

(4) If the application is for the approval of the maintenance of a branch office: “the application of the undersigned for approval of the maintenance of a branch office located at (insert address of branch office)”.

(5) If the application is for approval of the establishment of an agency and the Board determines that a hearing shall be conducted: “the application of the undersigned for approval of the establishment of an agency to be located at (insert proposed address of agency)”.

(6) If the application is for approval of the maintenance of an agency and the Board determines that a hearing shall be conducted: “the application of the undersigned for approval of the maintenance of an agency located at (insert address of agency)”.

(7) If the application is for approval of changing the location of any office of the association from its immediate vicinity: “the application of the undersigned for approval of a change of location of its (insert ‘home’, ‘branch’, ‘agency’, as the case may be) office, now located at (insert present address of office) to (insert address to which the association proposes to move such office)”.

(8) If the hearing is ordered by the Board, although not requested by any applicant or protestant, a clear statement of the purpose of the hearing.

The form of affidavit of publication required to be filed pursuant to the provisions of this section shall state that a notice in the form affixed thereto was caused to be published in a newspaper of general circulation (naming the newspaper) in the county named in the edition appearing on the date stated in the affidavit. Such affidavit of publication shall be sworn to before a notary public or other officer competent to take acknowledgments of deeds.† (Sec. 5 (a) of H.O.L.A. of 1933, 48 Stat. 132; 12 U.S.C. 1464 (a))

PART 203—OPERATION

<p>Sec. 203.1 First examination. 203.2 Other examinations, audits, and supervision. 203.3 Capitalization of expenses. 203.4 Accrued interest receivable. 203.5 Forms and reports. 203.6 Membership certificates. 203.7 Investments by Home Owners' Loan Corporation. 203.8 Investment and redemption procedure for Home Owners' Loan Corporation and Secretary of the Treasury. (a) Maximum investment in one association by the Home Owners' Loan Corporation. (b) Forms for investments by Home Owners' Loan Corporation. (c) Repurchase fee.</p>	<p>Sec. 203.9 Repurchases of private investments. 203.10 Real estate loans. (a) Direct reduction plan. (b) Lending percentages; small apartment house loans. (c) Initial loan charges. (d) Lending plans and percentages of insured loans. 203.11 Loan contract. 203.12 Lending area. (a) Converted associations. (b) Fifty-mile limitation. (c) Loans beyond fifty-mile area.</p>	<p>(d) Retirement or redemption of investments by Home Owners' Loan Corporation or Secretary of the Treasury.</p>
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†For source citation, see note to § 202.1.

Sec. 203.13 Brokerage business and purchase and sale of loans. (a) Prohibiting mortgage brokerage business. (b) Purchase of loans. (c) Initial service charge, sale without recourse, and service contract regarding insured loans. (d) Sale of loans. 203.14 Bonus plan. 203.15 Duplicate certificates.	Sec. 203.16 Offices. (a) Home office. (b) Branch office. (c) Agency. (d) Agents. (e) Moving location of office. (f) Amending charter upon moving location of home office. 203.17 Book value of assets. 203.18 Fiscal agency powers and duties.
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Section 203.1 First examination. Promptly upon the completion of the organization of a new Federal association or upon completion of organization after the conversion of a State-chartered institution into a Federal association, such Federal association shall be examined and a report made thereof in such form as shall be prescribed by the Board. The cost of making such examination, as determined by the Board, shall be paid by the Federal association examined. The first examination after organization of a new Federal association may be conducted without expense to such association. No request for investment by the Home Owners' Loan Corporation in share accounts in any Federal association which is newly chartered pursuant to the provisions of §§ 202.1-202.16 shall be approved until the report of the first examination thereof has been received.† (Sec. 5 (a) of H.O.L.A. of 1933, 48 Stat. 132, sec. 4 (n) of H.O.L.A. of 1933 as added by sec. 17 (a), 49 Stat 297; 12 U.S.C. 1464 (a), 12 U.S.C., Sup., 1463 (n))

†In §§ 203.1 to 203.18, inclusive, the section numbers correspond with the respective section numbers in Rules and regulations for the Federal Savings and Loan System, Federal Home Loan Bank Board, effective June 1, 1938.

