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HOUSE BILL NO. 294**AMENDMENT IN THE NATURE OF A SUBSTITUTE**

(Proposed by the House Committee on Corporations, Insurance and Banking
on February 1, 1994)

(Patron Prior to Substitute—Delegate Woodrum)

A BILL to amend the Code of Virginia by adding a section numbered 6.1-194.123:1, relating to conversion from mutual savings institution to stock state savings bank.

Be it enacted by the General Assembly of Virginia:**1. That the Code of Virginia is amended by adding a section numbered 6.1-194.123:1 as follows:**

§ 6.1-194.123:1 Conversion from mutual savings institution to stock savings bank.

With the approval of the Commissioner, and in accordance with provisions of this section and regulations promulgated hereunder, a state savings bank which is a mutual savings institution may convert to a stock institution. Such conversion shall be conducted in a manner equitable to all parties thereto in the following manner: the board of directors of such savings bank shall first adopt by two-thirds vote a conversion plan the provisions of which shall comply with requirements set forth in regulations promulgated by the Commission. Such plan shall provide that holders of savings accounts in the savings bank will be afforded the opportunity to preserve their interest in the savings bank's net worth by subscribing to stock. The Commissioner shall approve any such plan of conversion if the Commissioner ascertains that such conversion will not have an adverse effect on the stability of the savings bank and that all other rules and regulations of the Commission relating to the conversion of a mutual savings institution to a stock institution have been complied with. The Commission shall adopt regulations governing the procedures to be followed in completing the conversion once a satisfactory plan has been adopted. Such regulations shall ensure that any savings bank in so converting shall continue to have its accounts insured by the Federal Deposit Insurance Corporation or other federal insurance agency.

HOUSE SUBSTITUTE**HB294H1**