

17-5550. Same; reorganization plan. The plan of reorganization may provide for reincorporation under the existing name of the association or under a different name. In addition to all other lawful provisions, the plan may provide for the exchange of shares in the association for shares of the reorganized association. Without limiting the generality of the methods by which an association may reorganize, any association may: (a) Transfer title to any of its assets to a new association organized under this act solely to liquidate such assets in an orderly manner. Such liquidating association shall be in dissolution and shall dissolve in accordance with the provisions of this act. Unless the commissioner shall otherwise approve, the board of directors of the reorganizing association shall be the board of directors of the liquidating association. The liquidating association shall pay the reorganizing association for the assets acquired the aggregate book value of such assets on the books of the reorganizing association by issuing pro rata and delivering to the shareholders of the reorganizing association shares of an aggregate participation value equal to the aggregate book value of assets so acquired. The participation value of the shares of the reorganizing association shall be written down in an amount equal to the participation value of the account of such shareholder in the liquidating association. Title to the assets transferred to the liquidating association pursuant to this section shall vest in the liquidating association by operation of law with the same legal effect as provided in this act in the case of merger. (b) Set up a "participating reserve" by transferring thereto the aggregate book value of any assets of the association. The participation value of the shares of the association then outstanding shall be reduced pro rata by an aggregate amount equal to the aggregate book value of assets so transferred to the participating reserve. The association shall issue pro rata to such shareholders nonrepurchasable "participating reserve accounts" of an aggregate participation value equal to the aggregate book value of assets transferred to the participating reserve. The assets so represented by the participating reserve shall be identified on the books of the association as participating reserve assets and the aggregate book value of such assets as shown by the participating reserve shall be reported on any balance sheet of the association opposite the item "participating reserve assets" and such assets shall be and remain a separate fund from the other assets of the association for the sole use and benefit of the holders of participating reserve accounts. In such event, the directors shall have with respect to the liquidation of the participating reserve assets all the powers set forth in this act. As and when the participating reserve assets are liquidated, all proceeds therefrom shall be paid pro rata from time to time as the board of directors may determine to the holders of participating reserve accounts at the option of the board of directors either in cash or by credit upon an account of the association. If the proceeds of the final liquidation of participating reserve assets do not equal the participation value of participating reserve accounts, the loss shall be absorbed pro rata by the holders of participating reserve accounts and the association shall have no further liability in relation thereto or arising therefrom. (c) Reduce its liability to each of its shareholders pro rata to the amount credited to each such shareholder on the books of the association in such manner as to distribute the loss equally among such shareholders whenever the losses of an association resulting from the depreciation in value of its assets or otherwise are such as to result in an impairment of capital.

History: L. 1943, ch. 133, § 128; July 1.