203.2 Other examinations, audits, and supervision. For the protection of its members and the public, each Federal association shall be examined (with appraisals when deemed advisable) at least annually by the Examining Division of the Board. The cost, as determined by the Board, of such examination, including office analysis thereof, audit, and any appraisals made in connection therewith and of other supervision by the Board shall be paid by the Federal association. If a Federal association is not audited at least once each year in a manner and by auditors satisfactory to the Board, the examination of such Federal association shall include an audit. Two copies of any audit of a Federal association, signed and certified by the auditor making such audit, shall promptly be filed with the Board through the Federal home loan bank of which the Federal association is a member. To assist in proper maintenance of records for supervision and regulation, communications from Federal associations shall normally be forwarded to the Board in duplicate through the Federal home loan bank of which the Federal association is a member.† (Sec. 5 (a) of H.O.L.A. of 1933, 48 Stat. 132; 12 U.S.C. 1464 (a))

203.3 Capitalization of expenses. Federal associations shall be organized and operated as economically as practicable. Reasonable

†For source citation, see note to § 203.1.

organization and operating expenses may be incurred and set up as an asset item for a temporary period, provided the same are amortized within a reasonable time. The budget of such organization expenses, together with the estimated operating expenses for the first year of operations, must be approved by the Governor or Deputy Governor of the Federal Home Loan Bank System before any portion of such expenses can be accounted for as an asset item. Any Federal association carrying organization and operating expense as an asset item shall apply at each dividend period to the amortization of such account at least 10 percent of all net earnings before declaring any dividends.† (Sec. 5 (a) of H.O.L.A. of 1933, 48 Stat. 132; 12 U.S.C. 1464 (a))

203.4 Accrued interest receivable. On all loans interest shall be accrued monthly and a “reserve for uncollected interest” shall be maintained equivalent to all interest in default more than 90 days. Converted associations which have heretofore accrued interest, but have not maintained a reserve as herein required, may, upon application to and approval by the Board, be permitted a reasonable time for the accumulation of such reserve.† (Sec. 5 (a) of H.O.L.A. of 1933, 48 Stat. 132; 12 U.S.C. 1464 (a))

203.5 Forms and reports. Every Federal association shall use such forms and follow such accounting practices as may, from time to time, be prescribed by the Board. Every Federal association shall close its books on June 30, and December 31, of each year and shall make an annual report of its affairs as of December 31 of each year. Within 30 days after December 31 of each year two copies shall be forwarded to the Federal home loan bank of which the association is a member, one copy of which shall thereupon be transmitted by the bank to the Governor of the Federal Home Loan Bank System. The officers of each association shall make a monthly report to the association’s board of directors on forms prescribed by the Board which shall be filed as follows: One copy shall be forwarded to the Federal home loan bank of which the association is a member and two copies to the Governor of the Federal Home Loan Bank System, Washington, D. C.† (Sec. 5 (a) of H.O.L.A. of 1933, 48 Stat. 132; 12 U.S.C. 1464 (a))

203.6 Membership certificates. Each Federal association having a Charter K shall issue certificates of membership evidencing the ownership of savings share accounts, investment share accounts and borrower’s memberships in the respective forms set forth below :

PREScribed FORMS OF CERTIFICATES EVIDENCING MEMBERSHIP

1. Form of certificate evidencing ownership of a Savings Share Account which is required to be printed in the front of a Savings Share Account Book :

“This certifies that _____ is a member of _____ Federal Savings and Loan Association ____ and holds a Savings Share Account of said association, subject to its charter and bylaws and to the laws of the United States of America.”

2. Form of certificate evidencing ownership of an Investment Share Account prescribed for use when printed in the front of an Investment Share Account Book :

“This certifies that _____ is a member of _____ Federal Savings and Loan Association ____ and

holds an Investment Share Account of said association, subject to its charter and bylaws and to the laws of the United States of America.”

3. Form of certificate evidencing ownership of an Investment Share Account prescribed for use when printed as a separate certificate not contained in a share account book:

“This certifies that _____ is a member of _____ Federal Savings and Loan Association ____ and holds a _____ Dollar Investment Share Account of said association, subject to its charter and bylaws and to the laws of the United States of America.”

