

TITLE 26  
BANKS AND BANKING

CHAPTER 18  
SAVINGS BANKS

26-1801. SHORT TITLE. This chapter shall be known as the "Idaho Savings Bank Act."

[26-1801, added 1997, ch. 310, sec. 3, p. 918.]

26-1802. PURPOSE. The purpose of this act is to allow any federal savings bank, federal mutual savings bank or federal savings and loan association, located in Idaho to convert its charter to that of an Idaho bank, an Idaho stock savings bank or an Idaho mutual savings bank. Banks and credit unions chartered either under this title or federal law are also allowed to convert to savings banks as provided herein. Once converted, an Idaho stock savings bank or mutual savings bank shall operate and be supervised pursuant to this act. A savings bank operating under this act may convert to a federal charter as a federal savings bank or federal savings and loan association if authorized by federal law. A savings bank under this act may also convert to a bank charter or to a credit union charter. Wherever the term "savings and loan association" is used in the Idaho Code, it shall include savings banks chartered under this act or associations doing business in this state pursuant to section [26-1815](#), Idaho Code.

[26-1802, added 1997, ch. 310, sec. 3, p. 918.]

26-1803. DEFINITIONS. Unless the context requires otherwise, the terms below have the meaning assigned:

- (1) "Department" means the Idaho department of finance.
- (2) "Director" means the director of the Idaho department of finance.
- (3) "Mutual savings bank" means a savings bank owned by the members of the savings bank and operating under this act.
- (4) "Savings bank" means a bank converted and operating pursuant to this act whether in stock form or in mutual form.
- (5) "Stock savings bank" means a savings bank owned by holders of capital stock and operating under this act.

[26-1803, added 1997, ch. 310, sec. 3, p. 918.]

26-1804. IDAHO BANK ACT AND GENERAL BUSINESS CORPORATION LAWS. (1) Except as otherwise provided in this chapter, the Idaho bank act shall apply to all corporations converted and operating under this act.

(2) Except as otherwise provided herein or in the Idaho bank act, the general business corporation laws of this state shall apply to all savings banks converted and operating under this act.

[26-1804, added 1997, ch. 310, sec. 3, p. 918.]

26-1805. PROHIBITIONS. Unless chartered under this act or federal law, it shall be unlawful for any person in this state to use in connection with a business name the term "savings bank" or words of similar import that lead

the public reasonably to believe that the business so conducted is that of a savings bank.

[26-1805, added 1997, ch. 310, sec. 3, p. 918.]

26-1806. INSURANCE REQUIRED. All savings banks shall obtain and maintain federal deposit insurance through an insurance corporation created by an act of Congress.

[26-1806, added 1997, ch. 310, sec. 3, p. 918.]

26-1807. QUALIFICATION AS THRIFT INSTITUTION. All savings banks shall qualify for and maintain the status of a thrift institution under the internal revenue code of 1986 and any amendments thereto.

[26-1807, added 1997, ch. 310, sec. 3, p. 919.]

26-1808. TRUST POWERS. Savings banks which have received a charter from the director authorizing the operation of a trust department may engage in the trust business in accordance with chapters 32 through 36, [title 26](#), Idaho Code.

[26-1808, added 1997, ch. 310, sec. 3, p. 919; am. 2000, ch. 288, sec. 7, p. 975.]

26-1809. POWERS. In addition to the powers granted to banks under provisions of the Idaho bank act, and specifically section [26-1101](#), Idaho Code, savings banks may exercise any power or engage in any activity authorized either for federal savings banks or savings and loan associations or state savings banks or savings and loan associations.

[26-1809, added 1997, ch. 310, sec. 3, p. 919.]

26-1810. DEMAND DEPOSITS. Savings banks may accept deposits subject to withdrawal or to be paid upon checks of the depositor. All such deposits shall be payable on demand, without notice, except when the deposit agreement provides otherwise.

[26-1810, added 1997, ch. 310, sec. 3, p. 919.]

26-1811. MUTUAL SAVINGS BANKS -- OWNERSHIP -- MEMBERSHIP -- DIRECTORS -- CAPITAL. (1) Members of a mutual savings bank are the owners of the mutual savings bank and shall possess voting rights and any other rights as are provided in the articles of incorporation or bylaws of the mutual savings bank.

(2) The membership of a mutual savings bank shall consist of those persons who either:

(a) Hold deposit accounts in the mutual savings bank; or

(b) Borrow funds or become obligated on a loan from the mutual savings bank, for as long as the loan remains unpaid and the debtor remains liable to the mutual savings bank for repayment of the loan.

(3) The board of directors of a mutual savings bank shall be elected by the members at the annual meeting required by section [26-213](#), Idaho Code. Voting for directors by deposit account holders shall be weighted according to the total amount of deposit accounts held by the members, subject to any maximum number of votes per member which a mutual savings bank may provide in

its articles of incorporation. Voting rights for borrowers shall be fully described in a detailed manner in the articles of incorporation of the mutual savings bank.

