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CHAPTER 30.

A STATE SAVINGS BANK CHARTER IN SOUTH CAROLINA

ARTICLE 1.

GENERAL PROVISIONS

**SECTION 34‑30‑10.** Short title.

This chapter is known as “State Savings Bank”.

**SECTION 34‑30‑20.** Application of chapter.

This chapter, unless the context otherwise specifies, applies to all state savings banks.

**SECTION 34‑30‑30.** Definitions.

(A) The term “savings and loan association” when used in the 1976 Code, other than in Chapter 28, includes state savings banks chartered under this chapter and Chapter 28.

(B) Unless the context otherwise requires, the following definitions apply in this chapter:

(1) “Board” means the State Board of Financial Institutions.

(2) “Affiliate” means a person or corporation that controls, is controlled by, or is under common control with a savings institution.

(3) “Articles of incorporation or charter” means the document that represents the corporate existence of a state savings bank.

(4) “Associate” means a person’s relationship with:

(a) any corporation or organization, other than the applicant or a majority‑owned subsidiary of the applicant, of which the person is an officer or partner or is, directly or indirectly, the beneficial owner of ten percent or more of any class of equity securities;

(b) any trust or other estate in which the person has a substantial beneficial interest or as to which the person serves as trustee or in a similar fiduciary capacity; and

(c) a relative or spouse who lives in the same house as that person or a relative of that person’s spouse who lives in the same house as that person or who is a director or officer of the applicant or any of its parents or subsidiaries.

(5) “Association” means a mutual or stock‑owned savings association, savings and loan association, building and loan association, or savings bank as organized pursuant to Section 34‑28‑30.

(6) “Branch office” means an office of a state savings bank, other than its principal office, that accepts deposits and renders savings institution services.

(7) “Capital stock” means securities that represent ownership of a stock state savings bank.

(8) “Conflict of interest” means a matter before the board of directors in which one or more of the directors, officers, or employees has a direct or indirect financial interest in its outcome.

(9) “Control” means the power, directly or indirectly, to:

(a) direct the management or policies of a state savings bank or to vote twenty‑five percent or more of a class of voting securities for a state savings bank;

(b) control the election or appointment of a majority of the directors of a state savings bank; or

(c) control or exercise a controlling influence over the management or policies of the state savings bank.

For purposes of this definition of control, references to a state savings bank include the holding company for the state savings bank.

(10) “Depository institution” means a person, firm, or corporation engaged in the business of receiving, soliciting, or accepting money or its equivalent on deposit, or of lending money or its equivalent, or of both.

(11) “Disinterested directors” means those directors who have absolutely no direct or indirect financial interest in the matter before them.

(12) “Dividends on stock” means the earnings of a state savings bank paid out to holders of capital stock in a stock state savings bank.

(13) “Examination and investigation” means a supervisory inspection of a state savings bank or proposed state savings bank that may include inspection of every relevant piece of information including subsidiary or affiliated businesses.

(14) “Immediate family” means one’s spouse, father, mother, children, brothers, sisters, and grandchildren; and the father, mother, brothers, and sisters of one’s spouse; and the spouse of one’s child, brother, or sister.

(15) “Insurance of deposit accounts” means insurance on a state savings bank’s deposit accounts when the beneficiary is the holder of the insured account.

(16) “Loan production office” means an office of a state savings bank other than the principal or branch offices whose activities are limited to the generation of loans.

(17) “Members” means deposit account holders and borrowers in a state mutual savings bank.

(18) “Mutual savings bank” means a state savings bank organized in mutual form under this chapter.

(19) “Mutual holding company” means a holding company for a mutual savings bank.

(20) “Net worth” means a state savings bank’s total assets less total liabilities as defined by generally accepted accounting principles.

(21) “Original incorporators” means one or more natural persons who are the organizers of a state savings bank responsible for the business of a proposed state savings bank from the filing of the application to the board’s final decision on the application.

(22) “Plan of conversion” means a detailed outline of the procedure for conversion of a savings institution from one to another regulatory authority, from one to another form of organization, or from one to another charter.

(23) “Principal office” means the office that houses the headquarters of a state savings bank.

(24) “Registered agent” means the person named in the articles of incorporation upon whom service of legal process is binding upon the state savings bank.

(25) “Savings institution” means either an association or a state savings bank, or a federal savings association or federal savings bank.

(26) “Service corporation” means a corporation operating under Article 7 of this chapter that engages in activities determined by the board to be incidental to the conduct of a depository institution business as provided in this chapter, or engages in activities that further or facilitate the corporate purposes of a state savings bank, or furnishes services to a state savings bank or subsidiaries of a state savings bank, the voting stock of which is owned directly or indirectly by one or more savings institutions.

(27) “State savings bank” means a depository institution organized and operated under this chapter or a corporation organized under federal law and converted so as to be operated under this chapter.

(28) “Stock savings bank” means a state savings bank owned by holders of capital stock and organized under this chapter.

(29) “Voluntary dissolution” means the dissolution and liquidation of a state savings bank in initiated by its ownership.

ARTICLE 2.

INCORPORATION AND ORGANIZATION

**SECTION 34‑30‑50.** Application of Business Corporation Act.

When not in direct conflict with or superseded by specific provisions of this chapter, the provisions of the South Carolina Business Corporation Act, Chapters 1 to 25 of Title 33, apply to a state savings bank organized or operated under this chapter.

**SECTION 34‑30‑60.** Prior charters; legal name, requirements; prohibited acts; injunctions.

(A) Nothing in this chapter invalidates a charter that was valid before the enactment of this chapter. A savings institution chartered on the effective date of this chapter may continue operation in accordance with the chapter under which it was chartered. However, after the date this chapter becomes effective, a depository institution may not be qualified as a state savings bank except in accordance with this chapter. A state savings bank chartered under this chapter must use the letters “SSB” in its legal name.

(B) Except as provided in subsection (A) of this section, or in Chapter 28 of Title 34, a person, corporation, company, or state savings bank, except one incorporated and licensed in accordance with this chapter or federal law to operate a savings bank, shall not operate as a state savings bank. Unless authorized as a state or federal savings bank and engaged in transacting a depository institution business, a person, corporation, company, or savings bank domiciled and doing business in this State shall not:

(1) use in its name the term ‘savings bank’ or words of similar import or connotation that lead the public reasonably to believe that the business so conducted is that of a savings bank; or

(2) use a sign or circulate or use any letterhead, billhead, circular, or paper, or advertise or communicate in a manner that would lead the public reasonably to believe that it is conducting the business of a savings bank.

(C) Upon application by the board or by a state savings bank, a court of competent jurisdiction may issue an injunction to restrain any person or entity from violating or from continuing to violate subsection (B) of this section.

**SECTION 34‑30‑70.** Organization and establishment; application, fee; contents of application.

(A) The original incorporators, a majority of whom must be domiciled in this State, may organize and establish a state savings bank to promote the purposes of this chapter, subject to approval as provided in this chapter. The original incorporators shall file with the board a preliminary application to organize a state savings bank in the form prescribed by the board, together with the proper nonrefundable application fee.

(B) An application to organize a state savings bank must contain:

(1) a copy of the proposed articles of incorporation, which must be signed by the original incorporators;

(2) the names and addresses of the incorporators; and the names and addresses of the initial members of the board of directors, and the number of shares they plan to subscribe to;

(3) statements of the anticipated receipts, expenditures, earnings, and financial condition of the state savings bank for its first three years of operation, or a longer period as the board may require;

(4) a showing satisfactory to the board that:

(a) the public convenience and advantage are served by the establishment of the proposed state savings bank;

(b) there are reasonable demand and necessity in the community which is served by the establishment of the proposed state savings bank;

(c) the proposed state savings bank has a reasonable probability of sustaining profitable and beneficial operations within a reasonable time in the community in which the proposed state savings bank intends to locate; and

(5) the proposed bylaws; and

(6) statements, exhibits, maps, and other data that may be prescribed or requested by the board, and which are sufficiently detailed and comprehensive so as to enable the board to pass upon the criteria in this article.

(C) The application must be signed by the original incorporators, and properly acknowledged by a person duly authorized by this State to take proof and acknowledgment of deeds. The application must contain additional information required by the board.

**SECTION 34‑30‑80.** Proposed mutual state savings banks, proposed stock state savings banks; articles of incorporation.

(A) The articles of incorporation of a proposed mutual state savings bank must include:

(1) the name of the state savings bank, which must not so closely resemble the name of an existing depository institution doing business under the laws of this State as to be likely to mislead the public;

(2) the county and city or town where its principal office is located in this State, and the name of its registered agent and the address of its registered office, including county and city or town, and street and number;

(3) the period of duration, which may be perpetual. When the articles of incorporation fail to state the period of duration, it is considered perpetual;

(4) the purposes for which the state savings bank is organized, limited to purposes permitted under the laws of this State for state savings banks;

(5) the minimum amount on deposit in deposit accounts, not less than four million dollars, before the commencement of business;

(6) a provision not inconsistent with this chapter and the proper operation of a state savings bank in which the incorporators provide for the regulation of the internal affairs of the state savings bank;

(7) the number of directors, not less than five, constituting the initial board of directors, and the name and address of each person who is to serve as a director until the first meeting of members, or until a successor is elected and qualified;

(8) the names and addresses of the incorporators.

(B) The articles of incorporation of a proposed stock state savings bank must include:

(1) the name of the state savings bank, which must not so closely resemble the name of an existing depository institution doing business under the laws of this State as to be likely to mislead the public;

(2) the county and city or town where its principal office is located in this State, and the name of its registered agent and the address of its registered office, including county and city or town, and street and number;

(3) the period of duration, which may be perpetual. When the articles of incorporation fail to state the period of duration, it is considered perpetual;

(4) the purposes for which the state savings bank is organized, limited to purposes permitted under the laws of this State for state savings bank;

(5) with respect to the shares of stock which the state savings bank has authority to issue, if the stock is to:

(a) have a par value, the number of shares of stock and the par value of each;

(b) be without par value, the number of shares of stock; or

(c) be divided into classes, or into series within a class of preferred or special shares of stock, the articles of incorporation must also designate each class and each series within a class, and provide a statement of the preferences, limitations, and relative rights of the stock of each class or series;

(6) the minimum amount of consideration to be received for its shares of stock before the commencement of business;

(7) a statement as to whether stockholders have preemptive rights to acquire additional or treasury shares of the state savings bank;

(8) a provision not inconsistent with this chapter or the proper operation of a state savings bank, in which the incorporators provide for the regulation of the internal affairs of the state savings bank;

(9) the number of directors, not less than five, constituting the initial board of directors, and the name and address of each person who is to serve as a director until the first meeting of the stockholders, or until a successor is elected and qualified; and

(10) the names and addresses of the incorporators.

(C) The articles of incorporation may include other provisions authorized or permitted to be in the articles of incorporation of a corporation by Chapters 1 to 25 of Title 33.

**SECTION 34‑30‑90.** Board examination of application.

Upon receipt of an application to organize and establish a state savings bank, the board shall examine or cause to be examined all the relevant facts connected with the formation of the proposed state savings bank.

**SECTION 34‑30‑100.** Mutual state savings banks, stock state savings banks; approval of application; minimum pledges, adjustment, considerations.

(A) The board may approve an application to form a mutual state savings bank only when:

(1) the proposed state savings bank has an operational expense fund, from which to pay organizational and incorporation expenses, in an amount determined by the board to be sufficient for the safe and proper operation of the state savings bank, but not less than four hundred thousand dollars. The monies remaining in the expense fund must be held by the state savings bank for at least three years from its date of licensing. No portion of the fund may be released to an incorporator or director who contributed to it, to another contributor, or to another person, and no dividends may be accrued or paid on the funds without the prior approval of the board;

(2) the proposed state savings bank has pledges for deposit accounts in an amount determined by the board to be sufficient for the safe and proper operation of the state savings bank, but not less than four million dollars;

(3) all deposit accounts of the proposed state savings bank have been made with legal tender of the United States;

(4) the name of the proposed state savings bank will not mislead the public and is not the same as an existing depository institution or so similar to the name of an existing depository institution as to mislead the public;

(5) the character, general fitness, and responsibility of the incorporators and the initial board of directors of the proposed state savings bank, a majority of whom must be residents of South Carolina, command the confidence of the community in which the proposed state savings bank locates;

(6) there are reasonable demand and necessity in the community that which are served by the establishment of the proposed state savings bank;

(7) the public convenience and advantage are served by the establishment of the proposed state savings bank; and

(8) the proposed state savings bank has a reasonable probability of sustaining profitable and beneficial operations in the community.