4. Form of Borrower’s Membership Certificate required to be printed in the front of a loan account book:

“This certifies that _____ is a member of _____ Federal Savings and Loan Association ____ and holds a loan from said association, subject to its charter and bylaws and to the laws of the United States of America.”

The following legal, accounting and descriptive material may be used in connection with the foregoing forms of certificates:

(a) “Certificate No. _____”, provided however, any other method of identifying the number of certificates issued may be used.

(b) Any words which clearly indicate the type of certificate issued may be used as a title, e. g., “Savings Share Account”, “Certificate for Savings Share Account”, “Borrower’s Membership Certificate” or “Certificate for Borrower’s Membership”. The title used, however, shall not conflict with the provisions of the certificate itself. There is no requirement that a title be used.

(c) A witness clause substantially in the following form shall be used on each certificate unless the execution of the certificate is attested by the secretary or an assistant secretary with the seal of the association:

Witness the authorized signature(s) of officer or employee this _____ day of _____, 19____

In any event, each certificate shall bear the date of issuance.

(d) Each certificate shall be manually signed in the name of the association by an officer or an employee designated by the board of directors as required by section 8 of the bylaws, but may be signed in the name of the association by two or more officers or employees as determined by the board of directors pursuant to section 7 of the bylaws, e. g.,

----- FEDERAL SAVINGS
AND LOAN ASSOCIATION -----

Authorized Signature

The title of the officer or officers designated to sign certificates may or may not appear under his or her signature or their signatures. The name of the association must appear above the manual signature or signatures.

The above certificates are prescribed for use by each such Federal association and shall not be revised or modified unless and until the Board prescribes different forms for use by all such Federal associations. All certificates issued shall be numbered consecutively by type or otherwise. Each owner of an investment share account shall be issued either an investment share-account book containing a certificate in the front thereof, and evidencing the participation value of such investment share account or a separate certificate not con-

tained in an investment share account book. Each owner of a savings share account shall be issued a savings share account book containing a certificate in the front thereof and evidencing the participation value of such savings share account. Each borrower shall receive a loan account book in the front of which shall be a certificate. Other legal, accounting and descriptive material may be used in connection with the prescribed forms of certificates, but the form or use of such material is not prescribed.† (Sec. 5 (a), (b), of H.O.L.A. of 1933, 48 Stat. 132; 12 U.S.C. 1464 (a), (b))

203.7 Investments by Home Owners' Loan Corporation. Whenever a Federal association needs funds for the financing of homes, it may request Home Owners' Loan Corporation to purchase an investment share account, consisting of full-paid income shares, as provided in section 4 (n) of Home Owners' Loan Act of 1933, as amended, and in investment procedure approved by the Board.† (Sec. 5 (a) of H.O.L.A. of 1933, 48 Stat. 132, sec. 4 (n) H.O.L.A. of 1933 as added by sec 17 (a), 49 Stat. 297; 12 U.S.C. 1464 (a), 12 U.S.C., Sup., 1463 (n))

CROSS REFERENCE: For investment in securities of savings and loan associations, see §§ 401.50-401.60.

203.8 Investment and redemption procednre for Home Owners' Loan Corporation and Secretary of the Treasury—(a) Maximum investment in one association by the Home Owners' Loan Corporation. No requests for such investment by Home Owners' Loan Corporation will be approved by the Board in excess of three times the amount paid on unpledged share accounts standing to the bona fide credit of private investors. In determining the upper limit of investment by Home Owners' Loan Corporation in any Federal association, the Board will multiply the amount of unpledged share accounts standing to the credit of private investors by three, and subtract therefrom the amount of any subscription for preferred shares and full-paid income shares by the Secretary of the Treasury plus the amount of any investment, or request for investment, by Home Owners' Loan Corporation.

(b) Forms for investments by Home Owners' Loan Corporation. Forms for certification of financial statement, resolution authorizing procedure for investment, and application forms for use by Federal associations in requesting investment by Home Owners' Loan Corporation may be procured from the Federal home loan bank of which the Federal association is a member.

(c) Repurchase fee. No repurchase fee may be charged upon the repurchase of any investment by the Secretary of the Treasury or by Home Owners' Loan Corporation.

