of whatsoever kind, whether real, personal or mixed, and things in action, and every right, privilege, interest and asset of any conceivable value or benefit then existing, belonging or pertaining to it or which would inure to it, shall immediately, by operation of law and without any conveyance or transfer and without any further act or deed, remain and be vested in and continue and be the property of the Federal association into which the State association has converted itself, and such Federal association shall have, hold and enjoy the same in its own right as fully and to the same extent as the same was possessed, held and enjoyed by the converting association; and such Federal association, as of the time of taking effect of such conversion, shall continue to have and succeed to all the rights, obligations and relations of the converting association. Pending actions, and other judicial proceedings to which the converting State association is a party shall not be deemed to have abated or to have discontinued by reason of such conversion, but may be prosecuted to final judgment, order or decree in the same manner as if such conversion into such Federal association had not been made, and such Federal association resulting from such conversion may continue such action or other judicial proceeding in its corporate name as a Federal association, and any judgment, order or decree may be rendered for or against it, which might have been rendered for or against the converting State association theretofore involved in such judicial proceedings.

117. Conversion from Federal to State charter; procedure. Any Federal association may convert itself into an association of this State with the same force and effect as though originally incor-

porated under this act, and the proceedings to effect such conversion shall be as follows:

(a) When in the judgment of the board of such Federal association it shall be deemed advisable and for the interests of its members that the same shall be converted into an association of this State, the board of directors shall adopt a resolution to that effect.

(b) After the adoption of such resolution, a meeting of the members of the association shall be held upon not less than ten (10) days' written notice to the members by mail, postage prepaid, directed to their addresses appearing on the books of the association, which notice shall contain a statement of the time, place and purpose for which such meeting is called. Proof by affidavit of mailing of such notice shall be mailed to the Federal Home Loan Bank Board before the time of such meeting.

(c) At a meeting of the members of any such Federal association held as provided in paragraph (b) of this section, such members may by the affirmative vote of two-thirds of the members present either in person or by proxy, declare by resolution the determination to convert the association into an association of this State. A copy of the minutes of the proceedings of such meeting of the members, verified by the affidavit of the president or vice-president, and the secretary of the meeting, shall be filed in the office of the commissioner and mailed to the Federal Home Loan Bank Board, within ten (10) days after the date of such meeting.

(d) Within thirty (30) days after the date of the meeting held as provided in paragraphs (b) and (c) of this section, a majority of the board of such Federal association shall subscribe, acknowledge and deposit with the commissioner in duplicate, a certificate which shall contain:

1. The name of the association, which shall not be so nearly like that of any other association as to deceive the public, and the words "savings and loan association" shall form a part thereof;

2. The municipality where it is to be located and its business transacted, which shall be within this State;

3. A statement that it is to operate as an association pursuant to this act for the purposes stated herein;

4. The name, residence, occupation and post-office address of each officer and director;

5. Application for the approval of the commissioner to the conversion of said association into an association of this State.

118. Approval by commissioner; filing of certificate; corporate existence continued. Upon the filing with the commissioner of the certificate as provided in paragraph (d) of section one hundred and seventeen of this act and before approving the conversion of any Federal association into an association of this State, the commissioner shall determine, as a result of an examination or otherwise, that the assets of such association have a sound value at least equal to the capital of the association, plus all creditor obligations; that such association will function normally after conversion and that it will earn and be able to pay regularly a reasonable dividend; and upon such determination, and upon compliance by the association with such requirements or conditions as the commissioner may prescribe, and not later than three (3) months from the date of the members' meeting held as provided in paragraphs (b) and (c) of section one hundred and seventeen of this act, the commissioner shall endorse his consent to the conversion of such Federal association into an association upon the certificates filed in accordance with paragraph (d) of section one hundred and seventeen of this act, one of which certificates shall remain on file in the office of the commissioner and the other shall be recorded by the clerk of the county where the association is located. Within ten (10) days thereafter, a copy of said certificate certified by the commissioner, shall be mailed to the Federal Home Loan

Bank Board. Upon the filing of such certificate in the office of the commissioner the association shall cease to be a Federal association and shall no longer be subject to the supervision and control of the Federal Home Loan Bank Board.