(B) The board may approve an application to form a stock state savings bank only when:

(1) the proposed state savings bank has prepared a plan to solicit subscriptions for capital stock in an amount determined by the board to be sufficient for the safe and proper operation of the state savings bank, but not less than four million dollars;

(2) the name of the proposed state savings bank does not mislead the public and is not the same as an existing depository institution or so similar to the name of an existing depository institution as to mislead the public, and contains the wording “corporation”, “incorporated”, “limited”, “company”, or an abbreviation of one of these words or other words sufficient to distinguish stock savings banks from mutual savings banks;

(3) the character, general fitness, and responsibility of the incorporators, initial board of directors, and initial stockholders of the proposed state savings bank command the confidence of the community in which the proposed state savings bank locates;

(4) all subscriptions for capital stock of the proposed state savings bank have been purchased with legal tender of the United States;

(5) there are reasonable demand and necessity in the community which is served by the establishment of the proposed state savings bank;

(6) the public convenience and advantage are served by the establishment of the proposed state savings bank; and

(7) the proposed state savings bank has a reasonable probability of sustaining profitable and beneficial operations in the community.

(C) The minimum amount of pledges for deposit accounts or subscriptions for capital stock may be adjusted if the board determines that a greater requirement is necessary or that a smaller requirement provides a sufficient capital base. The board’s decision must be based upon due consideration of:

(1) the population of the proposed trade area;

(2) the total deposits of the depository institutions operating in the proposed trade area;

(3) the economic conditions of and projections for the proposed trade area;

(4) the business experience and reputation of the proposed management;

(5) the business experience and reputation of the proposed incorporators and directors; and

(6) the projected deposit growth, capitalization, and profitability of the proposed state savings bank, and other factors considered relevant by the board.

**SECTION 34‑30‑110.** Incomplete applications; time for approval or rejection of completed applications.

(A) If the board does not receive a completed application within one hundred twenty days of the filing of the preliminary application, the application must be returned to the applicants.

(B) When the board has completed the examination and investigation of the facts relevant to the establishment of the proposed state savings bank, the board shall approve or reject an application within one hundred twenty days of the submission of the completed application.

**SECTION 34‑30‑120.** Approval or disapproval of application; order; filing of articles; corporate existence; certificate of authorization, commencement of business; limitation on ownership or control.

(A) After consideration of its findings, and the consideration of other information and evidence, the board shall approve or disapprove the application. The board shall approve the application if it finds that the articles of incorporation are in compliance with Section 34‑30‑90 and that there is compliance with the criteria in Section 34‑30‑110, the remainder of this chapter, regulations, and the 1976 Code. The order approving the application may impose reasonable conditions which must be met before a certificate of authorization to transact business is issued.

(B) If the board approves the application, the applicant shall file its articles of incorporation with the Secretary of State.

(C) The corporate existence of a state savings bank begins on the date the approved articles of incorporation are filed with the Secretary of State, unless otherwise provided in the articles of incorporation, but the state savings bank may not commence business before it is in possession of a certificate of authorization to transact business as provided in Section 34‑30‑150.

(D) A subscriber to the stock of a proposed stock state savings bank, other than its holding company, shall not own or control as principal more than ten percent of a class of voting shares of the state savings bank or its holding company.

**SECTION 34‑30‑130.** Insurance on deposit accounts; certification; time for obtaining insurance; excess insurance.

A state savings bank must obtain and maintain insurance on the deposit accounts of all members and customers from an insurance corporation created by an act of Congress. Before licensing of a state savings bank, articles of incorporation duly recorded under Section 34‑30‑120(C), are sufficient certification to the insuring corporation that the state savings bank is a legal corporate entity. The insurance must be obtained within the time limit prescribed in Section 34‑30‑140. Subject to the rules or regulations of the board, a state savings bank may obtain or participate in efforts to obtain insurance of deposits that is in excess of the amount eligible for federal insurance of accounts. This insurance is known as “excess insurance”.

**SECTION 34‑30‑140.** Commencement of business; failure to commence within time limit, extension of time; forfeiture of corporate existence; certificate of authorization.

A newly chartered state savings bank must commence business within one year after corporate existence begins. A state savings bank that does not commence business within this time, forfeits its corporate existence, unless the board, before the expiration of the one‑year period, approves an extension of the time within which the state savings bank may commence business, upon a written request stating the reasons for the request. Upon forfeiture, the articles of incorporation expire and action taken in connection with the incorporation and chartering of the state savings bank, with the exception of fees paid to the board, becomes null and void. The board shall determine if a state savings bank has failed to commence business within one year, without extension as provided in this section, and shall notify the Secretary of State and the register of deeds in the county in which the state savings bank is located that the articles of incorporation have expired. If the board finds that the state savings bank has in good faith complied with all the requirements of law and all conditions imposed, and that the state savings bank’s deposit accounts are properly insured, it shall promptly issue a certificate of authorization to transact a general state savings bank business.

**SECTION 34‑30‑150.** Amendment of articles of incorporation; certification, submission, approval; quorum, voting requirement.

An amendment to the articles of incorporation of a state savings bank, which shall have been adopted and recommended by the board of directors of the state savings bank, must be made at an annual or special meeting of the state savings bank, held in accordance with Sections 34‑30‑1060 and 34‑30‑1070, by a majority of votes or shares cast by members or stockholders present in person or by proxy at the meeting. An amendment must be certified by the appropriate corporate official, submitted to the board for approval or rejection, and if approved, then certified by the board and recorded as provided in Section 34‑30‑130 for articles of incorporation. The articles of incorporation may provide for a greater quorum or voting requirement for members or stockholders or voting groups of stockholders than is otherwise provided in this chapter.

**SECTION 34‑30‑160.** Confidentiality of records; inspection and examination; release; list of members or stockholders.

(A) The books and records of a state savings bank must be confidential and may be made available for inspection and examination only:

(1) to the board or its duly authorized representatives;

(2) to persons duly authorized to act for the state savings bank;

(3) to any federal or state instrumentality or agency authorized to inspect or examine the books and records of an insured depository institution;

(4) as compelled by a court of competent jurisdiction;

(5) as compelled by legislative subpoena as provided by law;

(6) as authorized by the board of directors of the state savings bank; or

(7) as provided in subsections (B), (C), and (D).

(B) A depositor, borrower, or stockholder has the right to inspect the books and records of a state savings bank as pertain to his loans, his accounts, or the determination of his voting rights.

(C) The books and records pertaining to the accounts, loans, and voting rights of depositors, borrowers, and stockholders must be kept confidential by the state savings bank and its directors, officers, and employees and may not be released except upon express written authorization of the account holder as to his own accounts, loans, or voting rights. However, information relating to a loan made by an association may be released without the borrower’s authorization in a manner prescribed by the board of directors for the purpose of meeting the needs of commerce and for fair and accurate credit information.

(D) A member, stockholder, or other person must not have access to or be furnished or possessed of a partial or complete list of the members or stockholders except upon express action authorized by the board of directors.

**SECTION 34‑30‑170.** Establishment of branch offices; application, fee; approval or denial; corporate office.

(A) A state savings bank may apply to the board for permission to establish a branch office. The application must be in the form prescribed by the board and accompanied by the proper branch application fee. The board shall approve or deny branch applications within one hundred twenty days of filing. Nothing in this chapter prohibits a state savings bank from establishing a corporate office or offices upon prior written notification to the board. A corporate office must be established primarily for the purpose of managing the administrative functions of the state savings bank and service corporations and must not accept deposits or issue payment for withdrawals of certificates or accounts.

(B) The board shall approve a branch application when:

(1) the applicant has evidenced financial responsibility;

(2) the applicant has sufficient net worth as determined by the board; and

(3) the applicant has an acceptable internal control system that includes certain basic internal control requirements essential to the protection of assets and the promotion of operational efficiency regardless of the size of the applicant.

(C) Upon receipt of a branch application, the board shall examine or cause to be examined all the relevant facts connected with the establishment of the proposed branch office. If it appears to the satisfaction of the board that the applicant has complied with all the requirements in this section and the regulations for the establishment of a branch office and that the state savings bank is otherwise lawfully entitled to establish the branch office, then the board shall approve the branch application.

**SECTION 34‑30‑180.** Change of office location; information, evaluation.

The board of directors of a state savings bank may change the location of a branch office or the principal office of the state savings bank with the prior written approval of the board. The board may request, and the state savings bank must provide, information that the board determines is necessary to evaluate the request.

**SECTION 34‑30‑190.** Discontinuance of branch office operation.

The board of a state savings bank may discontinue the operation of a branch office with the prior written approval of the board.

**SECTION 34‑30‑200.** Loan production office, opening or closing.

A state savings bank may open or close a loan production office upon thirty days’ written notice to the board.

ARTICLE 3.

CORPORATE CHANGES

**SECTION 34‑30‑300.** Conversion to state savings bank; application, examination, fee; conversion plan, amendment; vote, filing of results; approval.

(A) Any association or state or national bank, upon a majority vote of its board of directors, may apply to the board for permission to convert to a state savings bank and for certification of appropriate amendments to its articles of incorporation to effect the change. Upon receipt of an application to convert to a state savings bank, the board shall examine all facts connected with the conversion. The depository institution applying for permission to convert must pay a fee established by the board.

(B) The converting depository institution must submit a plan of conversion as a part of the application to the board. The board may approve it with or without amendment. If the board approves it, the plan must be submitted to the members or stockholders as provided in subsection (C) of this section. If the board refuses to approve the plan, the objections must be stated in writing and the converting depository institution must be given an opportunity to amend the plan to obviate the objections.

(C) After lawful notice to the members or stockholders of the converting depository institution and full and fair disclosure, the substance of the plan must be approved by the affirmative vote of a majority of votes or shares present. The vote by the members or stockholders may be in person or by proxy. The results of the vote as certified by an appropriate officer of the converting depository institution must be filed with the board. The board then shall approve or disapprove the requested conversion to a state savings bank. Upon approval of the conversion, the board shall supervise and monitor the conversion process and shall ensure that the conversion is conducted lawfully and under the approved plan of conversion.

**SECTION 34‑30‑310.** Conversion to federal charter; procedure.

A state savings bank, stock or mutual, organized and operated under this chapter, may convert to a federal charter in accordance with the laws and regulations of the United States and with the same force and effect as though originally incorporated under those laws. The procedure to effect this conversion is:

(1) Following the favorable majority vote of the board of directors of the state savings bank, a meeting of the members or stockholders must be held upon not less than fifteen days’ notice to each member or stockholder. Notice of the meeting may be mailed to each member or stockholder, postage prepaid, to the last known address, or the board of directors may cause notice of the meeting to be published, once a week for two weeks preceding the meeting, in a newspaper of general circulation in the county where the state savings bank has its principal office. It is sufficient notice of the purpose of the meeting if the notice contains substantially the following statement: “The purpose of this meeting is to consider the conversion of this state chartered savings bank to a federal charter, under the laws of the United States”. An appropriate officer of the state savings bank shall make proof by affidavit at the meeting of due service of the notice or call for the meeting.

(2) At the meeting of the members or stockholders of the state savings bank, the members or stockholders, by affirmative vote of a majority of votes or shares present, in person or by proxy, may resolve to convert the state savings bank to a federal charter. A copy of the minutes of the meeting of the members or stockholders, as certified by an appropriate officer of the state savings bank, must be filed in the office of the board within ten days after the date of the meeting. The filed certified copy is prima facie evidence of the holding and the action of the meeting.