(d) Retirement or redemption of investments by Home Owners' Loan Corporation or Secretary of the Treasury. Retirement or redemption of preferred or full-paid income shares owned by the Secretary of the Treasury or by the Home Owners' Loan Corporation may be effected in accordance with procedure approved by the Board, using forms approved by the Board, which procedure and forms may be obtained from the Federal home loan bank of which the Federal association is a member. No request for the privilege of

retiring preferred shares and full-paid income shares held by the Secretary of the Treasury will be approved by the Board unless such request is submitted on a form approved by the Board and unless such request is received by the Board at its office in Washington, D. C., within 30 days subsequent to the last preceding dividend date, accompanied by a check, postal money order, or bank draft in the amount of the investment sought to be retired, together with any dividends declared but unpaid, on such investment to the last preceding dividend date. Investments in full-paid income shares repaid by an institution voluntarily to the Secretary of the Treasury will be credited upon the next succeeding requests by the Secretary of the Treasury for the retirement or repurchase of such investments from such institution to the extent of such voluntary repayments. Investments repaid voluntarily to the Home Owners' Loan Corporation will be credited upon the next succeeding requests by the Corporation for the repurchase or withdrawal of investments from such institution to the extent of such voluntary repayments.† (Sec. 5 (a), (g), of H.O.L.A. of 1933, 48 Stat. 132, 133, sec. 5 (j) of H.O.L.A. of 1933 as added by sec. 5, 48 Stat. 645, sec. 4 (n) of H.O.L.A. of 1933 as added by sec. 17 (a), 49 Stat. 297; 12 U.S.C. 1464 (a), (g), (j), 12 U.S.C., Sup., 1463 (n))

203.9 Repurchases of private investments. No Federal association may repurchase share accounts held by private investors (except out of one-third of the receipts of the association from the holders of share accounts and its borrowers) if the effect of such repurchase is to reduce the total amount to the credit of private investors below one-third of the aggregate of preferred and full paid income shares held by the Secretary of the Treasury and investments held by Home Owners' Loan Corporation, without making provision, satisfactory to the Board, for the retirement of a sufficient amount of investments held by the Secretary of the Treasury and Home Owners' Loan Corporation so that the aggregate amount held by the Secretary of the Treasury and Home Owners' Loan Corporation will not exceed 75 percent of the total investment in the Federal association.† (Sec. 5 (a), (b), of H.O.L.A. of 1933, 48 Stat. 132; 12 U.S.C. 1464 (a), (b))

203.10 Real estate loans—(a) Direct reduction plan. All loans on real estate security made by each Federal association shall be on the direct reduction plan, unless the Board shall specifically approve another loan plan upon application therefor.

(b) Lending percentages; small apartment house loans. When the members of a Federal association at a legal meeting have authorized loans to be made, from time to time, in an amount exceeding 75 percent of the value of the security of a home or combination home and business property, the association may make any such loan, provided the amount loaned is not in excess of 80 percent of the value of the security therefor unless insured under the National Housing Act, (48 Stat. 1246; 12 U.S.C. Chapter 13) as amended, in which event any percentage of appraised value permitted under the National Housing Act, as amended, may be loaned. When the members of a Federal association at a legal meeting have authorized loans to

†For source citation, see note to § 203.1.

be made, from time to time, in an amount exceeding 50 percent of the value of the security of that type of other improved property which is home or combination home and business property for more than four families, but for not more than 12 families (hereinafter termed "small apartment houses") the association may make any such loan, after approval by the Board of such lending practice for such association. Prior to making such loans, application in a form satisfactory to the Board shall be made for approval of such lending practice. Such application shall set forth the area or areas in which the applicant desires to make such higher percentage loans on small apartment houses and evidence of ability to make and service such loans. If and when the Board has given such approval, such higher percentage loans on small apartment houses in the specified areas may be made in amounts not in excess of 60 percent of the value of such small apartment houses. Loans made pursuant to such approval of such lending practice are included in the 15 percent limitation in section 5 (c) of Home Owners' Loan Act of 1933, as amended (48 Stat. 132, 49 Stat. 297; 12 U.S.C. 1464 (c) and Sup.).