Upon the conversion of any Federal association into an association of this State, the corporate existence of such association shall not terminate, but such association of this State shall be deemed to be a continuation of the entity of the association so converted, and all property of the converted association, including its right, title and interest in and to all property of whatsoever kind, whether real, personal or mixed, and things in action, and every right, privilege, interest and asset of any conceivable value or benefit then existing belonging or pertaining to it or which would inure to it, shall immediately by act of law and without any conveyance or transfer and without any further act or deed, remain and be vested in and continue and be the property of such association of this State into which the Federal association has converted itself, and such association of this State shall have, hold and enjoy the same in its own right as fully and to the same extent as the same was possessed, held and enjoyed by the converting association, and such association of this State as of the time of the taking effect of such conversion, shall continue to have and succeed to all of the rights, obligations and relations of the converting association. Pending actions and other judicial proceedings to which the converting Federal association is a party shall not be deemed to have abated or to have discontinued by reason of such conversion, but may be prosecuted to final judgment, order or decree in the same manner as if such conversion into such association of this State had not been made and such association of this State resulting from such conversion may continue such action in its corporate name as an association of this State and any judgment, order or decree may be rendered for or against it, which might

have been rendered for or against the converting Federal association theretofore involved in such judicial proceedings.

ARTICLE XVII

FEES AND CHARGES

119. Fees and charges. Every association of this State shall pay, on filing its annual report or any certificate required to be filed in the office of the commissioner, five dollars (\$5.00).

Every foreign association shall pay filing fees as follows:

Certified copy of its charter or certificate of incorporation, twenty dollars (\$20.00).

Original and annual reports, twenty dollars (\$20.00).

Certificate of authority, annually, two hundred and fifty dollars (\$250.00).

Certificate for each agency, ten dollars (\$10.00).

Every association of this State and every foreign association shall defray all expenses incurred in making an examination of its affairs as herein provided, and the commissioner may maintain an action, in the name of the State, against the association, for the recovery of the expenses, in a court of competent jurisdiction.

120. Payment of commissioner's expenses. The necessary expenses incurred by the commissioner in carrying out the provisions of this act, when not otherwise provided for, shall be paid out of the fees collected as herein provided.

ARTICLE XVIII

REORGANIZATION

121. Associations may reorganize. Any association may reorganize in the manner in this article set forth.

122. Action by board. The board of any association may at a meeting called for that purpose adopt a plan of reorganization of such association.

Two copies of such plan, signed by the president or a vice-president and by the secretary or treasurer shall be submitted to the commissioner.

123. Action by commissioner. If the commissioner shall determine by an examination, or in any other manner:

(a) That the association's liability to members, creditors and for unpaid taxes, exceeds the fair value of its assets; or

(b) That the association is in an unsound condition because the amount of real property owned by it is excessive in proportion to its other assets; or

(c) That the aggregate amount owing to the association on defaulted mortgages is excessive; and

(d) That the adoption of such plan of reorganization will remedy the conditions affecting the association and be beneficial to its members and creditors and to the community in which its office is located, he shall endorse his approval thereon.

One copy so endorsed shall remain on file with the commissioner and the other shall be returned by the commissioner to the association.

124. Action by members. After such approval, the proposed plan shall be submitted to the members of such association at an annual meeting, or at a special meeting called for the purpose of considering and voting upon such plan. At any such meeting, members may vote in person or by proxy. At least ten days' written notice of such meeting shall be mailed to each member. At least twenty (20) days before such meeting, a copy of such notice shall be published, at least once in a newspaper published in the municipality in which such association has its principal office, and if there be no such newspaper, then in one published and circulating in the county in which such principal office is located.

If at such meeting, or at any adjournment thereof, the majority of the votes cast are in favor of such plan, a certificate thereof, signed by the president, or a vice-president, and by the secretary or treasurer, of such association shall be filed with the

commissioner and thereafter such association may proceed to reorganize in accordance with the provisions of such plan.

125. Objections to plan. Any member desiring to dissent from such plan shall file a petition of dissent in the Court of Chancery in a cause to be entitled "In the Matter of the Reorganization ofAssociation"; the blank to be supplied with the name of the association. Such petition shall set forth the respects in which the petitioner dissents from such plan, and the grounds therefor, and shall be filed at least five (5) days prior to the day appointed for the meeting of the members to consider and vote upon such plan. No such petition shall be filed unless it shall have endorsed thereon, or attached thereto, a proof of service of a copy thereof upon such association.

Upon the filing of such petition, the court shall hear and dispose of the matter summarily. If the court shall find that the plan is equitable and fair, it shall make an order approving said plan and dismissing said petition, and thereupon the proposed plan shall be binding upon the dissenting member as fully to all intents and purposes as if he had filed no dissent thereto. If the court shall find that said plan is inequitable or unfair, it shall make an order disapproving said plan and thereafter such association shall not proceed with the proposed reorganization unless and until such order is modified or vacated. No order disapproving any such plan shall prevent an association from proceeding to reorganize in pursuance of the terms of a new or modified plan, either by further proceeding in the cause then pending, upon such notice to the members and the commissioner as the court shall direct, or by proceeding in accordance with the provisions of this article, in the same manner as if no previous reorganization proceeding had occurred. All members shall be conclusively presumed to have assented to such plan unless they dissent therefrom as herein provided.

