§ 378. Power to issue shares; dues thereon. 1. Every savings and loan association shall be either permanent or serial in character. A permanent association shall be one which issues instalment shares, not in series, and credits dividends thereon to the holders of such shares individually. A serial association shall be one which issues instalment shares in series and credits the dividends apportioned to such shares by series. No additional shares shall be issued in any series after a dividend has been credited thereto unless the person to whom such shares shall be issued shall pay therefor the book value of such shares including the estimated accrued dividend thereon since the close of the preceding dividend period. Dividends credited by a serial association upon shares issued by it other than instalment shares may be credited to the holders of such shares individually.

2. The members of a savings and loan association shall be: (1) those persons who are the holders of record of shares whose membership shall continue until such shares have matured and been paid, or have been withdrawn, retired, suspended, forfeited, or transferred; and (2) all borrowers from the association and all persons obligated to the association on loans whose membership shall continue until such loans or obligations have been paid. Each member shall be entitled to at least one vote upon all question at any meeting of such members of the association, except when by statute the vote is required to be based upon the capital of the association. Every member entitled to vote at a meeting of members of the association may authorize another person or persons to act for him by proxy, but no director, officer, clerk, teller or bookkeeper of the savings and loan association shall act as proxy at any meeting of such association. Every proxy must be signed by the member or his attorney-in-fact. No proxy shall be valid after the expiration of eleven months from the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the member executing it. The authority of the holder of a proxy to act shall not be revoked by the incompetence or death of the member who executed the proxy unless, before the authority is exercised, written notice of an adjudication of such incompetence or of such death is received by the officer of the association responsible for maintaining the list of members. The by-laws may prohibit or further limit proxies

for members and their duration. No director or officer of a savings and loan association shall be eligible to act as an inspector of an election of directors at any meeting of members of the association.

3. The capital of every such association shall consist of the dues and dividends credited to its members upon their shares either individually or by series, time deposits held by such association pursuant to section three hundred seventy-eight-a of this chapter together with interest accrued on such deposits, and demand deposits held by such association pursuant to subdivision thirteen of section three hundred eighty-three of this chapter.

4. Any savings and loan association may issue shares of the following classes: (a) Instalment shares, class one, upon which regular payments of dues shall be made as provided in the by-laws of the association, until such shares reach their matured value or are withdrawn, retired or forfeited; and instalment shares, class two, which shall have no participation in dividends and upon which the dues payable in regularly increasing amounts are applied in reduction of a debt due to the association from the holder of such shares in accordance with a direction given by him.

(b) Savings shares, upon which dues shall be paid in such sums, at such times and for such purposes as the holder thereof may elect, until the shares are withdrawn or retired. Upon the request of the holder thereof, such savings shares may be converted by the issuing association into special savings shares authorized for issuance by paragraph (bb) of this subdivision. The association may enter such conversion in its records and on the evidence of ownership of the savings shares as an alternative to withdrawal or retirement of the savings shares and issuance of special savings shares.

(bb) Subject to such limitations and restrictions as may be prescribed by regulation of the superintendent of financial services, special savings shares, upon which dues shall be paid in such sums, at such times and for such purposes as the holder thereof may elect, and which shall provide that dividends shall be credited from the date of actual receipt of such dues to the date they are withdrawn or retired. Dividends on special savings shares shall be credited and shall be made

available no later than the end of a regular dividend period, or at the time such special savings shares are withdrawn or retired if in the opinion of a majority of the board of directors it appears the savings and loan association will have sufficient profit available at the end of such regular dividend period to pay dividends and if the board of directors chooses payment of dividends at withdrawal as an option to periodic payment of dividends. Any savings and loan association which does not make dividends available pursuant to the provisions of this paragraph shall promptly notify the superintendent of financial services of such decision. Withdrawals or retirements of special savings shares during the last three business days of any regular dividend period or, in the event that any one of such last three business days is a Saturday, withdrawals of such shares upon one of the last four business days of any such period may receive dividends apportioned for the full period.

(c) Accumulative prepaid shares upon which a single payment of dues to the amount of fifty per centum or more of the matured value thereof shall be paid at the time when such shares are issued. The whole or a part of the dividends apportioned to such shares shall be credited thereto until such shares are matured, withdrawn or retired. Any balance of such dividends not so credited shall be paid in cash.

(d) Income shares, upon which a single payment of dues amounting to one hundred dollars per share shall be paid at the time when such shares are issued. The dividends on such shares shall be paid in cash or, in accordance with the written order of the holder, applied to the purchase of other shares in the association. Income shares may be issued which shall not be withdrawable without the consent of the board of directors, until the expiration of a fixed period, which shall be not more than ten years. Whenever income shares are issued which are not withdrawable until the expiration of a fixed period, a statement that they are not withdrawable until the expiration of such fixed period shall be printed upon the face of the certificate of shares or other evidence of ownership in such manner as to be clearly legible. Whenever any association is unable to locate the holder of income shares and dividends shall have been apportioned which cannot be paid to the holder thereof by reason of the inability of such association to locate such holder, such association may credit such dividends as dues upon another

class of shares in the name of holder of such income shares and shall carry such other shares and any accumulations thereon for the benefit of such shareholder. Income shares which are not withdrawable until the expiration of a fixed period shall be termed "income shares, class two." Other income shares shall be termed "income shares, class one."

(e) Cumulative income shares upon which a single payment of dues of not less than one hundred dollars shall be paid at the time such shares are issued. The dividends on such shares may be credited thereto until such shares are matured, withdrawn or retired. Cumulative income shares may be issued which shall not be withdrawable without the consent of the board of directors, until the expiration of a fixed period, which shall be not more than ten years nor less than ninety days. Whenever cumulative income shares are issued which are not withdrawable until the expiration of a fixed period, a statement that they are not withdrawable until the expiration of such fixed period shall be printed upon the face of the certificate of shares or other evidence of ownership in such manner as to be clearly legible. Cumulative income shares which are not withdrawable until the expiration of a fixed period shall be termed "cumulative income shares, class two." Other cumulative income shares shall be termed "cumulative income shares, class one."

5. All shares hereafter issued by any savings and loan association shall have a matured value of one hundred dollars, except that instalment shares may be issued having a matured value of not less than one hundred nor more than two hundred fifty dollars.

6. Shares issued in the name of more than one person shall confer no greater voting rights than if issued in the name of one person.

7. Persons who hold shares in a fiduciary capacity shall have all the rights and privileges of membership, except to hold office.

8. A savings and loan association shall have a lien upon the shares of its members to the extent of any lawful fines or other obligations due to it, whether or not such shares are specifically transferred or pledged to it, and may, at its option, after five days' notice to the member, apply such shares toward the payment of any matured obligations

due it.

9. A savings and loan association may in its discretion accept or refuse advance payments of dues.

10. Notwithstanding any provision of this chapter, a savings and loan association, in its organization certificate, by-laws, advertising matter or any other instrument, document or other writing used in or in connection with its business, may designate its shares as "deposit accounts" or "savings accounts" its members as "depositors", its dues or share payments as "deposits", and its capital as "deposit liability". The use of any term permitted by this subdivision shall not affect any right, duty, privilege or liability which the savings and loan association, any member or any depositor would otherwise have.