(3) Within a reasonable time after the receipt of a certified copy of the minutes, the board shall issue a certificate of approval of the conversion. The state savings bank must record the certificate in the office of the Secretary of State.

(4) The state savings bank must file an application, in the manner prescribed or authorized by the laws and regulation of the United States, to consummate the conversion to a federal charter. A copy of the charter or authorization issued to the state savings bank by the appropriate federal regulatory authority must be filed with the board. Upon filing with the board, the state savings bank ceases to be a state savings bank and becomes a federal depository institution.

(5) When a state savings bank converts to a federal charter it ceases to be a state savings bank under the laws of this State, except that its corporate existence is considered to be extended for the purpose of prosecuting or defending suits by or against it and of enabling it to close its business affairs as a state savings bank and to dispose of and convey its property. At the time when the conversion becomes effective all the property of the state savings bank including all its rights, 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, and asset of any conceivable value or benefit then existing, belonging, or pertaining to it, or which would inure to it, must be vested immediately by act of law and without any conveyance or transfer, and without any further act or deed, in and become the property of the federal depository institution, which 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 state savings bank; and the federal depository institution as of the effective time of the conversion shall succeed to all the rights, obligations, and relations of the state savings bank.

**SECTION 34‑30‑320.** Conversion to federal charter with change from stock to mutual, or mutual to stock; conversion to state charter with change from mutual to stock.

(A) If a state charter converts to a federal charter in which the form of organization also is changed from stock to mutual, or from mutual to stock, the conversion shall proceed initially as a charter conversion under Section 34‑30‑310. After the state savings bank becomes a federal depository institution, the federal regulatory authority governs the continuing conversion of the form of ownership of the newly converted depository institution.

(B) If a federal charter converts to a state charter conversion in which the form of organization also is changed from mutual to stock, the conversion proceeds initially as a charter conversion under Section 34‑30‑300. After the federal depository institution becomes a state savings bank, Section 34‑30‑330 or 34‑30‑340 governs the continuing conversion of the form of ownership of the newly converted state savings bank.

(C) This section does not apply to the simultaneous charter and organization conversion accomplished in conjunction with a merger under Section 34‑30‑360.

**SECTION 34‑30‑330.** Mutual state savings bank conversion to stock; application, fee; conversion plan; amendment; approval; vote.

(A) A mutual state savings bank may convert from mutual to the stock form of organization as provided in this section.

(B) A mutual state savings bank may apply to the board for permission to convert to a stock state savings bank and for certification of appropriate amendments to the state savings bank’s articles of incorporation. Upon receipt of an application to convert from mutual to stock form, the board shall examine all facts connected with the requested conversion. The state savings bank applying for permission to convert must pay a fee established by the board.

(C) The state savings bank must submit a plan of conversion as a part of the application to the board. The board may approve it with or without amendment, if it is reasonably anticipated that:

(1) after conversion, the state savings bank is in sound financial condition and is soundly managed;

(2) the conversion does not impair the capital of the state savings bank nor adversely affect the state savings bank’s operations;

(3) the conversion is fair and equitable to the members of the state savings bank and no person whether member, employee, or otherwise, receives any inequitable gain or advantage by reason of the conversion;

(4) the state savings bank services provided to the public by the state savings bank are not 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 state savings bank;

(6) all shares of stock issued in connection with the conversion are offered for sale first to the members of the state savings bank;

(7) all stock is offered for sale to members of the state savings bank and others in prescribed amounts and otherwise under a formula and procedure that is fair and equitable and is fairly disclosed to all interested persons; and

(8) the plan provides a statement as to whether stockholders have preemptive rights to acquire additional or treasury shares of the state savings bank.

If the board approves the plan, the plan must be submitted to the members as provided in subsection (D). If the board refuses to approve the plan, the board shall state the objections in writing and give the converting state savings bank an opportunity to amend the plan to obviate the objections.

(D) After lawful notice to the members of the state savings bank and full and fair disclosure, the substance of the plan must be approved by a majority of the total votes cast by members of the state savings bank present in person or by proxy, or such greater voting requirement as required by federal law. The results of the vote as certified by an appropriate officer of the state savings bank must be filed with the board. The board shall then either approve or disapprove the requested conversion. After approval of the conversion, the board shall supervise and monitor the conversion process and shall ensure that the conversion is conducted lawfully and under the state savings bank’s approved plan of conversion.

**SECTION 34‑30‑340.** Merger or consolidation of state savings banks; procedure.

Two or more mutual state savings banks or two or more stock state savings banks organized and operating may merge or consolidate into a single state savings bank. The procedure to effect the merger is:

(1) The directors, or a majority of them, of the state savings banks that desire to merge, at separate meetings, may enter into a written agreement of merger specifying each state savings bank to be merged and the state savings bank that is to receive into itself the merging state savings bank or banks, and prescribing the terms and conditions of the merger and the mode of carrying it into effect. The merger agreement may provide other provisions with respect to the merger as appear necessary or desirable, or as the board may require.

(2) A meeting of members or stockholders of each of the state savings banks must be held separately upon written notice of not less than thirty days to members or stockholders of each state savings bank. The notice must specify the time, place, and purpose of the meeting. Notice must be made by personal service or postage prepaid mail to the last address of each member or stockholder appearing upon the records of the stock state savings bank, or in the alternative for a merger of mutual state savings banks, by publication of notice at least once a week for two weeks preceding the meeting in one or more newspapers of general circulation in the county or counties where each state savings bank has its principal or a branch office, or in a newspaper of general circulation in an adjoining county if none is available in the county. An appropriate officer of the state savings bank shall make proof by affidavit at the meeting of the due service of the notice or call for the meeting.

(3) The merger agreement and copies of the minutes of the meetings of the respective boards of directors as verified by the secretaries of the respective state savings banks must be submitted to the board, who shall investigate the affairs of the state savings banks proposing to merge. Each state savings bank must pay a fee established by the board. If, as a result of the investigation, the board concludes that factors are favorable, the board shall approve the merger in writing.

(4) At separate meetings of members or stockholders of the respective state savings banks, members or stockholders may adopt, by an affirmative vote of a majority of the votes or shares present, in person or by proxy, a resolution to merge into a single state savings bank upon the terms of the merger agreement as has been agreed upon by the directors of the respective state savings banks and as approved by the board. Upon the adoption of the resolution, a copy of the minutes of the proceedings of the meetings of members or stockholders of the respective state savings banks, certified by an appropriate officer of the merging state savings banks, must be filed in the office of the board. The board then shall approve or disapprove the merger for compliance with this chapter. If the board approves the merger, it shall issue a certificate of approval of the merger. Upon filing with the Secretary of State, the merger agreement takes effect according to its terms and is binding upon all members or stockholders of the state savings banks merging, and it is the act of merger of the constituent state savings banks under the laws of this State, and the certificate or certified copy of filing is evidence of the agreement and act of merger of the state savings banks and the observance and performance of all acts and conditions necessary to have been observed and performed before the merger. If the board disapproves the merger, the board shall issue a written statement of the reasons for the disapproval and notify the state savings banks to that effect.

(5) Upon the merger of any state savings bank, as above provided, into another:

(a) its corporate existence is merged into that of the receiving state savings bank; and all its right, title, interest in and to all property of any kind, whether real, personal, or mixed, and things in action, and every right, privilege, interest, or asset of any conceivable value or benefit then existing belonging or pertaining to it, or which would inure to it under an unmerged existence, immediately by law and without any conveyance or transfer, and without any further act or deed, must be vested in and become the property of the receiving state savings bank, which shall have, hold, and enjoy the same in its own right as fully and to the same extent as if the same were possessed, held, or enjoyed by the state savings banks so merged; and the receiving state savings bank must absorb fully and completely the state savings bank or banks so merged;

(b) its rights, liabilities, obligations, and relations to a person remain unchanged and the state savings bank into which it has been merged must succeed, by the merger, to all the relations, obligations, and liabilities as though it had itself assumed or incurred them. An obligation or liability of a member, customer, or stockholder in a state savings bank that is a party to the merger must not be affected by the merger, but obligations and liabilities must continue as they existed before the merger, unless otherwise provided in the merger agreement;

(c) a pending action or other judicial proceeding to which a merged state savings bank is a party, is not abated or discontinued by reason of the merger, but may be prosecuted to final judgment, order, or decree in the same manner as if the merger had not been made; or the receiving state savings bank may be substituted as a party to the action or proceeding, and a judgment, order, or decree may be rendered to or against it that might have been rendered for or against the other state savings bank if the merger had not occurred.

(6) Notwithstanding another provision of this section, the board may waive any or all of the foregoing requirements upon finding that waiver would be in the best interest of members or stockholders of the merging state savings banks.

**SECTION 34‑30‑350.** Merger of state savings banks and federal depository institutions.

Any two or more depository institutions, when one or more is a state savings bank and one or more is a federal depository institution operating in South Carolina, may merge under either a state savings bank charter or a federal charter.

**SECTION 34‑30‑360.** Merger of stock state savings banks with banks or associations; merger plan; amendment; approval; vote.

(A) A stock state savings bank, upon a majority vote of its board of directors, may apply to the board for permission to merge with a bank, as defined in Chapter 25, or an association, as defined in Section 34‑28‑30.

(B) The state savings bank shall submit a plan of merger as a part of the application to the board. The board may approve the plan of merger with or without amendment.

If the board approves it, the plan must be submitted to stockholders or members as provided in subsection (C) of this section. If the board refuses to approve the plan, the board shall state the objections in writing and give the merging state savings bank an opportunity to amend the plan to obviate the objections.

(C) After lawful notice to stockholders or members of the state savings bank and full and fair disclosure, the substance of the plan must be approved by the affirmative vote of a majority of the votes or shares present, in person or by proxy. The results of the vote as certified by an appropriate officer of the state savings bank must be filed with the board. The board then shall approve or disapprove the requested merger.

**SECTION 34‑30‑370.** Voluntary dissolution of state savings banks.

A state savings bank may be dissolved voluntarily by a majority vote of the board of directors when substantially all of the assets have been sold for the purpose of terminating the business of the savings bank and when a certificate of dissolution is recorded in the manner required by this chapter for the recording of articles of incorporation.

**SECTION 34‑30‑380.** Resolution to dissolve and liquidate state savings banks and adopt plan of voluntary dissolution; election of liquidators; execution of plan, procedure.

At any annual or special meeting called for the purpose of dissolution, a state savings bank, by an affirmative vote, in person or by proxy, of at least two‑thirds of the total number of shares or votes that all members or stockholders of the association are entitled to cast, may resolve to dissolve and liquidate the state savings bank and adopt a plan of voluntary dissolution. Upon adoption of the resolution and plan of voluntary dissolution, the members or stockholders shall elect not more than three liquidators who shall post bond as required by the board. The liquidators shall have full power to execute the plan by the following procedure:

(1) A copy of the resolution, certified by an appropriate officer of the state savings bank, and the minutes of the meeting of members or stockholders, the plan of liquidation, and an itemized statement of the state savings bank’s assets and liabilities, sworn to by a majority of its board of directors, must be filed with the board. The minutes of the meeting of members or stockholders must be certified by an appropriate officer of the association, and describe the notice given and the time of mailing, the vote on the resolution, the total number of shares or votes that all members of the state savings bank were entitled to cast, and the names of the elected liquidators.

(2) If the board finds that the proceedings comply with this chapter and that the plan of liquidation is not unfair to a person affected, the board shall attach a certificate of approval to the plan and forward one copy to the liquidators and one copy to the state savings bank’s federal deposit account insurance corporation. Once the board has approved the resolution and the plan of liquidation, it is unlawful for the state savings bank to accept any additional deposit accounts or additions to deposit accounts or make any additional loans, but all its income and receipts in excess of actual expenses of liquidation of the state savings bank must be applied to the discharge of its liabilities.

(3) The liquidating state savings bank must pay a reasonable compensation, subject to the approval of the board, to the appointed liquidator.

(4) The plan is effective upon the recording of the board’s certificate of approval in the manner required by this chapter for the recording of the articles of incorporation.

