§ 420-k. Termination of insurance. 1. Whenever in the opinion of the fund any insured savings and loan association has continued unsafe or unsound practices in conducting the business of such savings and loan association, or has knowingly or negligently permitted any of its officers or agents to violate any provision of any law or regulation to which the insured savings and loan association is subject, said fund shall first give to the superintendent a statement with respect to such practices or violations for the purpose of securing the correction thereof and shall give a copy thereof to the savings and loan association. Unless such correction shall be made within one hundred and twenty days or such shorter period of time as the superintendent shall require, the fund, if it shall determine to proceed further, shall give to the savings and loan association not less than thirty days' written notice of intention to terminate the status of the savings and loan association as an insured savings and loan association, and shall fix a time and place for a hearing before the fund or a person designated by the fund. The fund shall make written findings. Unless the savings and loan association shall appear at the hearing by a duly authorized representative, it shall be deemed to have consented to the termination of its status as an insured savings and loan association. If the fund shall find that any unsafe or unsound practice or violation specified in such notice has been established and has not been corrected within the time above prescribed in which to make such correction, the fund may issue its order terminating the insured status of the association effective on a date subsequent to such finding and to the expiration of the time specified in such notice of intention. The order shall be subject to review under article seventy-eight of the civil practice law and rules. In the event of the termination of such status, insurance of its accounts to the extent that they were insured on the date of such order of termination, less any amounts thereafter withdrawn, repurchased, or redeemed which reduce the insured accounts of an insured member below the amount insured on the date of such order, shall continue for a period of two years, but no investments or deposits made after the date of such order of termination shall be insured. The fund shall have the right to examine such association from time to time during the two-year period aforesaid. Such insured savings and loan association shall be obligated to pay, within thirty days after any such

order of termination, as a final insurance premium, a sum equivalent to twice the last annual insurance premium paid by it pursuant to subdivision one of section four hundred twenty-h of this chapter. In the event of the termination of insurance of accounts as herein provided the savings and loan association which was the insured savings and loan association shall give prompt notice in writing sent to all its account holders that it has ceased to be an insured savings and loan association and it may include in such notice the fact that insured accounts, to the extent not withdrawn, repurchased, or redeemed, remain insured for two years from the date of such termination, but it shall not further represent itself in any manner as an insured association. In the event of failure to give the notice to account holders as herein provided the fund is authorized to give such notice.

2. (a) At any time after five years of membership, but not before, an insured savings and loan association may submit to the fund a certificate of intention to terminate its membership therein. Termination shall become effective on the first day of the sixth month following the submission of the certificate provided that:

(i) The member pay a termination fee equivalent to twice the last annual premium paid by it pursuant to subdivision one of section four hundred twenty-h of this chapter; this fee shall not extend or enlarge insurance coverage.

(ii) The insured savings and loan association sends to each holder of a savings account a notice in writing not later than two months after submission of the certificate; the notice shall be in a form prescribed by the fund and shall set forth the facts of the termination.

(b) The fund may elect to refund to the association its original capital contribution to the fund subject to terms it may prescribe, provided that such refund is made within two years of termination of membership.