126. Appeal. Any person aggrieved by any order of the Court of Chancery made pursuant to the provisions of this article may appeal therefrom to the Court of Errors and Appeals within twenty (20) days from the date of the filing of the order appealed from. For the purposes of this section "persons aggrieved" shall include the association, the commissioner, and any member who shall have filed a petition of dissent, or participated as a dissenter in the proceedings in the Court of Chancery.

127. Provisions authorized in reorganization plan. Without limiting the generality of the methods by which an association may reorganize, any plan of reorganization may provide:

(a) For reorganization under the existing name of the association, or under a different name.

(b) For the date upon which the reorganization shall become effective. If the plan fails to designate an effective date, the effective date shall be the date upon which the certificate of the adoption of the proposed plan by the members of the association is filed with the commissioner; *provided, however*, that if a petition of dissent from said plan has been filed in the Court of Chancery, the effective date of reorganization shall be fixed by an order of said court.

(c) For the crediting of the participation value of accounts pledged to secure loans against the amount due on such loans.

(d) For the cancellation of applications for withdrawal on file with the association on the effective date of reorganization.

(e) For the transfer of the title to such assets of the association as may be determined by the board with the approval of the commissioner to a corporation, to be organized pursuant to the provisions of this article, for the sole purpose of liquidating such assets in an orderly manner, and distributing the proceeds thereof.

(f) For the transfer of title to such assets of the association as may be determined by the board, with the approval of the commissioner, to a partici-

pating reserve account, to be set up on the books of the association, for the purpose of liquidating such assets in an orderly manner and distributing the proceeds thereof.

(g) For the transfer of title to such assets as may be determined by its board and approved by the commissioner to another association, which may or may not be a new association organized in accordance with the provisions of section one hundred and twenty-nine of this act or to a Federal savings and loan association which has its principal office in this State. Upon the completion of such transfer of title, and the recording and filing of the certificate required by section one hundred and thirty-five of this act, the association shall be constituted a liquidating corporation within the meaning of this article.

(h) For the exchange of accounts, membership certificates and share certificates in the association for accounts, membership certificates or share certificates in any association to which the title to any of the association's assets may be transferred.

(i) For the reduction of the liability of the association to its members to the extent required to meet actual or anticipated losses, and to create a reserve for such purposes.

(j) For the manner in which the expenses of reorganization shall be paid.

(k) For the borrowing of money necessary or convenient to effect the reorganization without limit as to amount or source, and for the terms and security for the repayment thereof.

(l) For the suspension of the payment of withdrawals and maturities, and for the segregation of moneys received by the association from members, except moneys paid in reduction of debts due to the association, for the period beginning with the adoption by the board of the resolution to reorganize, and ending with the date when the reorganization plan is rejected or takes effect. If the reorganization plan becomes effective, the moneys received during said period from savings members shall be

credited to the accounts of such members without decrease or impairment for any cause. If for any reason said reorganization plan does not become effective, the amount so paid by savings members shall, at the option of the members who have paid them, be returned to them in cash or credited to their accounts without decrease or impairment. Moneys paid during said period by members indebted to the association, shall be credited without decrease or impairment in reduction of such indebtedness.

(m) That, if the association shall transfer title to any of its assets as authorized by subdivisions (e), (f) and (g) of this section, it may either charge off against the value of the assets so transferred, or transfer together with such assets, to the association or to the participating reserve account which receives the same, such part of its reserve accounts as the plan of reorganization shall provide.

128. Liquidating corporation.

(1) Creation. Each liquidating corporation created pursuant to the provisions of section one hundred and twenty-seven (e) of this act shall be created by executing, recording and filing a certificate of incorporation which shall set forth:

(a) The name of the liquidating corporation, which may or may not be the same as that of the reorganizing association with the addition of the words "liquidating corporation";

(b) The location of its principal office and the name and address of its agent in charge thereof upon whom process may be served;

(c) That the purpose for which the corporation is formed is to liquidate the assets which are transferred to it pursuant to the provisions of this article.