(5) The liquidation of the state savings bank is subject to the supervision and examination of the board.

**SECTION 34‑30‑390.** Final report and accounting of liquidation; approval of report; certificate of dissolution, recording.

Upon completion of liquidation, the liquidator shall file with the board a final report and accounting of the liquidation. The board’s approval of the report operates as a complete and final discharge of the liquidator, the board of directors, and each member or stockholder in connection with the liquidation of the state savings bank. Upon approval of the report, the board shall issue a certificate of dissolution of the state savings bank and shall record it in the manner required by this chapter for the recording of articles of incorporation. The dissolution is effective upon the recording of the certificate of dissolution.

**SECTION 34‑30‑400.** Limitations on mergers.

No merger may be approved by the board under this Article 3:

(1) which would result in a monopoly, or which would be in furtherance of a combination or conspiracy to monopolize or to attempt to monopolize the banking business of this State; or

(2) the effect of which in this State would be substantially to lessen competition, or to tend to create a monopoly, or which in another manner would be in restraint of trade, unless it finds that the anticompetitive effects of the proposed transaction clearly are outweighed in the public interest by the probable effect of the proposed merger in meeting the purposes of this chapter or the convenience and needs of the primary service area served.

**SECTION 34‑30‑410.** Short form merger, consolidation, conversion, or combination merger and conversion.

Notwithstanding another provision of this chapter, to protect the public, including members, depositors, or stockholders of a state savings bank, the board, upon making a finding that a state savings bank is unable to operate in a safe and sound manner, may authorize or require a short form merger, consolidation, conversion, or combination merger and conversion of the state savings bank, or another transaction.

**SECTION 34‑30‑420.** Applications for permission to organize interim state savings banks; preliminary approval.

(A) Article 2 of this chapter does not apply to applications for permission to organize an interim state savings bank so long as the application is approved by the board.

(B) Preliminary approval of an application for permission to organize an interim state savings bank is conditional upon the board’s approval of an application to merge the interim state savings bank and an existing stock state savings bank or on the board’s approval of another transaction.

ARTICLE 4.

SUPERVISION

**SECTION 34‑30‑510.** Powers and duties of board.

The board shall perform the duties and exercise the powers as to state savings banks organized or operated under this chapter, except as otherwise provided in this chapter.

**SECTION 34‑30‑520.** Procedures to implement provisions and define terms; application of State Administrative Procedures Act; cease and desist orders; suspension of directors, officers, or committee members; authorization to engage in activities of federally chartered savings banks.

(A) The board may establish procedures to implement a provision of this chapter and to define a term not defined in the chapter so as to foster and maintain an effective level of savings bank services and the security of depositor accounts. The provisions of the State Administrative Procedures Act apply to all regulations of the board under this chapter.

(B) After ten days’ notice and hearing in which the savings bank may appear, the board may issue a cease and desist order, having determined from competent and substantial evidence that a savings bank is engaged or has engaged or when the board has reasonable cause to believe the savings bank is about to engage in an unsafe or unsound practice, or is violating or has violated or the board has reasonable cause to believe is about to violate a material provision of a law, regulation, or a condition imposed in writing by the board or a written agreement made with the board.

(C) After ten days’ notice and hearing in which the director, officer, or committee member may appear, the board may suspend from office and prohibit from further participation in the conduct of the affairs of a savings bank any director, officer, or committee member who has committed a violation of a law, regulation, or of a cease and desist order or who has engaged or participated in an unsafe or unsound practice in connection with the savings bank or who has committed or engaged in any act, omission, or practice which constitutes a breach of that person’s fiduciary duty as any director, officer, or committee member, when the board has determined that the action or actions have resulted or will result in substantial financial loss or other damage that seriously prejudices the interests of the depositors.

(D) By issuing operational instructions, the board may authorize state savings banks to engage in activities approved for federally chartered savings banks.

**SECTION 34‑30‑530.** Adoption of rules, regulations, definitions, and forms; recording or reproducing of records; printed reproductions.

(A) The board shall adopt rules or regulations, definitions, and forms as necessary for the supervision and regulation of state savings banks and for the protection of the public investing in state savings banks.

(B) Without limiting the generality of subsection (A) of this section the board may adopt rules or regulations, definitions, and forms with respect to the following:

(1) reserve requirements;

(2) stock ownership and dividends;

(3) stock transfers;

(4) original incorporators, stockholders, directors, officers, and employees of a state savings bank;

(5) bylaws;

(6) the operation of state savings banks;

(7) deposit accounts, bonus plans, and contracts for savings programs;

(8) loans and loan expenses;

(9) investments and resource management;

(10) forms or proxies, holders of proxies, and proxy solicitations;

(11) types of financial records to be maintained by state savings banks;

(12) retention periods of various financial records;

(13) internal control procedures of state savings banks;

(14) conduct and management of state savings banks;

(15) chartering and branching;

(16) liquidations, dissolutions, and receiverships;

(17) mergers, consolidations, conversion, and combination mergers and conversions;

(18) interim state savings banks;

(19) reports that may be required by the board;

(20) conflicts of interest;

(21) service corporations; and

(22) subsidiary state savings banks and holding companies, including the rights of members, levels of investment in the subsidiaries, and stock sales.

(C) A state savings bank may cause any or all of its records to be recorded, copied, or reproduced by:

(1) photostatic, photographic, or microfilming process; or

(2) electronic graphic imaging through scanning, digitizing, or other means.

These processes or means must correctly copy, reproduce, or form a medium for copying or reproducing the original record so that an accurate facsimile of the original is printed or otherwise reproduced on paper, film, or similar medium.

(D) The printed reproduction is considered an original record for all purposes and must be treated as an original record in all courts or administrative agencies for the purpose of its admissibility into evidence, regardless of whether the institution retains or disposes of the original, provided:

(1) the original document otherwise qualified as a business record pursuant to the South Carolina Uniform Business Records as Evidence Act or the appropriate state or federal rules or regulations of evidence; and

(2) a custodian or other qualified witness as those terms are used in the appropriate state or federal rules of evidence certifies that the printed reproduction is a true and correct copy of the original.

**SECTION 34‑30‑540.** Examinations and investigations; report; prohibition against delay or obstruction of examinations, refusal to exhibit records, false statements.

(A) The board is authorized to examine and investigate everything relating to the business of a state savings bank or its holding company.

(B) The board shall furnish a copy of the report to the state savings bank examined and, upon request, may furnish a copy of, or excerpts from, the report to the insurer of accounts.

(C) A state savings bank may not wilfully delay or obstruct an examination. A person failing to comply with this subsection is guilty of a misdemeanor.

(D) A person who possesses or controls books, accounts, or papers of a state savings bank shall not refuse to exhibit them to the board or the board’s agents on demand, or knowingly or willingly make a false statement in regard to them. A person failing to comply with this subsection is guilty of a misdemeanor.

**SECTION 34‑30‑550.** Supervision and examination fees.

Every state savings bank, including state savings banks in the process of voluntary liquidation, or its holding company, shall pay into the office of the board fees for supervision and examination, and at the times, as prescribed by the board.

**SECTION 34‑30‑560.** Failure of examination to disclose complete financial condition; audit of examination; revaluation of assets or liabilities; expenses.

(A) If, in the opinion of the board, an examination conducted under Section 34‑30‑550 fails to disclose the complete financial condition of a state savings bank, the board, in order to ascertain its complete financial condition, may make an extended:

(1) audit of examination of the state savings bank or cause an audit or examination to be made by an independent auditor at the expense of the state savings bank; and

(2) revaluation of the assets or liabilities of the state savings bank or cause an independent appraiser to make a revaluation at the expense of the state savings bank.

(B) The board may collect from the state savings bank a reasonable sum for actual or necessary expenses of revaluation or audit of examination.

**SECTION 34‑30‑570.** Access of board and agents to records; subpoena powers; administration of oaths; production of documents; correction of improper entries; failure to comply with subpoena, refusal to testify; contempt proceedings.

(A) The board and the board’s agents:

(1) shall have free access to all books and records of a state savings bank, or its service corporation or holding company, that relate to its business, and the books and records kept by an officer, agent, or employee relating to or upon which any record is kept;

(2) may subpoena witnesses and administer oaths or affirmations in the examination of any director, officer, agent, or employee of a state savings bank, or its service corporation or holding company or of another person in relation to its affairs, transactions, and conditions;

(3) may require the production of records, books, papers, contracts, and other documents; and

(4) may order that improper entries be corrected on the books and records of a state savings bank.

(B) The board may issue subpoenas duces tecum.

(C) If a person fails to comply with a subpoena or a party or witness refuses to testify on a matter, a court of competent jurisdiction, on the application of the board, shall compel compliance by proceedings for contempt as in the case of disobedience of the requirements of a subpoena issued from the court or a refusal to testify in the court.

**SECTION 34‑30‑580.** Test appraisals of collateral securing loans; appraisers; appraisals by insurer of accounts; costs and expenses.

(A) The board may direct the making of test appraisals of real estate and other collateral securing loans made by state savings banks doing business in this State, employ competent appraisers, or prescribe a list from which competent appraisers may be selected, for the making of these appraisals by the board, and all other acts incident to the making of test appraisals.

(B) Instead of causing an appraisal to be made, the board may accept an appraisal caused to be made by the insurer of accounts.

(C) The expense and cost of test appraisals made under this section must be defrayed by the state savings bank subjected to the test appraisals, and each state savings bank doing business in this State shall pay all reasonable costs and expenses of the test appraisals when it is directed.

**SECTION 34‑30‑590.** Confidentiality of records or information; disclosure of specific information; exchange of information with state, federal, or reserve or insuring agencies; violations by state officials, liability; copy fees.

(A) The following records or information of the board, or its agents, are confidential and must not be disclosed:

(1) information obtained or compiled in preparation of or anticipation of, or during an examination, audit, or investigation of any association;

(2) information reflecting the specific collateral given by a named borrower, the specific amount of stock owned by a named stockholder, a stockholder list supplied to the board under Section 34‑30‑170, or specific deposit accounts held by a named member or customer;

(3) information obtained, prepared, or compiled during or as a result of an examination, audit, or investigation of a state savings bank by an agency of the United States;

(4) information and reports submitted by state savings banks to federal regulatory agencies;

(5) information and records regarding complaints from the public received by the board that concern state savings banks when the complaint could result in an investigation, except to the management of those state savings banks; and

(6) other letters, reports, memoranda, recordings, charts, documents, or records that disclose information of which disclosure is prohibited in this subsection.

(B) A court of competent jurisdiction may order the disclosure of specific information.

(C) Nothing in this section prevents the exchange of information relating to state savings banks and their business with the representatives of the agencies of this State, other states, or of the United States, or with reserve or insuring agencies for state savings banks. The private business and affairs of an individual or company must not be disclosed by a person employed by the board, a member of the board, or by a person with whom information is exchanged under the authority of this subsection.

(D) An official employee of this State violating this section is liable to a person injured by disclosure of the confidential information for all damages sustained. Penalties provided are not exclusive of other penalties.

(E) The fee for copies of disclosed information must be set by the board.

**SECTION 34‑30‑600.** Defamation; false information and advertising; fine or imprisonment.

A person who engages in any of the following acts or practices is guilty of a misdemeanor and, upon conviction, must be fined or imprisoned, or both, in the discretion of the court:

(1) Defamation: Making, publishing, disseminating, or circulating, directly or indirectly, or aiding, abetting, or encouraging the making, publishing, disseminating, or circulating of any oral, written, or printed statement that is false regarding the financial condition of a state savings bank.

(2) False information and advertising: Making, publishing, disseminating, circulating, or otherwise placing before the public in any publication, media, notice, pamphlet, letter, poster, or other way, an advertisement, announcement, or statement containing any assertion, representation, or statement with respect to the state savings bank business or with respect to a person in the conduct of the state savings bank business that is untrue, deceptive, or misleading.

ARTICLE 5.

ENFORCEMENT

**SECTION 34‑30‑760.** Violations; statement, order of discontinuance and compliance; enforcement by court; application for hearing and suspension of order; notice; adjudication.