(c) Initial loan charges. No director, officer, or employee of a Federal association shall receive any fee or other compensation of any kind in connection with the procuring of any loan made by such association. Borrowers may be required to pay the necessary initial charges in connection with the making of a loan, including the actual cost of title examination, appraisal, credit report, survey, drawing of papers, closing of the loan, and other necessary incidental services and costs in such reasonable amounts as may be fixed by the board of directors. Such necessary initial charges may be collected by the Federal association from the borrower and paid to any persons, including any director, officer, or employee, rendering such services. Whether such charges are so collected and paid or are paid directly by the borrower, a detailed record, including names of recipients of such charges and amounts paid to each, shall be kept by the Federal association, and a copy of such record shall be given to the borrower.

(d) Lending plans and percentages of insured loans. By this paragraph the Board approves, from the date receipt is acknowledged by the Board of each application for such lending privilege, the loan plans provided by the National Housing Act, (48 Stat. 1246; 12 U.S.C. 1701-1732) as amended, as other loan plans which Federal associations, operating under a Charter K, are authorized to use under section 14 of their charters, to the extent of the percentage of the appraised value the members of the Federal association have authorized or may authorize loans to be made in an amount exceeding 75 percent of the value of the home property securing the loan. Thereafter any such Federal association may originate, purchase and sell, subject to the provisions of § 203.13, any first mortgage loans approved for insurance protection by the Federal Housing Administrator under the provisions of title I or title II of the National Housing Act, as amended, and the limitations of the regulations in this chapter and its charter as to loans made under any other loan plan shall not apply thereto. The provisions of section 5 (c) of Home Owners' Loan Act of 1933, as now or hereafter amended, shall apply to loans

authorized by this paragraph.† (Sec. 5 (a), (c), of H.O.L.A. of 1933, 48 Stat. 132, sec. 18, 49 Stat. 297; 12 U.S.C. 1464 (a), (c), and Sup.)

203.11 Loan contract. Loans shall be evidenced by a note or bond for the amount of the loan, which shall clearly state the rate of interest charged and, if any additional charge is to be made on account of delinquent payments, or, if the rate is to vary upon any other contingency or option, the provision for such additional rate or additional charge shall be plainly stated in connection with the statement of the amount of the loan and the rate charged thereon. Each association shall be governed by the following provisions relevant to such charges:

(a) It may incorporate into its note and mortgage forms or other instruments securing the debt a provision whereby the stipulated rate of interest may be increased at the option of the association; provided, however, that the association may not exercise such right in less than 3 years from the date of the loan and then only upon at least 4 months' written notice to the borrower. The association shall incorporate in such instruments a provision that in the event of such an increase in the stipulated rate of interest the borrower may prepay the loan within such notice period without the payment of any additional interest or any other penalty.

(b) It may also incorporate a provision for an additional charge against borrowers who are delinquent in their loan payments. Such additional charge shall be in the form of an increased rate of interest on the unpaid balance of the loan for the period of delinquency.

Both form and substance of loan contracts are required to be fair and reasonable. All contract forms and all changes in contract forms for the making of loans shall be furnished promptly to the Board through the Federal home loan bank of which the association is a member, and the same may be used unless and until disapproved by the Board.† (Sec. 5 (a), (c), of H.O.L.A. of 1933, 48 Stat. 132, sec. 18, 49 Stat. 297; 12 U.S.C. 1464 (a), (c), and Sup.)

203.12 Lending area—(a) Converted associations. Any Federal association which is converted from a State-chartered institution into a Federal association may continue to make loans in the territory in which it made loans while operating under State charter. Each converted association which has made loans beyond 50 miles from the home office and which desires to continue such lending shall file with the Board the following:

(1) A map showing the territory within which the applicant has made loans.

(2) A statement by counties of the number and amount of loans outstanding.

(3) A complete statement of the method of originating, appraising, closing, and servicing loans beyond the 50-mile radius.

(b) Fifty-mile limitation. No Federal association shall lend upon real-estate security beyond 50 miles from its home office except as permitted in its charter and by this section.