Said certificate shall be signed by a majority of the board of the reorganizing association as incorporators. It shall be proved or acknowledged in the same manner as provided for deeds for real property, and shall be recorded

in the office of the clerk of the county where the principal office of the corporation is to be located, and after being so recorded shall be filed with the commissioner; *provided, however*, no such certificate of incorporation shall be recorded or filed until the commissioner has approved the same as to form and endorsed his approval thereon. For the filing of such certificate, the commissioner shall receive thirty-five dollars (\$35.00).

(2) Purposes and powers. Upon the recording and filing of such certificate, the incorporators and their successors and assigns shall be a corporation for the sole purpose of liquidating, promptly and in an orderly manner, all assets which shall be transferred to it and of distributing the proceeds thereof.

Each such corporation shall have all powers necessary to accomplish such liquidation and distribution including, but not by way of limitation, those specified in section one hundred and forty-two in this act. The provisions of sections one hundred and forty-one, one hundred and forty-four, one hundred and forty-five, one hundred and forty-six, one hundred and forty-seven and one hundred and fifty of this act shall apply to such corporation.

(3) By-laws. The incorporators shall adopt appropriate by-laws with the approval of the commissioner.

(4) Membership. The original members of each such corporation shall be those who were members of the association which transferred assets to such association pursuant to section one hundred and twenty-seven (e) of this act at the time of such transfer. The incidents of membership in such corporation shall be the same as the incidents of membership in an association.

(5) Directors. Each such corporation shall have a board of directors consisting of not less than six (6) persons, of such number as its by-laws shall prescribe, all of whom shall be members. They

shall elect a president, vice-president, secretary and treasurer and such other officers as they shall deem necessary, all of whom shall be members of the corporation. The election of officers and directors and their terms of office shall be subject to the provisions of this act relating to officers and directors of an association. The board may exercise all of the powers of the corporation not expressly reserved to its members by the provisions of this act and its by-laws. The terms and conditions of the sale of any property of any such corporation shall be determined by a majority of its board.

(6) Creditors. Claims barred. The corporation shall give public notice that all persons having claims against any association whose assets have been transferred to it pursuant to section one hundred and twenty-seven (e) of this act shall present such claims under oath at the corporation's office within three (3) months of the date of such notice or be barred, forever after, from any action therefor. Such notice shall be advertised at least once each week for twelve (12) successive weeks in at least two newspapers published in the county in which each such association has its principal office and shall bear the date of the day of the first publication. Within ten (10) days after date of such notice, a copy thereof shall be mailed to each creditor or other person who is known to have any claim against such association, addressed to his last known post-office address. Proof of such publication and mailing shall be filed with the commissioner. If the corporation disputes all or any part of any claim which is duly presented to it, and gives written notice of such dispute to the claimant, his attorney, or agent, such claimant shall institute suit thereon within thirty (30) days from the receipt of such notice or be barred, forever after, from any action therefor.

The provisions of this subdivision shall not be applicable to or in any way affect any indebtedness on account of any loan made to an association to enable it to effect a reorganization or sale of its as-

sets, and any such indebtedness shall become and be an indebtedness of such corporation; and any obligation evidencing such indebtedness, any mortgage, assignment of mortgage or other document securing such obligation and any agreement with respect to any such indebtedness shall become and be binding upon such corporation and upon its assets with like force and effect as if originally incurred by such corporation.

(7) Jurisdiction of Court of Chancery. Each such corporation or its board may apply to the Court of Chancery for instructions with respect to any matter pertaining to the liquidation of its assets, the distribution of the proceeds thereof, and the settlement of its affairs. Upon petition filed with the court for that purpose, and upon such notice, if any, to creditors, members and the commissioner, as the court shall direct, the court may proceed in a summary manner to hear and determine the matters presented to it and make such order or decree as shall be equitable and just. No such petition for instructions shall confer upon the Court of Chancery general jurisdiction over the affairs of such corporation.

(8) Termination of corporate existence. Within ninety (90) days after the affairs of each such corporation shall have been fully settled and its assets liquidated and the proceeds thereof distributed, or within such further time as the commissioner may allow, it shall file with the commissioner a certificate, verified by at least two (2) of its officers, that the affairs of said corporation have been finally settled and its assets liquidated and distributed, and if the commissioner as a result of an examination or otherwise, is satisfied that the contents of the certificate are true, he shall so endorse the said certificate, and thereupon the said corporation shall be dissolved and its corporate existence terminated.

129. New association to continue business. Each new association which is created in accordance with the provisions of section one hundred and twenty-seven (g) of this act shall be created by executing,

recording and filing a certificate of incorporation which shall set forth:

(a) The name of the association which shall contain the words "savings and loan association."