If the board, as a result of an examination or from a report made to it, finds that a state savings bank or a service corporation or subsidiary is violating the provisions of its articles of incorporation or bylaws, the laws of this State or the United States, or any lawful order or regulation of the board, it shall state, by a formal written order delivered to the home office, the alleged violation, with a statement of the facts alleged to constitute the violation, and order discontinuance of the violation and compliance with all requirements of law. The order must specify its effective date, which may be immediate or may be at a later date, and it remains in effect until withdrawn by the board or until terminated by a court order. The order of the board, upon application made on or after its effective date by the board to the circuit court in the county in which the home office of the association or organization is located, may be enforced by the court. A state savings bank or company affected by an order of the board, after its receipt, shall have the right to apply within thirty days to a court of competent jurisdiction for an immediate hearing and order suspending the order of the board until the hearing has been completed. The hearing of the application to the court must be upon that notice to the board as the court shall provide. Whether upon application by the board or by the state savings bank or other company, the court has power to and shall adjudicate the question and enter the proper orders and enforce the same.

**SECTION 34‑30‑770.** Appointment of conservator; circuit court confirmation of appointment; power and authority of conservator; term of appointment; compensation; discharge; limitations on conservator; business of bank under conservatorship.

(A) If the board, as a result of an examination or from any report made to it, believes that the public interest may be served by the appointment of a conservatorship, and if it finds that a state savings bank is:

(1) in an impaired condition;

(2) engaging in practices which threaten to result in an impaired condition; or

(3) in violation of an order or injunction authorized by Section 34‑30‑760 which has become final in that time to appeal has expired without appeal or a final order has been entered from which there may be no appeal, the board may appoint a conservator for the state savings bank. Upon the appointment, the board shall apply immediately to the circuit court in the county in which the home office of the state savings bank is located and, in the case of a foreign state savings bank doing business in this State, the county in which its registered office in this State is located, for confirmation of the appointment, and the court has exclusive jurisdiction to determine the issues and all related matters. The court shall confirm the appointment if it finds that one or more grounds specified in this subsection exist, and a certified copy of the order of the court is evidence of confirmation of the appointment. The conservator has the power and authority provided in this chapter and other power and authority as may be expressed in the order of the court. The conservator shall endeavor promptly to remedy the situations complained of by the board in its application for confirmation of the appointment. Within six months of the date of the appointment, or within twelve months if the court extends the six‑month period, the state savings bank must be returned to its board of directors and after that must be managed and operated as if no conservator had been appointed, or a receiver must be managed and operated as provided. If an employee of the board is appointed conservator, he shall receive no additional compensation, but if another person is appointed, the compensation of the conservator, as determined by the court, must be paid by the state savings bank. A certified copy of the order of the court discharging the conservator and returning the state savings bank to the directors is evidence of the discharge.

(B) A conservator has all the rights, powers, and privileges possessed by the officers, directors, members, and stockholders of the state savings bank.

(C) The conservator shall not retain special counsel or other experts, incur expense other than normal operating expenses, or liquidate assets except in the ordinary course of operations.

(D) The directors and officers shall remain in the office and the employees shall remain in their respective positions, but the conservator may remove the director, officer, or employee, provided the order of removal of a director or officer is approved in writing by the board.

(E) While the state savings bank is in the charge of a conservator, borrowers, and other obligors of the state savings bank shall continue to make payments to the state savings bank in accordance with the terms and conditions of their contracts. The conservator, in his discretion, may permit a deposit account holder to withdraw his account from the state savings bank pursuant to the provisions of this chapter or under and subject to those regulations as the board may prescribe. The conservator has power to accept new deposit accounts and additions to existing deposit accounts, but amounts received by the conservator may be segregated if the board orders in writing. The segregated amounts are not subject to offset and may not be used to liquidate indebtedness of the state savings bank existing at the time the conservator was appointed for it or subsequent indebtedness incurred for the purposes of liquidating the indebtedness of a state savings bank existing at the time the conservator was appointed. All expenses of the state savings bank during the conservatorship must be paid by the state savings bank.

**SECTION 34‑30‑780.** Appointment of receiver; circuit court confirmation of appointment; power and authority of receiver; compensation; tender of appointment to Federal Deposit Insurance Corporation; procedure; contesting of proceedings; reimbursement of expenses and attorney fees.

(A) If the board finds that a state savings bank is:

(1) in an impaired condition;

(2) engaging in practices which threaten to result in an impaired condition; or

(3) in violation of an order or injunction, as provided in Section 34‑30‑760, which has become final in that the time to appeal has expired without appeal or a final order has been entered from which there is no appeal, the board may appoint a receiver for the state savings bank. Upon this appointment, the board shall apply immediately to the circuit court in the county in which the home office of the state savings bank is located and, in the case of a foreign state savings bank doing business in this State, the county in which its registered office in this State is located, for confirmation of the appointment, and the court has exclusive jurisdiction to determine the issues and all related matters. These proceedings must be given precedence over other cases pending in the court and must be expedited. The court shall confirm the appointment if it finds that one or more of the grounds specified in this section exist, and a certified copy of the order of the court confirming the appointment is evidence of its confirmation. In the case of an insured state savings bank, the appointment by the board of a receiver under this section constitutes an official determination of a public authority in this State pursuant to which a receiver is appointed for the purpose of liquidation as contemplated by and within the meaning of the Federal Deposit Insurance Act, if, within ten days after the date the application of the board is filed, confirmation of the appointment or denial of confirmation has not been issued by the court. The receiver has all the powers and authority of a conservator, plus the power to liquidate, and shall have those other powers and authority as may be expressed in the order of the court. If the chairman of the board, or his deputy, or an employee of the board is appointed receiver, he shall receive no additional compensation, but if another person is appointed, the compensation of the receiver, as determined by the court, must be paid from the assets of the state savings bank.

(B) If the state savings bank is an institution insured by the Federal Deposit Insurance Corporation, the Federal Deposit Insurance Corporation must be tendered appointment as receiver or co‑receiver. If it accepts the appointment, it may make loans on the security of or purchase at public or private sale a part or all of the assets of the state savings bank of which it is receiver or co‑receiver, provided the loan or purchase is approved by the court.

(C) The procedure in the receivership action must be in all other respects in accordance with the practice in the court where the action was filed, including all rights of appeal and review. The directors, officers, and attorneys of a state savings bank in office at the time of the initiation of a proceeding under this section or Section 34‑30‑770 are authorized to contest the proceeding and must be reimbursed for reasonable expenses and attorney fees by the state savings bank or from its assets. A court having a proceeding before it shall allow reasonable expenses and attorney fees for the directors, officers, and attorneys.

ARTICLE 6.

CORPORATE ADMINISTRATION

**SECTION 34‑30‑1000.** Membership of mutual state savings banks.

(A) The membership of a mutual state savings bank consists of those who:

(1) hold deposit accounts in the state savings bank, and

(2) borrow funds and those who become obligated on a loan from the state savings bank, for as long as the loan remains unpaid and the borrower remains liable to the state savings bank for the payment of the loan.

(B) A person, as a matter of right or in a trust or other fiduciary capacity, or any partnership, association, corporation, political subdivision, or public or governmental unit or entity may become a member of a mutual state savings bank. Members must be possessed of voting rights and other rights as are provided by a state savings bank’s articles of incorporation and bylaws as approved by the board.

**SECTION 34‑30‑1010.** Election of mutual state savings bank directors; terms; weighted voting; voting rights; election of stock savings bank directors; terms; ownership interest; number of directors; vacancies; restrictions.

(A) The directors of a mutual state savings bank must be elected by the members at an annual meeting, held pursuant to Section 34‑30‑1060, for the terms as the bylaws of the state savings bank may provide. Directors’ terms may be classified in the articles of incorporation. Voting for directors by deposit account holders may be weighted according to the total amount of deposit accounts held by the members, subject to a maximum number of votes for each member, which a state savings bank may choose to prescribe in its bylaws. Voting rights for borrowers must be prescribed in a detailed manner in the bylaws of the state savings bank.

(B) The directors of a stock state savings bank must be elected by the stockholders at an annual meeting, held pursuant to Section 34‑30‑1060, for the terms as the bylaws of the state savings bank may provide. Directors’ terms may be classified in the articles of incorporation.

(C) A director of a state savings bank shall have an ownership interest in the state savings bank, or in the case of a stock state savings bank, in the holding company for the stock state savings bank.

(D) A state savings bank shall have at least five directors.

(E) A vacancy occurring in the board of directors, including a vacancy created by reason of an increase in the number of directors, may be filled by the affirmative vote of a majority of the remaining directors. A director elected to fill a vacancy shall hold office for the remainder of the original term of the vacancy.

(F) A person shall not serve as an officer or director of a state savings bank who:

(1) has been convicted on an offense involving fraud or a breach of trust or which constitutes a violation of the laws relating to financial institutions, except with the prior approval of the board upon a showing of rehabilitation; or

(2) is indebted to the savings bank for more than thirty days upon a judgment that has become final.

**SECTION 34‑30‑1020.** Bylaws and amendments; certification; effective date; amendment.

The bylaws and amendments must be certified by the appropriate corporate official and submitted to the board at least thirty days before they may become effective. Unless the board determines that a proposed amendment to the bylaws conflicts with a provision of this chapter or applicable law, the amendment is effective at the expiration of the thirty‑day period, or at such earlier date as permitted by the board. The board of directors of a state savings bank has the authority to adopt or amend bylaws that do not conflict with this chapter or the articles of incorporation. If the articles of incorporation or bylaws provide, the bylaws may be amended by members or stockholders in the manner specified in this chapter.

**SECTION 34‑30‑1030.** Fiduciary duties of officers and directors; duties of good faith, diligence and care.

Officers and directors of a state savings bank shall act in a fiduciary capacity towards the state savings bank and its members or stockholders. They shall discharge duties of their respective positions in good faith, and with that diligence and care which ordinarily prudent persons would exercise under similar circumstances in like positions.

**SECTION 34‑30‑1040.** Conflict of interest.

Each director, officer, and employee of a state savings bank shall avoid placing himself in a position which creates, or which leads to, or could lead to a conflict of interest or appearance of a conflict of interest having adverse effects on the interests of members, customers, or stockholders of the state savings bank, soundness of the state savings bank, and the purposes of this chapter.

**SECTION 34‑30‑1050.** Voting rights; production of books of record; majority determination of questions.

Voting rights in the affairs of a state savings bank may be exercised by members and stockholders by voting either in person or by proxy. In the case of a mutual state savings bank, those entitled to vote are those who are members of record at the end of the calendar month next preceding the date of the meeting, except those who have ceased to be members. In the case of a stock saving bank, the directors may fix a date not more than sixty days and not fewer than ten days before the date set for the meeting as the record date as of which the stockholders of record are entitled to vote. Unless the articles of incorporation provide otherwise, every stockholder of a stock state savings bank, if present in person or voting through a duly authorized proxy at a meeting of stockholders, is entitled to one vote for each share of voting stock recorded in his name on the books of the state savings bank on the record date as to each proposal presented at the meeting. The books of record of stockholders must be produced at any stockholders’ meeting upon the request of a stockholder. A majority of all votes cast at a meeting of members or stockholders shall determine any question unless this chapter or the provisions of the South Carolina Business Corporation Act, Chapters 1 to 25 of Title 33, provides otherwise.

**SECTION 34‑30‑1060.** Annual meetings; notice.

(A) A state savings bank must hold an annual meeting of its members or stockholders, at a time and place as provided in the bylaws or determined by the board of directors. The annual meeting must be held for the purpose of electing directors and for other purposes as specified by the board of directors or pursuant to procedures as provided for in the bylaws.

(B) The board of directors of a mutual state savings bank shall cause to be published once a week for two weeks preceding the meeting, in a newspaper of general circulation in the county where the state savings bank has its principal office, a notice of the meeting, stating the time and place where it is to be held. In addition to the notice, a mutual state savings bank must disseminate additional notice of an annual meeting by notice made available to all members entering the premises of a branch office of the state savings bank in the regular course of business by posting notice, in one or more conspicuous places, announcing the pending meeting, the time, date, place and purpose of the meeting. The additional notice must be given at least fourteen days before the meeting and shall continue through the time of the meeting.

