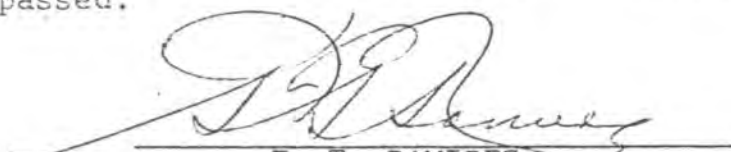



TWELFTH GUAM LEGISLATURE  
1973 (FIRST) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO THE GOVERNOR

This is to certify that Bill No. 481, "An Act to amend Section 41451 of the Government Code of Guam to authorize territorial savings and loan associations to invest in the stock of subsidiary service corporations; to add Subsection (11) to Section 41451 of the Government Code of Guam to permit a territorial savings and loan association to invest its funds in any loan or purchase permitted to a Federal savings and loan association; to repeal Section 41252 of the Government Code of Guam to eliminate the restriction on the payment of interest of savings and loan savings accounts of less than six months in age; to amend Section 41253 of the Government Code of Guam to eliminate the requirement that investment certificates issued by territorial savings and loan associations shall expressly state that the certificates are subject to redemption; to amend Section 41467 of the Government Code of Guam to permit the savings and loan commissioner and his employees and staff to borrow for home loans; to amend Section 41550 of the Government Code of Guam to clarify that said section does not require a license pursuant to this section of a territorial savings and loan association otherwise qualified under the Act; to repeal Section 41408 of the Government Code of Guam and to add a new Section 41408 to the Government Code of Guam to permit the territorial savings and loan association to guarantee a prescribed savings interest rate upon approval thereof by the savings and loan commissioner", was on the 6th day of December, 1973, duly and regularly passed.

  
F. T. RAMIREZ  
Speaker

ATTESTED:

  
E. S. TERLAJE  
Acting Legislative Secretary

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This Act was received by the Governor this 19th day of December, 1973 at 4:00 o'clock P.M.

7s/ KEITH L. ANDREWS  
KEITH L. ANDREWS  
Attorney General of Guam

APPROVED:

\_\_\_\_\_  
CARLOS G. CAMACHO  
Governor of Guam

DATED: \_\_\_\_\_

PL 12-70 (2)



APR 21 1986

Bill No. 481

Introduced by

R. F. Taitano, by  
request

AN ACT TO AMEND SECTION 41451 OF THE GOVERNMENT CODE OF GUAM TO AUTHORIZE TERRITORIAL SAVINGS AND LOAN ASSOCIATIONS TO INVEST IN THE STOCK OF SUBSIDIARY SERVICE CORPORATIONS; TO ADD SUBSECTION (11) TO SECTION 41451 OF THE GOVERNMENT CODE OF GUAM TO PERMIT A TERRITORIAL SAVINGS AND LOAN ASSOCIATION TO INVEST ITS FUNDS IN ANY LOAN OR PURCHASE PERMITTED TO A FEDERAL SAVINGS AND LOAN ASSOCIATION; TO REPEAL SECTION 41252 OF THE GOVERNMENT CODE OF GUAM TO ELIMINATE THE RESTRICTION ON THE PAYMENT OF INTEREST OF SAVINGS AND LOAN SAVINGS ACCOUNTS OF LESS THAN SIX MONTHS IN AGE; TO AMEND SECTION 41253 OF THE GOVERNMENT CODE OF GUAM TO ELIMINATE THE REQUIREMENT THAT INVESTMENT CERTIFICATES ISSUED BY TERRITORIAL SAVINGS AND LOAN ASSOCIATIONS SHALL EXPRESSLY STATE THAT THE CERTIFICATES ARE SUBJECT TO REDEMPTION; TO AMEND SECTION 41467 OF THE GOVERNMENT CODE OF GUAM TO PERMIT THE SAVINGS AND LOAN COMMISSIONER AND HIS EMPLOYEES AND STAFF TO BORROW FOR HOME LOANS; TO AMEND SECTION 41550 OF THE GOVERNMENT CODE OF GUAM TO CLARIFY THAT SAID SECTION DOES NOT REQUIRE A LICENSE PURSUANT TO THIS SECTION OF A TERRITORIAL SAVINGS AND LOAN ASSOCIATION OTHERWISE QUALIFIED UNDER THE ACT; TO REPEAL SECTION 41408 OF THE GOVERNMENT CODE OF GUAM AND TO ADD A NEW SECTION 41408 TO THE GOVERNMENT CODE OF GUAM TO PERMIT THE TERRITORIAL SAVINGS AND LOAN ASSOCIATION TO GUARANTEE A PRESCRIBED SAVINGS INTEREST RATE UPON APPROVAL THEREOF BY THE SAVINGS AND LOAN COMMISSIONER.