(b) The name of the municipality in this State where the association's office for the transaction of its business will be located.

(c) That it is incorporated to operate as an association pursuant to this act for the purposes herein stated.

(d) The names, residence (including street and number, if any), post-office addresses and occupations of at least nine (9) members of the association or associations whose assets are to be transferred to it and who shall be its incorporators.

Such certificate of incorporation shall be proved or acknowledged in the same manner as provided for deeds for real property, and recorded in the office of the clerk of the county where the principal office of the association is to be located, and after being so recorded shall be filed with the commissioner; *provided, however*, no such certificate of incorporation shall be recorded or filed until the commissioner has approved the same as to form and endorsed his approval thereon. Said certificate or a copy thereof, duly certified by the commissioner or by the clerk of the county where the same is recorded, shall be evidence in all courts and places. Upon the recording and filing of such certificate, the persons so associated, their successors and assigns, shall from the date of such filing be an association by the name set forth in the certificate, with all of the powers mentioned in this act. The provisions of sections twelve, thirteen, fifteen, sixteen, seventeen, eighteen, nineteen and twenty of this act shall not apply to associations incorporated under the provisions of this section.

130. Participation certificates; rights of holders. Each member shall receive a participation certificate evidencing his pro rata interest in all assets which are to be liquidated pursuant to the provisions of section one hundred and twenty-seven (e),

(f) and (g) and section one hundred and thirty-four (2) of this act.

The aggregate amount of the participation certificates issued with respect to assets to be liquidated shall equal the value of such assets. Such assets shall be liquidated for the sole benefit of the persons holding participation certificates therein.

The net income from such assets and the proceeds received from the liquidation thereof, shall be first applied to the payment of debts and obligations and the expenses of liquidation, including the repayment of such moneys, if any, as may have been advanced by an association to maintain and conserve such assets as it may have transferred to a participating reserve account pursuant to section one hundred and twenty-seven (f) of this act and the balance thereof shall be distributed and paid pro rata to the persons holding participation certificates therein.

Participation certificates may be transferred separate and apart from any share or membership certificate.

Only those assets against which participation certificates are issued shall be answerable for the payment of such certificates. If the aggregate amount realized on the ultimate liquidation of such assets is insufficient to satisfy in full the participation certificates issued against them, the deficiency shall be borne pro rata by the holders of such certificates and such holders shall have no right to recover such deficiency from the association issuing such certificates.

131. Accounts issued for assets transferred. Each association to which assets shall be transferred pursuant to section one hundred and twenty-seven (g) of this act shall issue its accounts accompanied by membership or share certificates of the type determined by the reorganization plan to the members of the reorganizing association pro rata, in an aggregate amount equal to the value of the assets transferred to it.

132. Associations in possession of the commissioner may reorganize. Any association, which is in the possession of the commissioner or upon which the commissioner has served notice that he will take possession, may reorganize in accordance with the provisions of this article. If the commissioner is in possession of an association he may, in his discretion, initiate the plan for reorganization and give the required notice to, and conduct the required meeting of, the members.

133. Refusal of commissioner to take possession is not implied. No action by an association looking toward its reorganization under the provisions of this article, nor any order made by the Court of Chancery in a proceeding incidental thereto, or any act or failure to act by the commissioner pursuant hereto, shall be construed as a demand upon and as a failure or refusal by the commissioner to take possession of such association within the meaning of section ninety-eight of this act.

134. Bulk transfers.

(1) Bulk transfers authorized. Any association may with the written approval of the commissioner, transfer, sell, or exchange in bulk and not in the regular and usual course of its business, all or any part of its assets, including its name and good will, to any other association; and accept as consideration therefor, cash and accounts or either of them, of the purchasing association upon such terms as may be determined by the vote of a majority of the board of such association and by a majority of the votes cast by the members of such association, present in person or by proxy, at any annual meeting or at any special meeting called for that purpose. At least ten (10) days' notice of any such members meeting shall be mailed to each member and shall state the matter to be acted upon. The consideration received for such bulk transfer, sale or exchange shall be applied to the payment of the association's debts and the discharge of its liabilities and the balance thereof shall be distributed to its members pro rata.

(2) Dissolution and liquidation following bulk transfer. If such bulk transfer, sale or exchange shall include all or substantially all of the assets of an association or all or substantially all of its mortgage assets the association shall thereupon be dissolved and shall liquidate and distribute its remaining assets as follows:

Its members, by a majority of the votes cast in person or by proxy at the meeting at which the bulk transfer sale or exchange is approved, shall determine whether the association shall be managed and directed during liquidation by its board in accordance with the provisions of section one hundred and thirty-five of this act or by trustees in accordance with the procedure prescribed in Article XIX of this act.