(c) Loans beyond fifty-mile area. Any loan which a Federal association is authorized to make beyond 50 miles from its home office

†For source citation, see note to § 203.1.

shall be subject to the provisions of its charter; Provided, however, That—

(1) The real-estate security for any such loan shall be appraised as required by the charter; however, one of the appraisers shall be a person who lives in the community in which the real estate is situated.

(2) The signed appraisals of the above appraisers shall be approved by the board of directors or the loan committee of the association before the loan may be approved or any money disbursed thereon. The report of appraisal, together with the approval thereof, by the board of directors or the loan committee, shall be kept in the records of the association.

(3) The amount of the loan shall not exceed 60 percent of the appraised value of the property, when secured by a home or a combination home and business property (hereinafter termed "home loan"), and shall not exceed 50 percent of the appraised value of the property when secured by other improved real estate, unless upon application the Board authorizes an association (when ability to service such loans is shown to the satisfaction of the Board) to make home loans in specified areas in excess of 60 percent of the appraised value of the property. If and when the Board has given such authorization, home loans in the specified areas may be made in amounts not in excess of $66\frac{2}{3}$ percent of the appraised value if the loan is not insured by the Federal Housing Administrator, and not in excess of the percentage of appraised value fixed by the Board in giving such authorization (in no event greater than the percentum of appraised value permitted to be insured by the Federal Housing Administrator under the National Housing Act, as amended) if the loan is insured by the Federal Housing Administrator. Each application for such authorization shall be in a form satisfactory to the Board and shall set forth the area or areas in which the applicant desires to make such higher percentage home loans and evidence of ability to service such loans.

(4) If a loan is in such condition as to require appraisal under § 202.22, the real estate securing such loan shall be inspected and appraised at least annually by an officer or director of the association. His report shall be submitted in writing to the board of directors and shall be kept in the records of the association.† (Sec. 5 (a), (c), of H.O.L.A. of 1933, 48 Stat. 132, sec. 18, 49 Stat. 297; 12 U.S.C. 1464 (a), (c), and Sup.)

203.13 Brokerage business and purchase and sale of loans—

(a) Prohibiting mortgage brokerage business. No Federal association shall engage in the mortgage brokerage business.

(b) Purchase of loans. Federal associations shall primarily engage in lending their funds, but may incidentally purchase loans of a type which they are permitted to make; provided that no Federal association may purchase any mortgage from an affiliated institution, or from an institution in liquidation, or of a type that it is not authorized to make originally, without the prior approval of the Board.

(c) Initial service charge, sale without recourse, and service contract regarding insured loans. Federal associations may origi-

nate and sell insured mortgages; provided that an initial service charge is made and collected by the association sufficient to reimburse it for the expense incurred in originating such business; and provided further that each mortgage sold shall be sold without recourse, and, if under a contract to service the same, then on a basis to reimburse the association adequately for the cost of such servicing.

(d) Sale of loans. The purchase and sale of mortgages shall not constitute the major activity of a Federal association. No association shall make any sale of any loan at any time if the total dollar amount of loans sold, including such sale, within the 12 months' period immediately preceding the date of such sale, exceeds a sum equivalent to 25 percent of the dollar amount of all loans originated by such association within such period. No association shall commit itself to service loans not held by it unless originated by it and in no event in an aggregate amount in excess of its share capital on the last day of the month next preceding any service commitment. The limitation upon the sale of loans may be adjusted in the case of any Federal association upon application to and approval by the Board, or waived for any specific transaction for the benefit of any Federal association by the president of the Federal home loan bank of which it is a member when such Federal association requires cash for purposes other than for the making of loans.† (Sec. 5 (a) of H.O.L.A. of 1933, 48 Stat. 132; 12 U.S.C. 1464 (a))

203.14 Bonus plan. If a Federal association having a Charter K desires to adopt a bonus plan, the board of directors may, without further Board approval, recommend the adoption by the members at any regular or special meeting of the short-term bonus or the long-term bonus or both the short-term and the long-term bonus plans. The members may adopt the short-term bonus plan by adopting the following resolution:

Resolved, That in order to stimulate systematic thrift and to provide regular funds for the financing of homes, the bylaws of the association shall be amended by adding section 11 to read as follows: "Effective on the next succeeding dividend date, the association shall be obligated to pay a cash bonus on the short-term bonus plan set forth in section 10 of the charter of the association."