1 BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:

2 Section 1. Section 41451 of the Government Code of Guam  
3 is hereby amended to read as follows:

4 "Section 41451. Investments generally. An asso-  
5 ciation may invest in, buy and sell the following:

6 (1) Real property used or to be used primarily  
7 as the principal office or branch of such association;  
8 provided, that no association shall invest in such real  
9 property more than one-half (1/2) of the sum of its  
10 aggregate paid-up non-withdrawable capital, federal  
11 insurance reserve, loan reserve, and any surplus and

1 reserve which is not subject to distribution to the  
2 shareholders or stockholders except upon dissolution or  
3 liquidation;

4 (2) Furniture, fixtures, furnishings, equipment  
5 and leasehold improvements necessary or proper for the  
6 business of such association, or for use in connection  
7 with properties owned by, or securing loans of such  
8 association; provided, that no association shall invest  
9 in furniture, fixtures, furnishings, equipment and  
10 leasehold improvements for its offices, more than twenty  
11 percent (20%) (or, if it has no real property used or  
12 to be used primarily as its principal office or branch,  
13 thirty percent (30%)) of the sum of its aggregate paid-up  
14 non-withdrawable capital, federal insurance reserve,  
15 loan reserve, and any surplus and reserve which is not  
16 subject to distribution to the shareholders or stockholders  
17 except upon dissolution or liquidation;

18 (3) United States government bonds and treasury  
19 certificates, or any bonds, debentures, notes or other  
20 obligations guaranteed by the United States of America;

21 (4) Bonds, debentures and notes issued by any  
22 federal home loan bank, or other similar federal agency,  
23 or consolidated federal home loan bank bonds, debentures  
24 or notes;

25 (5) Bonds of this territory;

26 (6) Bonds, other securities and bankers' acceptances  
27 which are legal as investments for or purchases by  
28 savings banks in this territory;

29 (7) Bonds issued by any railroad corporation or  
30 any public utility corporation, excluding street railway  
31 corporations, substantially all of the properties of

1 which are located in the United States of America;  
2 provided, the purchase of all bonds pursuant to the  
3 sole authority of this subdivision (7) shall be first  
4 approved by the Commissioner;

5 (8) Stock issued by any federal home loan bank or  
6 other similar federal agency of which such association  
7 may be eligible to be a member;

8 (9) Bonds, notes, debentures or other obligations  
9 of national mortgage associations or other similar credit  
10 institutions now or hereafter organized under Title III  
11 of the National Housing Act; provided, the purchase of  
12 all bonds, notes, debentures or other obligations pursuant  
13 to the sole authority of this subdivision (9) shall be  
14 first approved by the Commissioner; or

15 (10) Stock, obligations, or other securities of  
16 any corporations organized under the laws of Guam, if the  
17 entire capital stock of such corporation is available  
18 for purchase only by domestic associations, but no  
19 association may make any investment under this subdivision  
20 (10) if its aggregate outstanding investment under this  
21 subdivision (10), determined as prescribed by the  
22 Commissioner, would thereupon exceed one percent (1%) of  
23 its assets; provided, further, that such investment is  
24 one that would be permitted to such an association  
25 chartered by the Federal government.

26 Provided, that, except with the prior consent of the  
27 Commissioner, no association at any one time shall have  
28 invested pursuant to subdivisions (6), (7) and (9) of this  
29 section, an aggregate amount in excess of ten percent (10%)  
30 of the total assets of such association.

31 Provided, further, that the percentage limitations

1 specified in subdivisions (1) and (2) of this section may  
2 be exceeded if the investment in excess of such limitations  
3 is approved by two-thirds (2/3) of the directors, and  
4 is approved in writing by the Commissioner.

