

LEGISLATIVE BILL 375

Approved by the Governor May 20, 1971

Introduced by E. Thome Johnson, 15th District; C. W. Holmquist, 16th District

AN ACT to amend sections 8-318 and 8-319, Reissue Revised Statutes of Nebraska, 1943, relating to savings and loan associations; to authorize such associations to act as trustees or custodians of retirement plans under the provisions of the Federal Self-Employed Individuals Tax Retirement Act of 1962, as amended; to increase the percentage of value of loans; to repeal the original sections; and to declare an emergency.

Be it enacted by the people of the State of Nebraska,

Section 1. That section 8-318, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

8-318. (1) Shares of stock in any association, or in any federal savings and loan association incorporated under the provisions of the Home Owners' Loan Act of 1933, with its principal office and place of business in this state, may be subscribed for, held, transferred, surrendered, withdrawn, and forfeited, and payments thereon received and receipted for by any minor in the same manner and with the same binding effect as though such person were of full age, except that the said minor or his estate, shall not be bound on his subscription to stock except to the extent of payments actually made thereon.

(2) All trustees, guardians, executors, administrators, and conservators appointed by the courts of this state may invest and reinvest in, acquire, make withdrawals in whole or in part, hold, transfer, or make new or additional investments in or transfers of shares of stock in any (a) building and loan association organized under the laws of the State of Nebraska or (b) federal savings and loan association incorporated under the provisions of the Home Owners' Loan Act of 1933, having its principal office and place of business in this state, without an order of approval from any court.

(3) Trustees created solely by the terms of a trust instrument may invest in, acquire, hold, and transfer such shares, and make withdrawals, in whole or

in part, therefrom, without any order of court, unless expressly limited, restricted, or prohibited therefrom by the terms of such trust instrument.

(4) All building and loan associations referred to in this section are qualified to act as trustee or custodian within the provisions of the Federal Self-Employed Individuals Tax Retirement Act of 1962, as amended, if the provisions of such retirement plan require the funds of such trust or custodianship to be invested exclusively in shares or accounts in the association or in other associations. If any such retirement plan, within the judgment of the association, constitutes a qualified plan under the Federal Self-Employed Individuals Tax Retirement Act of 1962 and the regulations promulgated thereunder at the time the trust was established and accepted by the association, is subsequently determined not to be such a qualified plan or subsequently ceases to be such a qualified plan, in whole or in part, the association may nevertheless continue to act as trustee of any deposits theretofore made under such plan and to dispose of the same in accordance with the directions of the member and beneficiaries thereof. No association, in respect to savings made under this section, shall be required to segregate such savings from other assets of the association; Provided, that the association shall keep appropriate records showing in proper detail all transactions engaged in under the authority of this section.

Sec. 2. That section 8-319, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

8-319. (1) No loan shall be made by such association except to its own members, nor shall any loan be made to any member for any sum in excess of the par value of his stock. The borrower shall pledge to the association, as security for the loan, shares of a maturity value equal to the principal of the loan and, except as otherwise provided in this section, ample security by mortgage on real estate which is unencumbered except by prior liens held by such association. For the purpose of this section the terms real property and real estate shall include a leasehold or subleasehold estate in real property under a lease or sublease the term of which does not expire, or which is renewable automatically or at the option of the holder or of the association so as not to expire for at least fifteen years beyond the maturity of the debt. Loans made upon improved real estate, except as is hereinafter

stated, shall not exceed ninety ninety-five per cent of the reasonable normal cash value thereof, and all loans made on any other real estate shall not exceed three-fourths of the reasonable normal cash value thereof.

(2) An association may make a loan or loans in an amount exceeding ninety ninety-five per cent of the reasonable normal cash value of the real estate security (a) if such loan or loans be made to a veteran in accord with the provisions of Title III of the congressional act known as Servicemen's Readjustment Act of 1944, as now existing or as hereafter amended, (b) if the proceeds of the loan or loans are to be used in purchasing residential property or in constructing a dwelling on unimproved property owned by such veteran to be occupied as his home, used for the purpose of making repairs, alterations, or improvements in, or paying delinquent indebtedness, taxes, or special assessments on residential property owned by the veteran and used by him as his home, or used in purchasing any land and buildings to be used by the applicant in pursuing a gainful occupation other than farming, and (c) if the Administrator of Veterans' Affairs shall guarantee that portion of such loan or loans in excess of ninety ninety-five per cent of the reasonable normal cash value of the real estate security.

(3) An association is authorized to obtain insurance of its loans by the Federal Housing Administrator under Title II of the National Housing Act as amended, and such loans so made upon improved real estate and so insured shall not be subject to the restrictions set forth in this section with reference to the maximum authorized amount of a loan.

(4) An association may make unsecured loans to its members if such loans (a) are insured under Title I and Title II of the National Housing Act, as amended, or (b) are for property alterations, repair, or improvements; Provided, that the aggregate amount of loans made under subdivisions (a) and (b) of this subsection shall not, at any time, exceed fifteen per cent of the association's assets; the amount of each loan under subdivision (b) of this subsection shall not exceed five thousand dollars; and each loan made under subdivision (b) of this subsection shall be repayable in regular monthly installments within a period of seven years and be supported by a written property statement on forms to be prescribed by the Department of Banking.

(5) The stock of such association may be accepted as security for a loan of the amount of the withdrawal value of such stock without other security.

(6) An association when so licensed may make loans to its own members upon the terms and security set forth in sections 45-114 to 45-155.

(7) Any provisions of this section to the contrary notwithstanding, an association may make any loan that a federal savings and loan association doing business in this state is or may be authorized to make.

(8) An association may invest in loans, obligations, and advances of credit, all of which are hereinafter referred to in this section as loans, made for the payment of expenses of business school, technical training school, college, or university education, but no association shall make any investment in loans under this subsection if the principal amount of its investment in such loans, exclusive of any investment which is or which at the time of its making was otherwise authorized, would thereupon exceed five per cent of its assets. Such loans may be secured, partly secured, or unsecured, and the association may require a comaker or comakers, insurance, guaranty under a governmental student loan guarantee plan, or other protection against contingencies. The borrower shall certify to the association that the proceeds of the loan are to be used by a full-time student solely for the payment of expenses of business, technical training school, college, or university education.

(9) An association may participate with other lenders in making loans of any type that an association may otherwise make; Provided, that (a) each of the lenders is either an instrumentality of the United States government or is insured by the Federal Savings and Loan Insurance Corporation or by the Federal Deposit Insurance Corporation, or, in the case of another lender, the interest of the association in such loan is superior to the participating interests of the other participants, and (b) an association whose accounts are insured by the Federal Savings and Loan Insurance Corporation, which may be a federal association or an association chartered by this state, or another association chartered by this state, which is not so insured, has otherwise complied with subsection (1) of this section with respect to loans to members.

(10) An association may sell to or purchase from any institution which is a savings association chartered

by this state, or the accounts of which are insured by the Federal Savings and Loan Insurance Corporation, a participating interest in any loan, whether or not, in the case of a purchase, the security is located within the association's regular lending area.

Sec. 3. That original sections 8-318 and 8-319, Reissue Revised Statutes of Nebraska, 1943, are repealed.

Sec. 4. Since an emergency exists, this act shall be in full force and take effect, from and after its passage and approval, according to law.