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CH. 113 ORGANIZATION**

**CHAPTER 113  
ORGANIZATION**

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**§ 113101. In General.**

Domestic associations may be incorporated with stock, or stock and shares, or incorporated as mutual associations and with all the rights, powers and privileges and subject to all the restrictions and liabilities set forth in this Act .Domestic associations also shall have the powers and privileges provided by law as to corporations generally, except as expressly provided to the contrary in this Act. The provisions of law as to corporations generally also shall be applicable to domestic associations, except where inconsistent with the corresponding provisions of this Act, in which case the provisions of this Act shall prevail; provided, however, that no association shall be permitted to issue shares or investment certificates or to accept subscriptions therefore or payments thereon or to accept accounts or deposits until it shall have insured with the Federal Savings and Loan Association Corporation all payments and funds received from subscriptions for, or issuance of, shares or investment certificates or accounts or deposits, to the maximum amount of insurance permitted under the rules and regulations of the Federal Savings and Loan Insurance corporations and applicable provisions of law, as now in affect or as may be hereafter enacted.

**SOURCE:** GC §41100. Amended by P.L. 17-28:3.

**§ 113102. Restrictions on Corporate Name.**

**[Repealed.]**

**SOURCE:** GC §41101. Repealed by P.L. 25-17:1.

**§ 113103. Statement of Purposes.**

The purposes of each domestic association hereafter incorporated, as stated in its articles of incorporation, shall include the statement that it is formed to encourage industry, frugality, home building and the accumulation of savings (and such statement shall add either among its members, among its certificate holders, or among its members and certificate holders, and may also add and among others); the accumulation of savings; the loaning of the moneys or funds so accumulated, with the profits and earnings thereon, (and such statement shall add either to its members, to its certificate holders, or to its members and certificate holders, and such statement may also add and to others); and, subject to provisions contained in or authorized by this Act, the repayment (and such statement shall add either to each member, to each certificate holder, or to each member or certificate holder) of his savings and profits, whenever they have accumulated to the full par value (and such statement shall add either of his shares, of his investment certificates, or of his shares or investment certificates), or at any time when he shall desire to withdraw the same or when the association shall desire to repay the same; and may also state that it formed for any or all of the purposes specified in this Act; and notwithstanding any thing to the contrary in the statutes of Guam, any association in any of its advertisements may set forth any of the foregoing purposes.

The articles of incorporation of each domestic association shall state whether such association is formed for the purpose of issuing stock, or shares and stock; and shall also state either that such association is formed for the purpose of issuing investment certificates, or that such association is *not* formed for such purpose. Such articles of incorporation may also include any other provisions which are *not* in conflict with the law.

**SOURCE:** GC §41102. Amended by P.L. 25-17:2.

**§ 113104. Changes of Name to be Approved by Commissioner.**

Before any document changing the name of any association or setting forth the new name of any association, shall be filed with the Director of Administration, there shall be attached to said document the certificate of approval of the commissioner of the new name proposed for said association, and such certificate shall only be issued by the commissioner, subject to the same restrictions as hereinabove set forth in

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Section 113102 of this act in relation to the matters of the name of an association.

**SOURCE:** GC §41103.

**§ 113105. Merger, Consolidation and Transfer.**

Any two or more domestic associations may be merged into one of such constituent associations, or consolidated into a new association, with or without any dissolution or division of the funds or property of either of them; or any domestic association may transfer its engagements, funds and property in whole or in part to any other domestic association upon such terms as may be agreed by the affirmative vote of at least a majority of their respective directors, ratified in the case of each of the contracting associations, by the vote or written consent of stockholders holding in the aggregate more than two-thirds of the out-standing stock and by the vote or written consent of shareholder holding in the aggregate more than two-thirds in value of the outstanding shares; provided, however, that any such merger, consolidation or transfer must also be approved by the commissioner, and be made in conformity with the provision of law applicable to mergers, consolidations and transfers in the case of, corporations generally; provided further that any such merger, consolidation or transfer shall be approved by and in conformity with the rules and regulations of the Federal Savings and Loan Insurance Corporation.