5 Associations may make deposits with any bank and such  
6 deposits shall not be construed as loans within the meaning  
7 of this Act."

8 Section 2. Subsection (11) is hereby added to Section  
9 41451 of the Government Code of Guam to read as follows:

10 "(11) Notwithstanding any provision of this Title,  
11 an association may invest its funds in any loan or  
12 purchase which is permitted to a federal savings and  
13 loan association doing business in this territory (whether  
14 such association is doing such business or not)."

15 Section 3. Section 41252 of the Government Code of Guam  
16 is hereby repealed.

17 Section 4. Section 41253 of the Government Code of Guam  
18 is hereby amended to read as follows:

19 "Section 41253. Redemption of certificates. All  
20 investment certificates hereafter issued shall be subject  
21 to redemption, either in whole or part, at the option of  
22 the association at any time after the issuance thereof, by  
23 giving the holder at least thirty (30) days notice of  
24 such intended redemption; provided, however, that an  
25 association may provide that such certificates shall not  
26 be subject to redemption for an initial period after  
27 the issuance thereof, which initial period shall not  
28 exceed one (1) year. The redemption price of all invest-  
29 ment certificates shall be the value thereof at the date  
30 fixed for redemption. If the date fixed for redemption  
31 is not a date on which interest is to be paid or credited,

1 interest accrued from the last such date shall be  
2 pro-rated, and shall be based on the rate of return  
3 for the current period if such rate shall have been deter-  
4 mined prior to the date fixed for such retirement, and  
5 if not, shall be based on the rate of return determined  
6 for the latest previous period for which such rate shall  
7 have been determined. On or after the date fixed for re-  
8 demption, as stated in the notice of redemption, each  
9 holder of an investment certificate called for redemption  
10 shall surrender his certificate properly endorsed to the  
11 association, and shall thereupon be entitled to received  
12 payment of the redemption price of such certificate, or  
13 of the portion thereof to be redeemed; and in case a  
14 certificate shall be redeemed in part, to receive a new  
15 certificate representing the unredeemed part thereof.  
16 If such notice of intended redemption shall have been  
17 duly given and if on or before the date fixed for such  
18 redemption funds necessary for such redemption shall be  
19 and continue available therefor, then, notwithstanding  
20 that any certificate called for redemption in whole or  
21 in part shall not have been surrendered, the interest  
22 thereon, with respect to the amount called for redemp-  
23 tion, shall cease to accrue after the date fixed for such  
24 redemption, and all rights of the holder in respect of  
25 the amount so called for redemption shall forthwith  
26 after such redemption date cease and determine, except  
27 only the right of the holder to receive the redemption  
28 price without interest after the date fixed for redemption.  
29 In all cases the notice of redemption shall expressly state  
30 that interest will cease on the date fixed for redemption."

31 Section 5. Section 41467 of the Government Code of Guam  
32 is hereby amended to read as follows:

"Section 41467. Loans, specifically forbidden and penalties. No loans shall be made, for himself or as agent or as partner of another, directly or indirectly, to any director or officer of any association by such association, except on the security of a first lien on the home or combination of home and business property owned and occupied by such director or officer and except that loans may be made to any corporation in which any director or officer of such association may be a minority stockholder, on authorization of or confirmation within thirty (30) days after making such loan by a majority of all the directors of such association and the affirmative vote of all the disinterested directors of such association present at the meeting authorizing or confirming such loan; provided, however, that such loan shall in all other respects conform to and comply with the other provisions of this Act. Such interested director or officer shall not vote or participate in any manner in the action of the board upon such loan. Such authorization or confirmation shall be entered upon the records of minutes of such association. The fact of making such loan, the names of the directors authorizing or confirming such loan, the corporate name of the borrower, the name of each director or officer of such association who is a stockholder, officer or director of the corporation to which such loan is made, the amount of stock held by him in such borrowing corporation, the amount of such loan, the rate of interest thereon, the time when such loan will become due, the amount, character and value of the security given therefor and the fact of final payment, when made, shall be forthwith reported in writing by the association to the Commissioner; provided, that any