The members may adopt the long-term bonus plan by adopting the following resolution:

Resolved, That in order to stimulate systematic thrift and to provide regular funds for the financing of homes, the bylaws of the association shall be amended by adding section 11 to read as follows: "Effective on the next succeeding dividend date, the association shall be obligated to pay a cash bonus on the long-term bonus plan set forth in section 10 of the charter of the association."

The members may adopt both the short-term and long-term bonus plans by adopting the following resolution:

Resolved, That in order to stimulate systematic thrift and to provide regular funds for the financing of homes, the bylaws of the association shall be amended by adding section 10 to read as follows: "Effective on the next succeeding dividend date, the association shall be obligated to pay a cash bonus on both the short-term bonus plan and the long-term bonus plan set forth in section 10 of the charter of the association."

In the event of any such adoption of a bonus plan or plans the secretary of the association shall file 3 certified copies of the foregoing

†For source citation, see note to § 203.1.

resolution with the Board through the Federal home loan bank of which the association is a member.† (Sec. 5 (a) of H.O.L.A. of 1933, 48 Stat. 132; 12 U.S.C. 1464 (a))

203.15 Duplicate certificates. Upon filing with a Federal association by the holder of record as shown by the books of the association or his legal representative, of an affidavit to the effect that the membership certificate or share account book, or both, evidencing his share account with the association has been lost or destroyed, and that such certificate or share account has not been pledged or assigned in whole or in part, such Federal association shall issue a membership certificate or share account book, or both, marked on the face thereof a duplicate, evidencing such share account in the name of the holder of record; provided, however, that the board of directors shall, if in its judgment it is necessary, require the holder of record, or his legal representative, to furnish a bond in an amount sufficient to indemnify the association against any loss which might result from the issuance of such duplicate certificate or share account book, or both.‡ (Sec. 5 (a) of H.O.L.A. of 1933, 48 Stat. 132; 12 U.S.C. 1464 (a))

203.16 Officers—(a) Home office. The home office of each Federal association is the office authorized to be established as is provided in the charter of the association. The association shall be operated from the home office. Complete records of all business transacted at the home office of each Federal association shall be maintained at its home office. Control records, at least, of all business transacted at each branch office or agency shall be maintained. All branch offices and agencies shall be subject to direction from the home office.

(b) Branch office. A branch office of a Federal association is a legally established place of business of the association authorized by the board of directors, at which subscriptions for share accounts and applications for loans may be received, and at which share account books and certificates of membership may be issued and loans, when properly approved by the board of directors, may be closed. Branch offices may receive share account and loan payments and shall keep detailed records of all transactions at such branch offices and shall furnish such control records to the home office as may be necessary for the proper conduct of the business. No Federal association may establish or maintain a branch office without the prior written approval of the Board. Each application for such approval shall state the need therefor, the functions to be performed therein, the estimated annual expense thereof and shall be accompanied by a proposed annual budget of the association.

(c) Agency. An agency of a Federal association is the place of business at which an agent or agents of the association transact authorized business of the association. At any such agency, payments on share accounts and on loans may be received for transmission to the home office or a branch office of the association. Any agent or agents may perform at any such agency other duties as directed from time to time by the home office or a branch office. No such agency shall be authorized, however, to issue share account books or membership certificates or to approve loans. Any such agent or

agents may occupy space provided at any such agency. Each agent of a Federal association shall keep an original record of each transaction of business of the association and shall report to the main office or a branch office of the association as promptly as is required for the proper transaction of such business. Complete detailed permanent records of such transactions are not required to be maintained at any such agency. No such agency shall be established or maintained by a Federal association without the prior written approval of the Board, except that temporary and incidental agencies may be created for individual transactions and for special temporary purposes without such approval. Each application for such approval shall state the need for such agency, the functions to be performed therein, the estimated annual expense thereof, and shall be accompanied by a proposed annual budget of the association.

(d) Agents. Any Federal association may appoint such agents under the direction of officers or employees stationed in its home office or an authorized branch office as may be necessary in the conduct of its business.