(4) Mutual savings banks operating under this chapter shall at all times maintain capital at a level determined by the director to be adequate for the safe and sound operation of the savings bank. In addition to the capital plan required to be submitted to the director by section [26-1812](#), Idaho Code, each mutual savings bank shall periodically revise its capital plan upon written request by the director. All capital plans are subject to the approval of the director. Either failing to maintain adequate capital or operating without an approved capital plan are both violations of this chapter and grounds for sanctions under [chapter 11, title 26](#), Idaho Code.

[26-1811, added 1997, ch. 310, sec. 3, p. 919.]

26-1812. CONVERSIONS. All conversions from one (1) form of charter to another issued by the department shall be approved in advance in writing by the director. All conversion applications filed with the director involving savings banks, including conversion applications under section [26-1813](#), Idaho Code, shall include a plan for establishing and maintaining adequate capital to assure the continued safe and sound operation of the bank, savings bank or credit union. Capital plans shall be subject to the approval of the director.

(1) A federal savings and loan association or a federal savings bank, if organized on a capital stock basis, may convert its charter to that of an Idaho bank or a savings bank by proceeding in accordance with section [26-906](#), Idaho Code.

(2) A federal savings bank organized on a mutual basis may convert [convert] its charter to that of an Idaho mutual savings bank by filing an application in a form approved by the director.

(3) A savings bank may convert its state charter to a federal charter by complying with applicable federal law.

(4) A mutual savings bank may convert its form of organization to that of a stock savings bank by complying with section [26-1813](#), Idaho Code.

(5) A mutual savings bank may convert its form of organization to that of a credit union by filing an application in a form approved by the director.

(6) A stock savings bank may convert its charter to that of a state bank by proceeding in accordance with section [26-906](#), Idaho Code.

(7) A bank chartered under the Idaho bank act may convert its charter to that of a stock savings bank by filing an application on a form approved by the director.

(8) A credit union organized under [chapter 21, title 26](#), Idaho Code, may change its charter to that of a mutual savings bank by filing an application on a form approved by the director.

(9) If permitted by federal law, a national bank may convert its charter to that of a stock savings bank by filing an application on a form approved by the director.

(10) If permitted by federal law, a federal credit union may convert its charter to that of a mutual savings bank by filing an application on a form approved by the director.

[26-1812, added 1997, ch. 310, sec. 3, p. 920.]

26-1813. MUTUAL TO STOCK CONVERSIONS. A mutual savings bank may change its form of organization to that of a stock savings bank by filing an application with the director.

As part of the application, the savings bank will include a plan of conversion, which the director may approve, with or without amendment, if it appears that:

- (1) After conversion the savings bank will be in sound financial condition;
- (2) The conversion will be fair and equitable to the members of the savings bank and no person whether member, employee or otherwise, will receive any inequitable gain or advantage by reason of the conversion;
- (3) The savings bank services provided to the public by the savings bank will not be adversely affected by the conversion;
- (4) The plan has been approved by a vote of two-thirds (2/3) of the board of directors of the savings bank;
- (5) All shares of stock issued in connection with the conversion are offered first to the members of the savings bank;
- (6) All stock shall be offered to members of the savings bank and others under a formula and procedure that is fair and equitable and will be fairly disclosed to all interested persons; and
- (7) The plan provides a statement as to whether stockholders shall have preemptive rights to acquire additional or treasury shares of the savings bank.

The plan shall be submitted to the members, but only after it has been approved by the director. After lawful notice to the members of the savings bank and full and fair disclosure, the substance of the plan must be approved by a majority of the total votes that members of the savings bank are eligible and entitled to cast. The vote by the members may be in person or by proxy. Any votes by proxy must be specific to the plan and not a general proxy. Following the vote of the members, the results of the vote certified by an appropriate officer of the savings bank shall be filed with the director. The director shall then either approve or disapprove the requested change in corporate form. After approval, the director shall supervise the conversion process and shall ensure that the process is conducted lawfully and under the approved plan.

[26-1813, added 1997, ch. 310, sec. 3, p. 920.]

26-1814. ACQUISITIONS. All acquisitions shall be approved in advance in writing by the director.

- (1) A mutual or stock savings bank may acquire, as defined by section [26-2605](#), Idaho Code, a savings bank organized in the same form.
- (2) A stock savings bank may acquire or be acquired by either a state or national bank with the state or national bank being the surviving bank.
- (3) A mutual savings bank may acquire or be acquired by a credit union, with the mutual savings bank being the surviving entity.
- (4) A stock savings bank may acquire or be acquired by a national or state bank with the national or state bank being the surviving entity.

[26-1814, added 1997, ch. 310, sec. 3, p. 921.]

26-1815. FOREIGN SAVINGS AND LOAN ASSOCIATIONS. A savings and loan association or savings bank chartered and operating under the laws of another state which has received a valid permit from the director of finance to do

business as a savings and loan association or savings bank within this state pursuant to an application filed with and approved by the director shall be authorized to conduct such business in this state.

[26-1815, added 1997, ch. 310, sec. 3, p. 921.]

CHAPTER 19  
SAVINGS AND LOAN ASSOCIATIONS - OPERATION -- [REPEALED]