1 loan made to any corporation of which any director or  
2 officer of such association owns not more than five percent  
3 (5%) of the paid-in capital of such borrowing corporation  
4 and any loan made to any corporation of which any two (2)  
5 or more directors or officers of such association own not  
6 more than twenty percent (20%) of the paid-in capital of  
7 such borrowing corporation, need not be reported to the  
8 Commissioner. No loan may be made to any corporation a  
9 majority of the stock of which is owned or controlled  
10 by any one (1) or more of the directors or officers, or  
11 officers and directors, of such association collectively,  
12 except with the previous consent of the Commissioner. No  
13 officer, director or employee of an association shall re-  
14 ceive from such association, and it shall be unlawful for  
15 such association to pay to any officer, director, or  
16 employee of such association, any commission, emolument,  
17 gratuity or reward based on the volume or number of loans  
18 made, or based on the interest or fees collected thereon;  
19 provided, however, that nothing in this section shall be  
20 construed to prohibit or limit the receipt or payment of  
21 salaries of officers, directors and employees, of commis-  
22 sions to agents whether or not based on the volume or  
23 number of loans or on the interest or fees collected  
24 thereon, or of bonuses to officers and employees or any of  
25 them if such bonuses are not based on the volume or number  
26 of loans made or on the interest or fees collected thereon;  
27 provided, that the legislative intent is not to interfere  
28 with any presently existing contract; provided, that if such  
29 bonuses are based on the profits of the association for any  
30 period, payment thereof shall not be made earlier than ten  
31 (10) days before the expiration of such period and shall be



3 based on the profits of such period or on an estimate  
4 thereof made in good faith. Any officer or director of  
5 any association who knowingly violates any of the previous  
6 provisions of this section shall be guilty of a felony.  
7 Any officer, director or employee of any association who  
8 asks or receives or consents or agrees to receive any  
9 commission, emolument, gratuity or reward or any money,  
10 property or anything of value for his own personal benefit  
11 or of personal advantage for procuring or endeavoring to  
12 procure for any person, firm or corporation any loan  
13 from such association shall be guilty of a felony. It  
14 shall be unlawful for any association to loan any of its  
15 funds upon any of its stock as security. It shall be un-  
16 lawful for any association to make any loan to, or  
17 purchase any loan or investment from, the Commissioner or  
18 any deputy, attorney, examiner, accountant or appraiser  
19 appointed or employed by him, except under security of  
20 a first loan on the home or combination of home and busi-  
21 ness property owned and occupied by such Commissioner,  
22 deputy, attorney, examiner, accountant or appraiser.  
23 Any officer or director of an association who shall make  
24 any such loan for and on behalf of any association shall  
25 be personally liable to such association for the full  
26 amount thereof and shall also be guilty of a felony. It  
27 shall be unlawful for any association to make or purchase  
28 any loan or investment not authorized or permitted by  
29 this Act; and any officer or director who on behalf of  
30 any such association shall knowingly make or purchase  
31 any loan or investment not authorized by this Act, or  
who shall knowingly consent thereto, shall be personally  
liable to such association for the full amount of any such

1 loan or investment, and he shall also be guilty of a  
2 public offense, and shall be punished by imprisonment not  
3 exceeding one (1) year or by a fine not exceeding one  
4 thousand dollars (\$1,000.00), or by both such fine and  
5 imprisonment."

6 Section 6. Section 41550 of the Government Code of Guam  
7 is hereby amended to read as follows:

8 "Section 41550. Licenses, when required. No person,  
9 co-partnership or corporation shall act as an agent of an  
10 association or as a salesman of an association, or shall  
11 operate an agency of an association unless at the time  
12 licensed so to do under the laws of Guam. Such license  
13 shall require, prior to its issuance, a certification of  
14 approval by the Commissioner. No license shall be required  
15 for a collector of an association but no person, co-  
16 partnership or corporation shall hold himself out or act as  
17 a collector of an association unless he is thereunto autho-  
18 rized in writing subscribed by such association. Any person,  
19 co-partnership or corporation violating any of the pro-  
20 visions of this section shall be guilty of a misdemeanor.  
21 This section shall not apply to brokers, dealers or invest-  
22 ment advisers registered with the Securities and Exchange  
23 Commission of the United States. Nothing in this section  
24 shall be construed to require a license pursuant to this  
25 section of an association otherwise qualified under this  
26 Act."