(C) The board of directors of a stock state savings bank shall give written or printed notice, stating the time and place of the annual meeting, not less than ten days nor more than sixty days before the date of the meeting, either personally or by mail, to each stockholder of record entitled to vote at the meeting. If mailed, the notice is considered to be delivered when deposited in the United States postal service addressed to the stockholder at the address as it appears on the records of the corporation, with postage prepaid.

**SECTION 34‑30‑1070.** Special meetings; notice.

(A) Special meetings of members or stockholders of a state savings bank may be called by the president or the board of directors or by other officers or persons as provided for in the articles of incorporation or bylaws of the savings bank. Special meetings must be held for such purpose as specified by the board of directors.

(B) Notice of a special meeting of members or stockholders must be given in the same manner as an annual meeting as provided by Section 34‑30‑1060.

**SECTION 34‑30‑1080.** Quorum.

No less than thirty holders of deposit accounts in a mutual state savings bank or a majority of shares eligible to vote in a stock state savings bank, present in person or represented by proxy, constitutes a quorum at any annual or special meeting.

**SECTION 34‑30‑1090.** Blanket indemnity bond; bonding of agents; settlement; cancellation.

(A) A state savings bank must maintain a blanket indemnity bond as prescribed by the board, but not less than one million dollars.

(B) A state savings bank that employs collections agents, who are not covered by the bond required in this section, must provide for the bonding of each agent in an amount equal to at least twice the average monthly collections of the agent. The agents are required to make settlement with the state savings bank at least once monthly. No coverage by bond must be required of an agent that is a bank or a savings institution insured by the Federal Deposit Insurance Corporation. The amount and form of the bond and the sufficiency of the surety must be approved by the board of directors and the board before it is valid. A bond must provide that its cancellation, either by the surety or by the insured, is not effective unless and until thirty days’ notice in writing has been given to the board.

**SECTION 34‑30‑1100.** Exemption of directors or officers from personal liability; limitations; breach of duty of loyalty defined.

(A) Notwithstanding another provision of this chapter, a state savings bank, in its articles of incorporation or bylaws, may provide that a director or officer is not liable personally, or is liable only to the extent provided, to the state savings bank or its depositors or members or stockholders for damages for breach of a duty owed to the savings bank or its depositors or members, except that the provision does not relieve an officer or director from liability for an act or omission:

(1) in breach of the person’s duty of loyalty to the state savings bank or its depositors, members, or stockholders;

(2) not in good faith or involving a knowing violation of law; or

(3) resulting in receipt by the person of an improper personal benefit.

(B) As used in this section, an act or omission in breach of a person’s duty of loyalty means one which that person knows or believes to be contrary to the best interests of the state savings bank or its depositors in connection with a matter in which he has a material conflict of interest.

ARTICLE 7.

LOANS AND INVESTMENTS

**SECTION 34‑30‑1210.** Permitted loans.

(A) A state savings bank may lend funds:

(1) on the security of deposit accounts, but no loan shall exceed the withdrawal value of the pledged deposit account;

(2) on the security of real property:

(a) of a value, determined in accordance with this chapter and appraisal rules or regulations as the board may adopt sufficient to provide good and ample security for the loan;

(b) with a fee simple title or a leasehold title of no less duration than ten years beyond the maturity of the loan;

(c) with the security interest in the real estate evidenced by an appropriate written instrument and the loan evidenced by a note, bond, or similar written instrument. A loan on the security of the whole of the beneficial interest in a land trust satisfies the requirements of this subitem if the title to the land is held by a corporate trustee and if the real estate held in the land trust meets the other requirements of this item;

(3) for the purpose of repair, improvement, rehabilitation, furnishing, or equipment of real estate;

(4) the purpose of financing or refinancing an existing ownership interest, in certificates of stock, certificates of beneficial interest, or other evidence of an ownership interest in, and a proprietary lease from, a corporation, trust, or partnership formed for the purpose of the cooperative ownership of real estate, secured by the assignment or transfer of the certificates or other evidence of ownership of the borrower;

(5) for the purchase of loans that, at the time of purchase, the state savings bank is authorized to make in accordance with this chapter;

(6) for the purchase of installment contracts for the sale of real estate, and title to it that is subject to the contract, but in each instance only if the state savings bank, at the time of purchase, is authorized to make a mortgage loan of the same amount and for the same length of time on the security of the real estate;

(7) for the purchase of loans guaranteed or insured, wholly or in part, by the United States or any of its instrumentalities;

(8) for secured or unsecured financing for business, corporate, personal, family, or household purposes, or for secured or unsecured loans for agricultural or commercial purposes, subject to rules or regulations as the board adopts;

(9) for the purpose of mobile home financing;

(10) for a loan secured by not more than ninety percent of the cash surrender value of a life insurance policy;

(11) for a loan on collateral that is a legal investment if made by the state savings bank under this chapter.

(B) Notwithstanding any provision of this chapter to the contrary, a state savings bank may make any loans within the lending limits prescribed that the state savings bank could make if it were incorporated and operating as a federal association or federal savings bank or as a state or national bank.

**SECTION 34‑30‑1220.** Loan procedures; report of actions; loans on collateral; unsecured loans; investment of funds; sale of loans.

(A) The board of directors shall establish procedures by which loans are to be considered, approved, and made by the state savings bank.

(B) All actions on loan applications to the state savings bank must be reported to the board of directors at its next meeting.

(C) Subject to rules or regulations as the board considers appropriate, a state savings bank may lend funds on collateral considered sufficient by the board of directors to secure loans properly. Loans made solely upon security of collateral consisting of stock or equity securities that are not listed on a national stock exchange or regularly quoted and offered for trade on an over‑the‑counter market are considered loans without security.

(D) A state savings bank may lend funds without requiring security. An unsecured loan shall not exceed the maximum amount authorized by rules or regulations of the board.

(E) A state savings bank may invest funds on hand in the purchase of loans of a type that the state savings bank could make in accordance with this chapter.

(F) A state savings bank may invest in a participating interest in loans of a type that the state savings bank could make in accordance with this chapter.

(G) A state savings bank may sell a loan, including a participating interest in a loan.

**SECTION 34‑30‑1230.** Acceptance of own capital stock or mutual capital certificates as security prohibited.

A state savings bank may not accept its own capital stock, or that of its holding company, or its own mutual capital certificates as security for loans made by the state savings bank.

**SECTION 34‑30‑1240.** Condition of loan on specific contracts prohibited.

A state savings bank or service corporation shall not require, as a condition of making a loan, that the borrower contract with any specific person or organization for particular services, except as otherwise permitted to national banking associations.

**SECTION 34‑30‑1250.** Loan expenses; late payment charge; levy of payments.

Pursuant to the provisions of the South Carolina Consumer Protection Code as contained in Title 37, a state savings bank may require borrowers to pay:

(1) all reasonable expenses incurred by the state savings bank in connection with making, closing, disbursing, extending, adjusting, or renewing loans.

(2) a charge for late payments made during the course of repayment of a loan.

The payments may be levied only upon the terms and conditions that are fixed by the state savings bank’s board of directors and agreed to by the borrower in the loan contract.

**SECTION 34‑30‑1260.** Repayment plan; written agreement required.

Subject to rules or regulations as the board prescribes, a state savings bank must agree in writing with borrowers as to the method or plan by which an indebtedness must be repaid.

**SECTION 34‑30‑1270.** Stringency of rules or regulations.

The board may adopt rules or regulations no less stringent than the requirements of the appropriate federal regulatory authority to govern the making of loans to officers and directors, and their associates, and companies or other business entities controlled by them.

**SECTION 34‑30‑1280.** Limitations on rules or regulations.

A rule or regulation that the board adopts in respect to loans permitted to be made by state savings banks as necessary to assure that the loans are in keeping with sound lending practices and to promote the purposes of this chapter must not prohibit a state savings bank from making a loan that is a permitted loan for federal savings or federal association under federal regulatory authority or to a state or national bank.

**SECTION 34‑30‑1290.** Loans or investments violating this chapter.

Unless otherwise provided, every loan or other investment made in violation of this chapter is due and payable according to its terms and its obligation is not impaired if the violation consists only of the lending of an excessive sum of authorized security or of investing in an unauthorized investment.

**SECTION 34‑30‑1300.** Limitation on total loans and extensions of credit; “person” defined; rules or regulations.

(A) The total loans and extensions of credit, both direct and indirect, by a state savings bank to a person, other than a state, county, or municipality carrying the full faith and taxing power for money borrowed, outstanding at one time, shall not exceed fifteen percent of the net worth of the state savings bank.

(B) For purposes of this section, the term “person” includes an individual or a corporation, partnership, trust, association, joint venture, pool, syndicate, sole proprietorship, unincorporated organization, or other form of entity not specifically listed in this subsection. A loan or extension of credit to one person includes loans made to other persons when the proceeds of the loans or extensions of credit are to be used for the direct benefit of the first person or when the persons are engaged in a common enterprise.

(C) The limitations of this section do not apply to loans secured by certificates of deposits or loans or obligations to the extent that they are secured or covered by guarantees or by commitments or agreements to take over or purchase them, made by any federal reserve bank or by the United States or any instrumentality of the United States, including a corporation wholly owned directly or indirectly by the United States. Those loans must not exceed fifty percent of the net worth of the savings bank.

(D) The board may adopt rules or regulations as necessary or appropriate, including rules or regulations to modify restrictions contained in this section, in order to render this section consistent with rules or regulations applicable to either federal savings banks or associations or national banks.

**SECTION 34‑30‑1310.** Investments in real property; limitations.

With the prior approval of the board, a state savings bank may invest in real property for the conduct of its business. The total investment in fixed assets must not exceed fifty percent of the state savings bank’s net worth.

**SECTION 34‑30‑1320.** Investments in obligations issued and guaranteed by federal government.

A state savings bank may invest in an obligation issued and fully guaranteed in principal and interest by the United States government or an instrumentality of the United States.

**SECTION 34‑30‑1330.** Investments in obligations issued and guaranteed by state.

A state savings bank may invest in an obligation issued and fully guaranteed in principal and interest by the State or an instrumentality of the State.

**SECTION 34‑30‑1340.** Investments in stock or bonds of Federal Home Loan Banks.

A state savings bank may invest in the stock of the Federal Home Loan Bank of which the savings bank is a member, and in bonds or other evidences of indebtedness or obligation of a Federal Home Loan Bank.

**SECTION 34‑30‑1350.** Investments in certificates of deposit, time‑insured deposits, savings accounts, demand deposits, or withdrawable accounts.

A state savings bank may invest in certificates of deposit, time‑insured deposits, savings accounts, demand deposits, or withdrawable accounts of any banks, associations, credit unions, or state savings banks as are approved by the board of directors of the savings bank.

**SECTION 34‑30‑1360.** Investments in stock of federal government sponsored enterprises.

A state savings bank may invest in stock or other evidences of indebtedness or obligations of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, or other federal government sponsored enterprise, or its successor.

**SECTION 34‑30‑1370.** Investments in direct general obligations of state government, bonds payable from pledged revenues or earnings.

A state savings bank may invest in bonds or other evidences of indebtedness that are direct general obligations of a state, county, city, town, village, school district, sanitation, or park district, or other political subdivision or municipal corporation in the top three rating bands of one of the national rating services. A state savings bank also may invest in bonds or other evidences of indebtedness that are payable from revenues or earnings specifically pledged for it, which are issued by a county or a political subdivision or municipal corporation of a county in this State up to the loan limitations of Section 34‑30‑1300.

**SECTION 34‑30‑1380.** Investments in stock of corporations or state agencies which provide educational loans.

A state savings bank may invest in stock or obligations of a corporation doing business in this State, or of an agency of this State or of the United States, where the principal business of the corporation or agency is to make loans for the financing of a college or university education, or education at an industrial education center, technical institute, or community college.