Any one or more domestic associations, and any one or more federal savings and loan associations, may be merged into one of such constituent associations, or consolidated into a new association, domestic or federal, with or without any dissolution or division of the funds or property of any of them; or any domestic association may transfer its engagements, funds and property, in whole or in part, to a federal savings and loan association, or any federal savings and loan association may transfer its engagements, funds and property, in whole or in part, to any domestic association, upon such terms as may be agreed by the affirmative vote of at least a majority of their respective directors, ratified, in the case of the contracting domestic associations by the vote or written consent of stockholders holding in the aggregate more than two-thirds of the outstanding stock and by the vote or written consent of shareholders holding in the aggregate more than two-thirds in value of the outstanding shares, and in the case of a contracting federal savings and loan association by the consent, in writing or by vote, prescribed by

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the laws of the United States and the regulations of the Home Loan Bank Board applicable thereto; provided, however, that any such merger, consolidation or transfer must also be approved by the commissioner, and with respect to any constituent domestic association be made in conformity with the provisions of law applicable to mergers, consolidations and transfers in the case of corporations generally, and with respect to any constituent federal savings and loan association, be made in conformity with the provisions of the laws of the United States, and the rules and regulations of the Home Loan Bank Board applicable to mergers, consolidations and transfers

**SOURCE:** GC §41104.

**§ 113106. Qualifications of Directors.**

**[Repealed.]**

**SOURCE:** GC §41105. Repealed by P.L. 27-57:15.

**§ 113107. Amendment of Articles and By-Laws.**

Before any certificate or any other document affecting or setting forth any amendment to the articles of incorporation of any domestic association shall hereafter be filed with the Director of Administration, there must be attached thereto a certificate of the commissioner approving the same. Upon the adoption of any amendment to the by-laws of any association, a copy of such amendment, certified by the secretary or assistant secretary of such association, shall be delivered or mailed forthwith to the commissioner. No amendment to the articles of incorporation or by-laws of any association which shall make any change in the rights, preferences or privileges of any outstanding stock or shares of such association which shall be adverse to the holders of such stock or shares shall be valid, unless such amendment is approved by the vote or written assent of the holders of two-thirds in par value of such outstanding stock or two-thirds in value of such outstanding shares, or of the class or classes of such outstanding shares adversely affected as aforesaid.

**SOURCE:** GC §41106.

**§ 113108. Investment Certificate and Withdrawable Share Reserve.**

Each association's investment certificate and withdrawable share reserve shall consist of any one, or the sum of any two or more, of the following: Paid-up non-withdrawable capital, surplus, undivided profits,

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loan reserve and federal insurance reserve, and also such other reserves as the commissioner may prescribe.

The specified amount of the investment certificate and withdrawable share reserve for each association shall be the sum of the following:

- (1) Five percent (5%) of the aggregate value of its outstanding investment certificates;
- (2) Five percent (5%) of the aggregate value of its outstanding shares;
- (3) Fifty Thousand Dollars (\$50,000) in respect of each branch maintained by it.

No association shall pay any dividends to stockholders or distribute any profits to stockholders if its investment certificate and withdrawable share reserve is less than, or by such payment or distribution would be reduced below, said specified amount.

No association shall (a) issue investment certificates except in lieu of investment certificates theretofore issued, (b) receive additional funds upon investment certificates other than installment certificates (but this prohibition shall not prevent crediting on investment certificates, interest earned thereof), (c) issue withdrawable shares except in lieu of withdrawable shares theretofore issued or in connection with loans, or (d) receive additional funds on withdrawable shares other than installment shares (but this prohibition shall not prevent crediting on withdrawable shares, dividends or earnings thereon if the payment of such dividends is not otherwise prohibited under this section), if at the time of such proposed issue or receipt its investment certificate and withdrawable share reserve shall be less than said specified amount.

For the purposes of this section, accrued interest on investment certificates and accrued dividends on shares, at the rate or rates of return determined for such investment certificates or shares (or if such rate or rates have not been determined for any period or part of a period, at the rate or rates of return most recently determined) shall be included in computing the value of outstanding shares and investment certificates, and shall be deducted in computing the amount of investment certificate and withdrawable share reserve.

The provisions of this section shall not be applicable to any association unless it shall issue either shares or investment certificates.

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**SOURCE:** GC §41107.

**§ 113109. Change of Location.**

No association shall change the location of its principal office or of any branch except with the approval of the commissioner. If the proposed change is from one municipality to another the commissioner shall, and in any other case the commissioner may, hold a hearing upon the proposed change. If a hearing is held, the commissioner shall mail notice of such hearing to each association in this territory at least 10 days before such hearing, and the association requesting the commissioner's approval shall pay him a fee of one hundred dollars (\$100) before such notices are mailed.

**SOURCE:** GC §41108.

**§ 113110. Raising Capital: Powers same as Federal Savings Associations.**

Mutual Savings and Loan Associations organized and operating under this title may raise capital in the form of such savings deposits, shares or other accounts to the same extent that a federal savings and loan association doing business in this territory could raise capital (whether or not such association is doing such business). The account holders or depositors of such a mutual association shall be members of the association and shall have such rights and obligations as are possessed by members of at federal savings and loan association that is doing business in this territory (whether or not such association is doing such business). The term *mutual savings and loan association* is hereby defined to mean a savings and loan association that is incorporated without provisions for the issuance of stock.

**SOURCE:** GC §41109 added by P.L. 17-28:4.

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