27 Section 7. Section 41408 of the Government Code of Guam  
28 is hereby repealed and a new Section 41408 is hereby enacted  
29 to read as follows:

30 "Section 41408. Rate of return on shares and invest-  
31 ment certificates. The rate of return on shares and

1 investment certificates:

2 (1) Which do not provide for a definite rate  
3 of return thereon shall be determined by the Board of  
4 Directors of the association during, or within thirty  
5 (30) days before the beginning of, or within thirty  
6 (30) days after the end of, each quarterly or semi-  
7 annual period. On the next business day following  
8 any such determination which provides for a change  
9 in the rate of return the Board shall mail to the  
10 Commissioner a certified copy of its resolution making  
11 the determination. The rate of return is subject to  
12 the approval of the Commissioner when an association  
13 which issues investment certificates or stock, has  
14 matured withdrawal claims.

15 (2) The Commissioner shall approve the rates  
16 of return on shares and investment certificates unless  
17 he finds them unfair, unjust, or inequitable, having  
18 due regard to the earnings of the association, the  
19 nature and amount of its assets and liabilities,  
20 and the amount of its undivided profits, reserves,  
21 surplus, and capital.

22 (3) If, within ten (10) days after the Commissioner  
23 is advised in writing of the rates of return on  
24 shares and investment certificates as determined by the  
25 Board of Directors of the association, the Commissioner  
26 has not notified the association in writing that he  
27 disapproves of such rates, the approval of the Commissioner  
28 is conclusively presumed.

29 (4) If within thirty (30) days after the Commissioner  
30 is advised in writing of the rates of returns on  
31 shares and investment certificates as determined by

1 the Board of Directors of an association, the  
2 Commissioner and the Board of Directors have not  
3 agreed upon such rates or upon other rates, then the  
4 Commissioner shall determine the rates. In deter-  
5 mining such rates the Commissioner shall take into  
6 consideration the earnings, nature and amount of  
7 assets and liabilities, the amount of undivided  
8 profits, reserves, surplus, and capital of the association.

9 (5) An association or any of its certificate  
10 holders or shareholders aggrieved by the action of the  
11 Commissioner in determining the rates of return on shares  
12 and investment certificates may at any time within ten  
13 (10) days after the determination of the rates apply to  
14 the District Court of Guam for a review of the  
15 Commissioner's determination. The Commissioner's deter-  
16 mination shall not be set aside or modified unless the  
17 court finds that the Commissioner in making his deter-  
18 mination committed an abuse of discretion.

19 (6) Profits and losses shall be apportioned at least  
20 annually. In computing earnings or dividends on shares,  
21 the rate shall be applied to the value of the shares,  
22 subject to regulations prescribed by the by-laws or the  
23 directors in respect to payments on such shares since the  
24 last prior apportionment.

25 (7) Before declaring dividends the directors shall  
26 set aside as a loan reserve any sum required by any  
27 applicable provision of this Act.

28 (8) Every association issuing stock may declare  
29 dividends on stock at a rate equal to that declared and  
30 paid or credited on installment shares. The association  
31 may also set aside out of the net profits at each annual

1 distribution, an amount not exceeding one percent (1%) a  
2 year of the average loans in force during such period, or  
3 a proportionate amount at each semi-annual, quarterly,  
4 or other distribution, from which to declare additional  
5 dividends on its stock if at least one-tenth of the amount  
6 set aside is carried to stock surplus until such surplus  
7 amounts to and is maintained at a value of at least  
8 twenty-five percent (25%) of the amount set aside as a  
9 fixed and permanent capital of the association pursuant  
10 to any provision of this Act.

11 (9) The directors of any association issuing stock  
12 and not issuing installment shares may make, declare,  
13 and pay cash dividends, or with the Commissioner's consent,  
14 property dividends, on the stock of as much of the  
15 surplus profits as appears advisable to the directors.  
16 Such dividends are subject to all the restrictions of  
17 this part on the declaration or payment of dividends."