If such members determine to liquidate by trustees, they shall elect trustees, at the same meeting, in accordance with the provisions of section one hundred and thirty-seven of this act.

135. Certificate of transfer of assets. Resultant liquidating corporation. Whenever any assets of an association are to be liquidated as provided in section one hundred and twenty-seven (g) of this act or by the board of an association, as provided in section one hundred and thirty-four (2) of this act, the association shall, within ten days after the transfer of assets has been made, make a certificate which shall state:

- (a) That such transfer of assets has been made.
- (b) The section of this act pursuant to which such transfer was made.
- (c) The name of the association which made the transfer. The name by which the transferring association shall thereafter be known, which may be the same as that of the transferring association, with the addition of the words "liquidating corporation."
- (d) The name of the association to which the assets were transferred.
- (e) The address, including street and number, of the principal office of the transferring associa-

tion and the name of the agent in charge thereof upon whom process may be served.

Such certificate, executed and acknowledged or proved in the manner required for deeds to real property, shall be recorded in the office of the clerk of the county in which the transferring association has its principal office and a copy thereof shall be filed with the commissioner and thereupon the association shall become a liquidating corporation for the sole purpose of liquidating promptly and in an orderly manner all its remaining assets and of distributing the proceeds thereof.

The board may act under the by-laws of the association except where they are inconsistent with the purposes of the corporation and otherwise the corporation and its directors shall have the powers and duties and be subject to the limitations and restrictions provided in section one hundred and twenty-eight of this act for liquidating corporations.

136. Power to acquire assets. Any association may accept assets from another association which reorganizes in accordance with the provisions of section one hundred and twenty-seven subdivision (g) of this act or may purchase assets from another association which sells all or part of its assets in accordance with section one hundred and thirty-four of this act for such consideration and upon such terms and conditions as its board determines and the provisions of Article X of this act shall not apply to such transactions.

ARTICLE XIX

DISSOLUTION AND LIQUIDATION

137. Dissolution. Action by the board and the members. Trustees. Commissioner's approval. Any association may be dissolved as follows: Its board may adopt a resolution declaring that in its opinion it is advisable and for the best interests of its members that it be dissolved, its business and affairs wound up and its assets liquidated and distributed. Such resolution shall fix the time and

place for a meeting of the members to take action thereon. Notice of the adoption of such resolution, and of the time, place and object of such members' meeting shall be mailed to each member at least ten (10) days prior to the date fixed for such meeting. The meeting may be adjourned from time to time. If two-thirds in interest of the members present at the members' meeting shall favor dissolution and liquidation, the members shall then elect, at said meeting, three (3) trustees to manage and direct the affairs of the association during liquidation. Said trustees may exercise, in the name of the association, any and all of its powers except those which may be expressly reserved to its members by the provisions of its by-laws or this act. More than three (3) trustees may be elected if the commissioner consents thereto in writing. The candidates receiving the highest number of votes shall be declared elected. No person who has served as an officer, director, attorney or employee of such association prior to the date of the election of the trustees, shall be elected a trustee unless prior to such election there shall have been filed with the association the approval by the commissioner of such person's candidacy for trustee. No person who is indebted to the association shall be eligible for election as trustee. Each trustee shall be a member of the association. Members may vote at such meeting in person or by proxy.

Within five (5) days after such members' meeting, the association shall file with the commissioner, a certificate signed by its president and secretary which shall state the name of the association; the dates upon which its board and its members met and acted with respect to dissolution and liquidation; the names and addresses of the persons who were elected as trustees; and that attached thereto are true copies of the resolutions adopted at said meetings of the board and of the members respectively, with respect to dissolution and liquidation, and of the notice mailed to members, together with proof of mailing thereof.

Within five (5) days after said certificate and the documents required to be attached thereto shall have been filed with the commissioner, he shall determine whether the proceedings certified to therein have been taken in accordance with the provisions of this section, and if he is satisfied that they have, he shall forthwith date and issue to the association a certificate of dissolution and thereupon the association shall be dissolved and proceed to liquidate as herein provided.

138. Definition of liquidation. As used in this act, liquidation shall include the winding up and settlement of the business and affairs of an association, the liquidation of its assets, the payment and satisfaction of its debts and obligations and the expenses of its liquidation, the distribution of its surplus assets to its members pro rata and the management and direction of its affairs during the liquidating period.