**SECTION 34‑30‑1390.** Investments in stock of business or industrial development corporations.

A state savings bank may invest in stock or other evidence of indebtedness or obligations of business or industrial development corporations chartered by this State or by the United States.

**SECTION 34‑30‑1400.** Investments in stock of urban renewal investment corporations.

A state savings bank may invest in stock or other evidence of indebtedness or obligations of an urban renewal investment corporation chartered under the laws of this State or of the United States.

**SECTION 34‑30‑1410.** Limitations on loans and investments in commercial loans.

Subject to rules or regulations that the board considers appropriate, a state savings bank may lend and invest no more than fifty percent of its total assets in commercial loans. A commercial loan is for business, commercial, corporate, and agricultural purposes.

**SECTION 34‑30‑1420.** Establishment of service corporations; investments in securities of existing service corporations; limitations; audit and examination; report of proposed activities, objections; office locations.

(A) A state savings bank or group of savings institutions may establish service corporations. A state savings bank also may invest in the capital stock, obligations, or other securities of existing service corporations.

(B) A state savings bank may not make an investment in a service corporation in excess of ten percent of its net worth.

(C) A service corporation is subject to audit and examination by the board, and the service corporation must pay a supervisory fee established by the board.

(D) The proposed activities of a service corporation must be reported to the board, which has sixty days to object to the activities.

(E) The location of the principal and branch offices of a service corporation must be approved by the board.

**SECTION 34‑30‑1430.** Loans or investments for federal associations or national banking associations located in state.

With the prior approval of the board, a state savings bank may make a loan or investment, or engage in an activity, which may be permitted under state law for banks or pursuant to the laws of the United States for federal associations or national banking associations whose principal offices are located within this State.

**SECTION 34‑30‑1440.** Authorized actions of state savings banks; issuance of capital notes, bonds, debentures, or other obligations or securities.

(A) In addition to the powers granted in this chapter, but subject to rules or regulations that the board prescribes, a state savings bank incorporated or operated under this chapter may:

(1) with prior board notification, establish off the premises of a principal office or branch, a customer communications terminal, point of sale terminal, automated teller machine, automated or other direct or remote information processing device or machine, whether manned or unmanned, through or by means of which funds or information relating to a financial service or transaction rendered to the public is stored and transmitted, instantaneously or otherwise to or from a state savings bank terminal or terminals controlled or used by or with other parties. The establishment and use of a device or machine does not constitute a branch office, and the capital requirements and standards for approval of a branch office as provided in the statutes and regulations are not applicable to the establishment of an off‑premises terminal, device, or machine. A state savings bank, through mutual consent, may share on‑premises, unmanned, automated teller machines, and cash dispensers;

(2) issue credit cards, extend credit in connection with them, and otherwise engage in or participate in credit card operations;

(3) with prior board approval, act as a trustee, executor, board, guardian, or in another fiduciary capacity;

(4) become a member of a clearing house association and pledge assets required for its qualification;

(5) with the approval of the Commissioner of Banking, capital certificates may be issued by state‑chartered savings banks and sold directly to subscribers or through underwriters, and the certificates constitute part of the general reserve and net worth of the issuing state savings bank, provided such certificates:

(a) are subordinate to all savings accounts, savings certificates, and debt obligations;

(b) constitute a claim in liquidation on the general reserves, surplus, and undivided profits of the state savings bank remaining after the payment of all savings accounts, savings certificates, and debt obligations;

(c) are entitled to the payment of dividends; and

(d) may have a fixed or variable dividend rate.

(6) service loans and investments for others.

(B) With the approval of the Commissioner of Banking, a state savings bank may issue capital notes, bonds, debentures, or other obligations or securities.

**SECTION 34‑30‑1450.** Vesting of security ownership in parties other than original executors; dealings with successors in interest.

With respect to an investment made by a state savings bank in a loan, if the ownership of the security for the loan or any part of it becomes vested in a person other than the parties originally executing the security instruments, and provided there is not an agreement in writing to the contrary, the association, without notice to the original parties, may deal with the successors in interest with reference to the security and debt secured in the same manner as if the property were owned by the original parties, and may forbear to sue or may extend time for payment of or otherwise modify the terms of the debt secured by it, without discharging or in any way affecting the liability of the original parties or under the debt secured by it.

ARTICLE 8.

OPERATIONS

**SECTION 34‑30‑1610.** Deposits; accounts, transfer; deposit account contract; evidence of account ownership; loss or destruction of evidence of ownership, issuance of new evidence of ownership, bond.

(A) A state savings bank may receive deposits of funds upon terms as the contract of deposit provides subject to withdrawals or to be paid upon checks of the depositor. Deposit accounts may be opened or deposits made and held by, in trust or other fiduciary capacity for, a person, political subdivision, public unit, or governmental unit. Savings accounts are transferrable only on the books of the state savings bank after proper written application by the transferee and acceptance by the state savings bank of the transferee as an account holder. The state savings bank may treat the holder of record of a savings account as its owner for all purposes without being affected by a notice to the contrary unless the state savings bank has acknowledged in writing notice of a pledge of the savings account.

(B) Each account holder shall execute a deposit account contract setting forth special terms and provisions. However, the ownership of the account and the conditions upon which withdrawals may be made may not be inconsistent with the provisions of this chapter.

(C) An account book, separate certificate, written statement, card, device or other evidence or means of access of identity, evidencing the ownership of the account must be issued to each savings account holder of record as shown by the books of the state savings bank.

(D) Upon the filing with a state savings bank by the holder of record as shown by the books of the state savings bank, or by his legal representative, of an affidavit to the effect that the evidence of ownership of a savings account with the state savings bank has been lost or destroyed and that the evidence of ownership has not been pledged or assigned in whole or in part, the state savings bank must issue new evidence of ownership in the name of the holder of record. The new evidence must state that it is issued instead of the one lost or destroyed, but the board of directors may require a bond in an amount it considers sufficient to indemnify the state savings bank against loss which might result from the issuance of new evidence of ownership.

**SECTION 34‑30‑1620.** Accounts from married or minor persons as sole owner; payment or delivery of rights; actions of minor binding; no parental power to attach or transfer savings account of minor; death of minor.

A state savings bank operating under this chapter and a federal savings institution conducting business in this State may accept a savings or other deposit account from a married person or minor as the sole and absolute owner of the account, receive payments by or for the owner, pay withdrawals, accept pledges to the state savings bank, and act in other matters with respect to the account of the married person or minor. A payment or delivery of rights by a state savings bank to a married person or by a minor who holds a deposit account is a valid and sufficient release and discharge of the state savings bank for payment so made or delivery of rights to the married person or minor. In the case of the minor, the receipt, acquittance, pledge, or other action required by the state savings bank to be taken by the minor is binding upon the minor with like effect as if he were of full age and legal capacity. The parent or guardian of the minor shall not in his capacity as parent or guardian have the power to attach or otherwise transfer a savings account issued to or in the name of the minor. However, if the minor dies, the receipt or acquittance of either parent or guardian of the minor is a valid and sufficient discharge of the state savings bank for a sum not exceeding, in the aggregate, two thousand five hundred dollars unless the minor had given written notice to the state savings bank to accept the signature of the parent or guardian for a larger sum.

**SECTION 34‑30‑1630.** Account in name of two persons; joint tenancy; liability; payments during lifetime and upon death, deletion; refusal to honor request pending determination of rights; deposits of fiduciaries for beneficiaries; death of fiduciary; trustees; death of trustee; payment or delivery; incompetence; nonresidents, exemption from taxation.

(A)(1) When a deposit account is held in a state savings bank in the names of two or more persons, whether minor or adult, so that the monies in the account are payable to either of the survivor or survivors, then, in the absence of fraud or undue influence, the account and all additions to it are the property of the persons as joint tenants. The opening of the account in this form, in the absence of fraud or undue influence, is conclusive evidence in any action or proceeding to which either the state savings bank or the survivor or survivors is a part of the intention of all the parties to the account to vest title to the account and the additions to it in the survivor or survivors. The state savings bank is not subject to liability for fraud or undue influence if it complies with the provisions of this paragraph.

(2) Except as provided in item (3), the monies in the account may be paid to or on order of any one of the joint tenants during his lifetime or to or on the order of any of the survivors of them after the death of any of them, and the name of the joint tenant may be deleted from the account on the written direction to the state savings bank of any other joint tenant.

(3) By written instructions given to the state savings bank by all of the joint tenants of an account, either the signature of more than one of the joint tenants during their lifetime or more than one of the survivors after the death of any of them may be required on any check, receipt, or withdrawal order, or the deletion of the name of a joint tenant from the account may be allowed only on the written direction of certain specified tenants. The state savings bank must pay the monies in the account or allow deletions to it, or both, only in accordance with these instructions, except that no instruction may limit the right of the survivor or survivors to receive the money in the account.

(4) Payment of all or some of the monies in this account or deletion of the name of an account holder as provided in this subsection discharges the state savings bank from liability with respect to the monies paid or names deleted until receipt by the state savings bank of a written notice from one of the joint tenants directing the state savings bank not to permit withdrawals or deletions in accordance with the terms of the account or the instructions. After receipt of the notice, the state savings bank may refuse, without liability, to honor any check, receipt, or withdrawal order, or deletion request on the account pending determination of the rights of the parties. No state savings bank paying a survivor in accordance with the provisions of this section is liable for estate, inheritance, or succession taxes which may be due this State.

(B) A state savings bank may accept deposits in the name of any administrator, executor, custodian, conservator, guardian, trustee, or other fiduciary for a named beneficiary or beneficiaries. The withdrawal value of an account and its earnings or other rights relating to it may be paid or delivered, in whole or in part, to the fiduciary without regard to a notice to the contrary so long as the fiduciary is living. The payment or delivery to a fiduciary or a receipt or acquittance signed by a fiduciary to whom a payment or a delivery of rights is made is a valid and sufficient release and discharge of a state savings bank for the payment or delivery. When a person holding an account in a fiduciary capacity dies and no written notice of the revocation or termination of the fiduciary relationship has been given to the state savings bank and the state savings bank has no written notice of other disposition of the beneficial estate, the withdrawal value of the account and its earnings, or other rights relating to it, may be paid or delivered, at the option of the state savings bank in whole or in part, to the beneficiary or beneficiaries. When an account is opened by a person describing himself in opening the account as trustee for another and no other or further notice of the existence and terms of a legal and valid trust is given in writing to the state savings bank, if the person who described himself as trustee dies, the withdrawal value of the account or any part of it and its earnings may be paid to the person for whom the account was described to have been opened. The payment or delivery to a beneficiary, beneficiaries, or designated person, or a receipt of acquittance signed by a beneficiary, beneficiaries, or designated person, is for a payment or delivery a valid and sufficient release and discharge of a state savings bank for the payment or delivery. A state savings bank paying a fiduciary, beneficiary, or designated person in accordance with the provisions of this section is not liable for estate, inheritance, or succession taxes which may be due this State.

(C) When a deposit account is held in a state savings bank by a person who becomes incompetent and an adjudication of incompetency has been made by a court of competent jurisdiction, the state savings bank may pay or deliver the withdrawal value of the account and its earnings to the conservator for the person upon proof of his appointment and qualification; but if the state savings bank receives no written notice and is not on actual notice that the account holder has been adjudicated incompetent, it may pay or deliver the funds to the holder in accordance with the provisions of the savings account contract, and the receipt or acquittance of the holder is a valid and sufficient release and discharge of the state savings bank for the payment or delivery.

(D) When a deposit account is held in a state savings bank by a person residing in another state or country, the account with its additions and earnings, or any part of it, is exempt from taxation otherwise imposed by this State and may be paid to the administrator or executor appointed in the state or country where the account holder resided at the time of death; provided, the administrator or executor has furnished the state savings bank with:

(1) authenticated copy of his letters and of the order of the court which issued the letters to him authorizing him to collect, receive, and remove the personal estate;

(2) an affidavit by the administrator or executor that to his knowledge no letters of administration are outstanding in this State and no petition for letters of administration by an heir, legatee, devisee, or creditor of the decedent is pending on the estate in this State; and

(3) that there are no creditors of the estate in this State.

