

LD0670845

SENATE BILL NO. 741

Offered January 13, 1995

A BILL to amend and reenact §§ 6.1-194.33 through 6.1-194.37 of the Code of Virginia, relating to conversion of a federal savings institution to a state bank.

Patron—Colgan

Referred to the Committee on Commerce and Labor

Be it enacted by the General Assembly of Virginia:

1. That §§ 6.1-194.33 through 6.1-194.37 of the Code of Virginia are amended and reenacted as follows:

§ 6.1-194.33. How state association or bank may convert into federal savings institution.

A state association *or state bank* may convert into a federal savings institution as follows:

1. At any meeting of the members or stockholders called and held in accordance with the Virginia Stock Corporation Act (§ 13.1-601 et seq.) or the Virginia Nonstock Corporation Act (§ 13.1-801 et seq.) to consider such action, the members or stockholders, by an affirmative vote of those holding and voting two-thirds of the votes present in person or by proxy, may resolve to convert the association *or bank* into a federal savings institution;

2. A copy of the minutes of the meeting duly certified by the president or vice-president and the secretary or assistant secretary of the state association *or bank* shall be transmitted to the Commission;

3. Thereafter, the state association *or bank* shall take such action as is necessary under federal law to make it a federal savings institution;

4. It shall file with the Commission a certified copy of the charter issued to it by the federal chartering authority, or a certificate of that authority showing the organization of the state association *or bank* as a federal savings institution, and the association *or bank* shall thereupon cease to be a state association *or bank*;

5. No state association *or bank* shall convert into a federal savings institution until it has been in operation as a state association *or bank* for a period of at least five years.

§ 6.1-194.34. Effect of conversion of state association or bank into federal savings institution.

When such conversion becomes effective, the state association *or bank* shall cease to be a Virginia corporation and all its property shall by operation of law and without any further act or deed continue to be vested in it under its new name as a federal savings institution and under its federal charter. The federal savings institution 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 it as a state association *or bank*. Such federal savings institution, at the time of the taking effect of the conversion, shall become and continue responsible for all of the obligations of the state association *or bank* including taxes and other liabilities created by law or incurred by it before becoming a federal savings institution to the same extent as though the conversion had not taken place.

§ 6.1-194.35. How federal savings institution may convert into state association or bank.

A federal savings institution doing business in the Commonwealth may become a state association, *and such a federal savings institution that is a stock institution may become a state bank*, as follows:

1. ~~It~~ *In either case, the federal savings institution shall take such action as will effect its dissolution under federal law and regulations terminate its existence as a federal savings institution on a specified date; when the conversion is effective.*

2. ~~Its~~ *In the case of a conversion to a state association, the directors, before its dissolution becomes effective,* shall organize a corporation under this chapter and the Virginia Stock Corporation Act (§ 13.1-601 et seq.) or the Virginia Nonstock Corporation Act (§ 13.1-801 et seq.); and

3. ~~The~~ *the new corporation shall apply for a certificate of authority to do business under § 6.1-194.12.*

3. *In the case of a conversion to a state bank, the directors of the federal savings institution shall organize a corporation under Chapter 2 (§ 6.1-3 et seq.) of this title and the Virginia Stock Corporation Act (§ 13.1-601 et seq.), and the new corporation shall apply for a certificate of authority to do business under § 6.1-13. If the applicant meets the standards established by § 6.1-13, the Commission may issue it a certificate of authority to begin a banking business. The order shall designate the main office of the federal savings institution as the main office of the resulting bank, and the resulting bank shall be permitted to operate all branch offices of the former federal savings institution. Within one year of the date of such a conversion, the resulting bank shall conform its assets and operations to the provisions of law regulating the operation of banks. The Commission may grant such resulting bank additional*

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60 *one-year periods, not to exceed a total of four additional years, in which to conform its assets and*
61 *operations to the provisions of law regulating the operation of banks.*

62 § 6.1-194.36. When former federal savings institution may do business as state association or state
63 bank.

64 The former federal savings institution converting to a state association *or a state bank* shall transact
65 no business as a state association *or a state bank* other than that relating to its organization until its
66 certificate of authority to do business has been granted and its dissolution as a federal savings institution
67 has become effective.

68 § 6.1-194.37. Effect of conversion of federal savings institution into state association or state bank on
69 property rights, obligations, etc.

70 As soon as the certificate of authority to do business has been granted and its dissolution as a federal
71 savings institution has become effective, all the property of the federal savings institution shall by
72 operation of law and without any further act or deed, be vested in and become the property of the state
73 association *or state bank*, which shall have, hold and enjoy the same in its own right as fully and to the
74 same extent as the same was possessed, held or enjoyed by the federal savings institution. The state
75 association *or state bank* shall become and continue responsible for all the obligations, duties and
76 agreements of the federal savings institution including taxes and other liabilities created by law or
77 incurred by it before becoming a state association *or state bank* to the same extent as though the
78 conversion had not taken place.