

GENERAL ASSEMBLY OF NORTH CAROLINA
1987 SESSION

CHAPTER 237
HOUSE BILL 698

AN ACT TO AMEND CHAPTER 54B OF THE GENERAL STATUTES TO MAKE
TECHNICAL CHANGES RELATING TO SAVINGS AND LOAN
ASSOCIATIONS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 54B-8(c) is amended by adding the word "association" between the words "federal" and "and" in the second sentence.

Sec. 2. G.S. 54B-17 is amended by deleting the second sentence and adding the following language:

"Contracts for such insurance may be made only with an insurance corporation created by an act of Congress."

Sec. 3. G.S. 54B-33 is amended by: (a) deleting subsection (c) and adding the following language:

"(c) The association shall submit a plan of conversion as a part of the application to the Administrator, and he may approve it with or without amendment, if it appears that:

- (1) After conversion the association will be in sound financial condition and will be soundly managed;
- (2) The conversion will not impair the capital of the association nor adversely affect the association's operations;
- (3) The conversion will be fair and equitable to the members of the association and no person whether member, employee or otherwise, will receive any inequitable gain or advantage by reason of the conversion;
- (4) The savings and loan services provided to the public by the association will not be adversely affected by the conversion;
- (5) The substance of the plan has been approved by a vote of two thirds of the board of directors of the association;
- (6) All shares of stock issued in connection with the conversion are offered first to the members of the association;
- (7) All stock shall be offered to members of the association and others in prescribed amounts and otherwise pursuant to a formula and procedure which is fair and equitable and will be fairly disclosed to all interested persons;

- (8) The plan provides a statement as to whether stockholders shall have preemptive rights to acquire additional or treasury shares of the association and any provision limiting or denying said rights; and
- (9) The conversion shall not be complete until all stock offered in connection with the conversion has been subscribed.

If he approves the plan, then the plan shall be submitted to the members as provided in the next subsection. If he refuses to approve the plan, he shall state his objections in writing and give the converting association an opportunity to amend the plan to obviate such objections or to appeal his decision to the commission."

(b) Rewriting subsection (d) to read as follows:

"(d) After lawful notice to the members of the association and full and fair disclosure, the substance of the plan must be approved by a majority of the total votes which members of the association are eligible and entitled to cast. Such a vote by the members may be in person or by proxy. Following the vote of the members, the results of the vote certified by an appropriate officer of the association shall be filed with the Administrator. The Administrator shall then either approve or disapprove the requested conversion. After approval of the conversion, the Administrator shall supervise and monitor the conversion process and he shall ensure that the conversion is conducted pursuant to law and the association's approved plan of conversion."

(c) Rewriting subsection (f) to read as follows:

"(f) The administrator may promulgate such rules and regulations as may be necessary to govern conversions; provided, however, that such rules and regulations as may be promulgated by the Administrator shall be equal to or exceed the requirements for conversion imposed by the rules and regulations governing conversions of federal chartered mutual savings and loan associations of the Federal Home Loan Bank Board as set forth in the Federal Register, Vol. 44, No. 62, Thursday, March 29, 1979, entitled 'Part 563b Conversion From Mutual to Stock Form' as these may be amended from time to time and other applicable rules and regulations effective as of the date of ratification."

(d) Repealing subsection (g).

Sec. 4. G.S. 54B-70 is amended by rewriting subsection (m) to read as follows:

"(m) Claims against a State association in receivership shall have the following order of priority for payment:

- (1) Costs, expenses and debts of the association incurred on or after the date of the appointment of the receiver, including compensation for the receiver;
- (2) Claims of holders of special purpose or thrift accounts;
- (3) Claims of holders of withdrawable accounts;
- (4) Claims of general creditors;
- (5) Claims of stockholders of a stock association;
- (6) All remaining assets to members and stockholders in an amount proportionate to their holdings as of the date of the appointment of the receiver."

Sec. 5. This act is effective upon ratification.

In the General Assembly read three times and ratified this the 25th day of May, 1987.