Upon payment or delivery to the representatives after receipt of the affidavit and authenticated copies, the state savings bank is released and discharged to the same extent as if the payment or delivery had been made to a legally qualified resident, executor, or administrator, and is not required to see to the application or disposition of the property. An action at law or in equity may not be maintained against the state savings bank for payment made in accordance with this section.

**SECTION 34‑30‑1640.** Authority of attorneys‑in‑fact; notice of revocation of authority; liability.

A state savings bank or federal savings institution may continue to recognize the authority of an attorney‑in‑fact authorized in writing to manage or to make withdrawals either in whole or in part from a deposit account for an account holder, whether minor or adult, until it receives written notice or is on actual notice of the revocation of his authority. For the purposes of this section, written notice of the death or adjudication of incompetency of the account holder constitutes written notice of revocation of the authority of his attorney. A state savings bank is not liable for damages, penalty, or tax by reason of payment made pursuant to this section.

**SECTION 34‑30‑1650.** Pledge or hypothecation of savings account in joint tenancy.

The pledge or hypothecation to a state savings bank of all or part of a savings account in joint tenancy by any tenant or tenants, whether minor or adult, upon whose signature or signatures withdrawals may be made from the account is, unless the terms of the savings account provide specifically to the contrary, a valid pledge and transfer to the state savings bank of that part of the account pledged or hypothecated, and does not operate to sever or terminate the joint and survivorship ownership of all or part of the account.

**SECTION 34‑30‑1660.** Adverse claims to accounts.

Notice to a state savings bank of an adverse claim to a deposit account on the books of the state savings bank to the credit of a person does not cause the state savings bank to recognize the adverse claimant unless the adverse claimant also either:

(1) procures a restraining order, injunction, or other appropriate process against the state savings bank from a court in a case instituted by him in which the person to whose credit the account stands is made a party and served with process; or

(2) executes to the state savings bank, in a form and amount and with sureties acceptable to it, a bond indemnifying the state savings bank from and against all liability, loss, damage, costs, and expenses, for and on account of the payment of the adverse claim or the dishonor of a draft or other order by the person to whose credit the account stands on the books of the state savings bank.

**SECTION 34‑30‑1670.** Advance notice of intention to withdraw; inability to pay withdrawal requests, procedure; computation of earnings.

(A) A state savings bank reserves the right to require a fourteen‑day advance notice of intention to withdraw from savings accounts not having a fixed or minimum term of at least fourteen days or a prior notice‑of‑withdrawal requirement of at least fourteen days.

(B) Unless otherwise specified in its articles of incorporation, when a state savings bank cannot pay withdrawal requests within fourteen days of the date of receipt of written requests in the order received, it must proceed in the following manner:

(1) requests must be paid in numerical order as filed with the state savings bank and, as each number is reached, the account holder must be paid the lesser of one thousand dollars or the amount of the withdrawal request. If the amount of the request is not paid in full, the request must be renumbered, placed at the end of the list of requests, and acted upon in the same way when its new number is reached, until the request is paid in full. However, when a request is reached for payment, the state savings bank shall notify the account holder by registered mail at his last address as recorded on the state savings bank’s books and, unless the holder within fourteen days from the mailing of the notice applies in person or in writing for payment, the request must be canceled and not paid. Regardless of other provisions in this section, the board of directors may pay on an equitable basis an amount not exceeding two hundred dollars to an account holder in a calendar month;

(2) The state savings bank shall allot to the payment of the withdrawal requests the remainder of the state savings bank’s receipts from all sources after deducting amounts for expenses, required payments on indebtedness, earnings distributable in cash to holders of savings accounts, and a fund for general corporate purposes of not more than twenty percent of the state savings bank’s receipts from its account holders and its borrowers.

(C) A state savings bank may compute earnings on amounts withdrawn from its insured accounts having an indefinite term during the last three business days of a period for which earnings are distributable as if the withdrawal had been made immediately after the close of that period.

**SECTION 34‑30‑1680.** Redemption of savings accounts; notice; redemption price; cessation of earnings accrual; evidences of ownership, tender for payment or cancellation; closing of account.

When funds are on hand and adequate for that purpose, a state savings bank may redeem by lot or otherwise, as the board of directors may determine, all or a part of its savings accounts by giving fourteen days’ notice addressed to each affected account holder at his last address as recorded on the books of the state savings bank. A state savings bank may not redeem its savings accounts when the state savings bank is in an impaired condition or when it has applications for withdrawal which have been on file for more than thirty days and have not been reached for payment. The redemption price of savings accounts redeemed must be the full value of the account redeemed, as determined by the board of directors, but not less than the withdrawal value. If this notice of redemption has been given, and if on or before the redemption date the funds necessary for the redemption have been set aside so as to be available, earnings upon the accounts called for redemption cease to accrue from and after the earnings date specified as the redemption date, and all rights with respect to these accounts terminate after the redemption date, except the right of an account holder of the record to receive the redemption price without interest. All savings account evidences of ownership for former savings accounts which have been validly called for redemption must be tendered for payment within ten years from the date of redemption designated in the redemption notice; otherwise they must be canceled and the funds set aside for this account become the property of the State and all claims of the former account holders against the state savings bank are barred forever. In the alternative, the state savings bank may remit to the holder of record, at the address provided for on the books of the savings bank, payment in respect to a redeemed account, and the account then may be closed.

**SECTION 34‑30‑1690.** Entities authorized to invest funds in deposit accounts; deposit of securities; bond; provisions supplemental.

(A) Administrators, executors, custodians, personal representatives, conservators, guardians, trustees, and other fiduciaries of every kind and nature, insurance companies, business and manufacturing companies, banks, trust companies, credit unions, and other similar types of financial organizations, charitable, educational, eleemosynary, and public corporations, funds and organizations, municipalities and other public corporations and governmental bodies and public officials specifically are authorized and empowered to invest funds held by them, without order of a court, in deposit accounts of state savings banks which are under state supervision and in deposit accounts of federal savings institutions organized under the laws of the United States and under federal supervision, and these investments are legal investments for these funds. However, the investment of public funds is subject to the same requirements relating to the deposit and pledge of securities to secure these investments as is provided by law or regulation with respect to the deposit of these funds in banks, except to the extent that these savings accounts may be insured.

(B) When a deposit of securities is required, the savings account and accounts made legal investments by this section are acceptable for these deposits to the extent the savings accounts and accounts made legal by this section are insured. When a bond is required with security, the bond may be furnished and the savings accounts and accounts made legal investments by this section in the amount of the bond when deposited therewith are acceptable as security without other security.

(C) The provisions of this section are supplemental to other laws relating to and declaring what are legal investments for the individuals, fiduciaries, corporations, organizations, funds, municipalities, governmental bodies, and officials referred to in this section and are supplemental to the laws relating to the deposit of securities and the making and filing of bonds.

**SECTION 34‑30‑1700.** Checks refused for payment, insufficient funds; processing fees.

Notwithstanding other law, a state savings bank may charge and collect a processing fee for checks on which payment has been refused by the payor depository institution. A state savings bank also may collect a processing fee for checks drawn on that state savings bank with respect to an account with insufficient funds.

**SECTION 34‑30‑1720.** Absolute or conditional transfer of rights; evidence of transfer; application for transfer; terms of acceptance.

The owner of a deposit account may transfer the owner’s rights absolutely or conditionally to another person eligible to hold it, but the transfer may be made on the books of the state savings bank only upon presentation of evidence of transfer satisfactory to the state savings bank, and accompanied by the proper application for transfer by the transferor and transferee. The transferee shall accept the account subject to the terms and conditions of the account contract, the bylaws of the state savings bank, the articles of incorporation of the state savings bank, and all rules or regulations of the board. Notwithstanding the effectiveness of a transfer between the parties, the state savings bank may treat the holder of record of a deposit account as the owner of the deposit account for all purposes, including payment and voting, in the case of a mutual state savings bank, until the state savings bank records the transfer and assignment.

**SECTION 34‑30‑1730.** Authorization of board and officers to borrow money.

A state savings bank, in its articles of incorporation or in its bylaws, may authorize the board of directors to borrow money, and the board of directors, by resolution adopted by a vote of at least two‑thirds of the entire board duly recorded in the minutes, may authorize the officers of the savings bank to borrow money for the savings bank on terms and conditions as the board considers proper.

**SECTION 34‑30‑1740.** State savings bank subscription in capital stock, membership in federal reserve bank; supervision and examination; disclosure of information.

A state savings bank may subscribe to the capital stock and become a member of a federal reserve bank. A state savings bank shall continue to be subject to the supervision and examination required by the laws of this State, except that the Federal Reserve Board shall have the right, if necessary, to make examinations. The board may disclose to the Federal Reserve Board, or to the examiners duly appointed by it, all information in reference to the affairs of a state savings bank that has become, or desires to become, a member of a federal reserve bank.

**SECTION 34‑30‑1750.** Powers to acquire and be acquired.

A state savings bank and its holding company shall have the same powers to acquire and be acquired as a state bank and its holding company as provided in Chapter 25 of Title 34.

ARTICLE 9.

HOLDING COMPANIES

**SECTION 34‑30‑1950.** Ownership of stock savings bank by holding company; conversion; reorganization by stock and mutual state savings banks; reorganization plan; organization of mutual holding companies, articles of incorporation, ownership of voting stock; investments.

(A) Notwithstanding other law, a stock state savings bank, simultaneously with its incorporation or conversion to a stock state savings bank or after, may provide for its ownership by a holding company. In the case of a conversion, members of the converting state savings bank may purchase capital stock of the holding company instead of capital stock of the converted state savings bank in accordance with Section 34‑30‑330(C)(6).

(B) Notwithstanding other law, a stock state savings bank may reorganize its ownership to provide for ownership by a holding company, upon adoption of a plan of reorganization by a favorable vote of not less than two‑thirds of the members of the board of directors of the state savings bank and approval of the plan of reorganization by the holders of not less than a majority of the issued and outstanding shares of stock of the state savings bank.

(C) Notwithstanding other law, a mutual state savings bank, with approval of the board, may reorganize its ownership to provide for ownership by a mutual holding company upon adoption of a plan of reorganization by favorable vote of not less than two‑thirds of the members of the board of directors of the state savings bank and approval of the plan of reorganization by a majority of the voting members of the state savings bank. The plan of reorganization must provide that:

(1) the resulting ownership of one or more subsidiary state savings banks is evidenced by stock shares owned directly by the mutual holding company or by the mutual holding company through one or more subsidiaries;

(2) the substantial portion of the assets and all of the insured deposits, and part or all of the other liabilities are transferred, by way of merger or otherwise, to one or more subsidiary state savings banks;

(3) the reorganization is not subject to state or federal income taxation; and

(4) the plan of reorganization is fair and equitable to all members of the state savings bank.

The mutual holding company may be organized by a method approved by the board. The articles of incorporation of the mutual holding company must confer on the depositors and borrowers of the reorganizing mutual state savings bank the same rights in the mutual holding company that they had in the mutual savings bank. For so long as the mutual holding company is in existence, the mutual holding company must own at least a majority of the voting stock of the state savings bank, or at least a majority of the voting stock of a company owning all of the voting stock of the state savings bank.

(D) A holding company, including a mutual holding company, may invest in an investment authorized by its board of directors, except as limited by regulations adopted by the board under this article.

(E) An entity that controls a stock state savings bank, or acquires control of a stock state savings bank, is a holding company.

**SECTION 34‑30‑1960.** Acquisition of control of state savings bank or holding company; supervision of holding company; rules or regulations.

A company or person may not acquire control of a state savings bank or its holding company without the prior approval of the board. Holding companies for state savings banks are under the supervision of the board. The board shall exercise all powers and responsibilities with respect to holding companies which the board exercises with respect to state savings banks. The board may adopt rules or regulations, definitions, and forms as necessary for the supervision and regulation of holding companies for and persons seeking to acquire control of a state savings bank and for the protection of the public investing in state savings bank holding companies including, without limitation, with respect to presumptions of control.