(e) Moving location of office. If a Federal association proposes to move any office from its immediate vicinity it shall apply to the Board for prior written approval and shall support such application with a statement of the need therefor, of the functions to be performed by the office at the new location, and of the removal and maintenance expense involved.

(f) Amending charter upon moving location of home office. If a Federal association proposes to change the location of the home office of the association as fixed in section 2 of its charter, its charter shall be amended in accordance with the provisions of section 16 thereof.† (Sec. 5 (a) of H.O.L.A. of 1933, 48 Stat. 132; 12 U.S.C. 1464 (a))

203.17 Book value of assets. Every Federal association shall appraise each parcel of real estate at the time of acquisition thereof. A signed copy of such appraisal shall be kept in the records of the association. No real estate shall be carried on the books of a Federal association for a sum in excess of the total amount invested by the association on account of such real estate, including advances, costs and improvements, but excluding accrued but uncollected interest. The Board may require (1) that any asset, to the extent that it has depreciated in value, be charged off; or (2) that a special reserve or reserves equal to such depreciation in value be set up.† (Sec. 5 (a) of H.O.L.A. of 1933, 48 Stat. 132; 12 U.S.C. 1464 (a)).

203.18 Fiscal agency powers and duties. When designated for that purpose by the Secretary of the Treasury, a Federal association shall perform all such reasonable duties as fiscal agent of the government specified by the Secretary of the Treasury. Such a Federal association shall exercise only such powers and privileges as a fiscal agent of the government as are enumerated in regulations prescribed by the Secretary of the Treasury. When the designation for that purpose by any other instrumentality of the United States has been approved by the Board, a Federal association upon qualification

†For source citation, see note to § 203.1.

for such employment shall perform the duties as agent of such instrumentality specified by such instrumentality of the United States. Such a Federal association shall exercise only such powers and privileges as an agent of any other instrumentality of the United States as are prescribed by such other instrumentality of the United States.† (Sec. 5 (a) of H.O.L.A. of 1933, 48 Stat. 132, sec. 5 (k) of H.O.L.A. of 1933 as added by sec 5, 48 Stat. 646; 12 U.S.C. 1464 (a), (k))

CROSS REFERENCE: For regulations governing Federal Savings and loan associations and Federal credit unions as fiscal agents of the United States, see 31 CFR Part 312.

PART 204—MERGER, REORGANIZATION, DISSOLUTION, AND LIQUIDATION

Sec.	Sec.
204.1 Merger of Federal associations. (a) Procedure, effective date. (b) Assets transferred by operation of law.	(b) Federal Savings and Loan Insurance Corporation as receiver. (c) Hearing.
204.2 Voluntary dissolution. (a) Procedure. (b) Effective date.	204.4 Powers and duties of conservator or receiver.
204.3 Conservator or receiver. (a) Appointment.	204.5 Plan recommended by conservator or receiver; order of the Board; cost of proceedings.

Section 204.1 Merger of Federal associations—(a) Procedure; effective date. Two or more Federal associations may merge in the following manner:

The board of directors of each association by a majority vote of each of the separate boards of directors shall approve a plan of merger evidenced by a merger agreement. Such agreement shall specify (1) the name to be used by the association resulting from the merger (hereinafter referred to as "the association"), which may be the name of the association, the name of any of the associations which will be absorbed upon the effective date of the merger (hereinafter referred to as the "merged associations"), or a proposed new name; (2) the charter under which the association shall operate, which shall be a Charter K; (3) the location of the home office of the association; (4) the basis of the issuance of the share accounts of the association to the holders of share accounts; (5) the number of directors of the association and the names and residences of those who are chosen to serve until the first annual meeting of the association. Application for approval by the Board of the merger shall be made by filing, with the Federal home loan bank of which at least one of the associations, party to the merger, is a member, two copies of the merger agreement properly executed in the name of the respective associations and two certified copies of the minutes of all of the meetings of the respective boards of directors at which the plan of merger was considered and approved. The merger agreement shall state that it shall not be effective unless and until approved by the Board. Upon receipt of such application the Board will thereupon either approve or disapprove the plan of merger or recommend modifications of the proposed plan of merger, which, if accepted by the respective boards of directors, will make the plan of