139. Continuation of corporate existence. After dissolution, an association shall continue to be a body corporate and retain title to all its real and personal property for the purpose of liquidation but not for the transaction of further business as a going concern.

140. Trustees. Bonds. Removal. Successors. Action by majority. Each trustee before entering upon his duties, shall file with the commissioner a bond to the association in such sum as the commissioner shall fix, conditioned for the faithful performance of his duties.

The Court of Chancery may remove any trustee for cause, upon the application of the commissioner, and may appoint a trustee to serve in the place of any trustee who fails to qualify or whose office as trustee becomes vacant for any cause. No person, other than a member of the association, shall be appointed as a trustee for such association unless it appears to the court that no member, qualified to act, will do so. In the event that a trustee is removed, dies or fails to qualify after election as such, the acts of the remaining trustees

shall be valid and effectual until the vacancy is filled.

The trustees shall act by a majority vote and the signatures of a majority of them to any deed or other document shall suffice.

The trustees shall apply to the Chancellor for approval of any account filed by them and for their compensation and discharge. They shall have the powers of receivers as provided in Revised Statutes 14:14-11 and 12. The provisions of Revised Statutes 14:14-11 shall apply to persons refusing to be sworn, to answer questions, or to declare the whole truth.

141. Liquidation period. Extension. All liquidation proceedings hereafter commenced shall be completed within five (5) years from the date of dissolution or within such further time as may be allowed by the Court of Chancery or by the members at any meeting which shall be called for that purpose upon at least ten (10) days notice to every member.

142. Powers. Every dissolved association shall have all powers necessary to accomplish its liquidation promptly, efficiently and completely, including, but not by way of limitation, the following:

(a) To employ, retain, and reasonably compensate agents, employees and attorneys.

(b) To sue and be sued.

(c) To acquire title in any manner to any real or personal property in which it has any interest, or in settlement, satisfaction or payment in whole or in part, of any claim.

(d) To enforce all lawful claims, demands, rights, remedies, and liens against persons and property.

(e) To collect all money due to it.

(f) To compromise and settle all claims by or against it.

(g) To sell or otherwise dispose of any asset upon any reasonable terms and conditions.

(h) To rent, manage, conserve and protect any asset.

(i) To accept any member's account in such association, at such value as the trustees may place thereon, in payment of not more than twenty-five per centum (25%) of the purchase price of any real estate. A higher percentage of the purchase price may be paid in such manner with the approval of the Court of Chancery.

(j) To execute all contracts, deeds, leases, mortgages, assignments, or other documents or writings necessary or incidental to the exercise of any of its powers.

(k) To borrow money and pledge any asset as security for the repayment thereof. No service charge or bonus for procuring any such loan shall be paid, but this prohibition shall not apply to ordinary and reasonable legal and search fees.

(l) To apply to the Chancellor for instructions with respect to any of its powers and duties, but, without obligation to do so.

143. Creditors. Claims barred. The association shall give public notice that all persons having claims against it, shall present them under oath, at the association's office, within three (3) months from the date of such notice, or be barred, forever after, from any action therefor. Such notice shall be advertised at least once each week for twelve (12) successive weeks, in at least two newspapers published in the county in which the association has its principal office, and shall bear the date of the day of the first publication. Within ten (10) days after the date of such notice a copy thereof shall be mailed to each of the association's creditors addressed to his last known post-office address. Proof of such publication and mailing shall be filed with the commissioner.

If the association disputes all or any part of any claim which is duly presented to it, and gives written notice to such dispute to the claimant, his attorney, or agent, such claimant shall institute suit thereon within thirty (30) days from the receipt of such notice or be barred forever after, from any action therefor.

144. Application of participation value to indebtedness. The participation value, at the date of dissolution of an association, of any account in such association which is pledged as security for the payment of any indebtedness to such association, shall be applied to the payment of such indebtedness.

145. Sinking fund mortgages. Extension of time for payment. Any owner of land, which is subject to a sinking fund mortgage held by an association which has been dissolved, may apply in writing to such association, within ninety (90) days after the date of its dissolution, for an extension of time, not exceeding five years from the date of said dissolution, within which the amount due upon such mortgage, and the obligation accompanying the same, shall be paid. The association shall grant such request, provided that:

(a) There shall be no existing default in the performance of the terms and conditions of said mortgage and obligation; and

(b) The applicant shall agree to perform all of the other terms and agreements of said mortgage and obligation; and

(c) The applicant shall agree to pay monthly, in reduction of the principal sum due on said mortgage and obligation, such amount as the association shall require, not exceeding, however, one per centum (1%) of the amount of the original loan secured by said mortgage. Such amount shall be applied first to the payment of interest and other lawful charges, and the surplus to the reduction of the principal. Nothing herein contained shall prevent the association and the applicant from agreeing upon the payment of larger monthly payments.

If, at the date of said dissolution, any default has existed for more than two (2) months in the performance of any of the terms and conditions of said mortgage and obligation, the application for extension of time may be refused, or granted upon such terms as the association may prescribe.

The provisions of this section shall not be construed to prevent an association in liquidation from making any compromise which it is otherwise authorized to make.

146. Notice to sinking fund mortgagors. Within thirty (30) days after the date of its dissolution, the association shall mail to each owner of land, which is subject to a sinking fund mortgage held by such association, a notice stating that the association has dissolved and will liquidate; the date of its dissolution; and that applications for the extension of the time for payment of such mortgage loans may be made in accordance with the provisions of section one hundred and forty-five of this act. A copy of section one hundred and forty-five shall be enclosed with each such notice.

147. Commissioner's jurisdiction. Each association in liquidation shall remain subject to the jurisdiction and supervision of the commissioner.

148. Accounting by trustees. Examination by commissioner. Report to members. Notice to creditors. Appeals. At least annually, unless the commissioner, for good cause, extends the time therefor, and at such other times as the commissioner may require, the trustees of an association in liquidation shall file in the Court of Chancery a true report and account of their administration of the assets and affairs of the association and simultaneously therewith, shall file a copy thereof with the commissioner. The commissioner shall, personally, or by one or more examiners designated by him, audit each such report and account and make such examination of the affairs of the association, including a verification of members' accounts, as shall be required in such audit. If, as a result of such audit and examination the commissioner shall find that such report and account is correct, he shall report accordingly to the court and the court shall thereupon, without further inquiry or verification, approve and allow such report and account. If the commissioner shall find, by such audit and examination or in any other man-

ner, that said report and account or either of them is incorrect, or that the trustees have violated any provision of this act, or that the affairs of the association have been mismanaged, he shall report accordingly to the court, and the court shall thereupon, upon motion of the commissioner or upon its own motion, upon notice, make such inquiry and order in the interest of the members and creditors of the association as shall be equitable and just. The commissioner shall receive for all services performed by him pursuant to the provisions of this article, the fees which are fixed by law for like services performed by him in connection with associations not in dissolution and liquidation.

At least ten (10) days before the filing of each trustees' report and account, a report of the operations of the association for the period of the accounting in the form which is provided for associations not in dissolution, shall be mailed to each member. Said report shall state the time and place when and where the report and account will be filed and the amount of the allowances for compensation which the trustees will apply for. Proof of the mailing of said report to members shall be filed in the Court of Chancery simultaneously with the filing of said report and account. No other notice to members need be given of any proceeding for the approval and disposition of any report and account or of any matter which may be presented to the court in connection therewith or incidental thereto. Such notice, if any, as the court may prescribe, of the filing of the report and account and the application for allowances shall be given to the creditors of the association. Any person aggrieved by any decree or order of the Court of Chancery, made in proceedings attendant upon the filing of any such report and account, may appeal therefrom to the Court of Errors and Appeals at any time within thirty (30) days after the making of such order or decree.

149. Chancery jurisdiction. Trustees compensation. Court of Chancery shall have full and com-

plete jurisdiction of associations in liquidation and their trustees, and of all matters and questions arising or growing out of liquidation, and may make such orders and decrees with respect thereto as shall be equitable and just. The court shall allow reasonable compensation to the trustees for their services and costs and expenses of the administration of the trust.

150. Appeals. Limitation. No appeal shall be allowed from any order, judgment, or decree made by any court in favor of or against an association in liquidation in any suit or proceeding, unless notice thereof be filed with the clerk of such court and a copy thereof be served upon such association within thirty (30) days from the date of the making of such order, judgment or decree.

ARTICLE XX

MISCELLANEOUS

151. Insured accounts eligible for investment of trust and public funds, and as security. All public funds, including those of the State of New Jersey, or any county or municipality or other political subdivision of New Jersey, and those in the control or possession of any public board or official, and all trust funds of every character in the control or possession of any fiduciary or other person or corporation, may, without any order of any court, be invested in one or more accounts in any insured association or any Federal association whose principal office is located in New Jersey in any amounts up to, but not exceeding, the amounts for which such accounts are insured.

Any such account, in any amount up to, but not exceeding, the amount for which it is insured, shall be eligible for acceptance as security, whenever security is required by any law of this State.

152. This act shall take effect immediately.

Approved April 4, 1946.