

**RULES  
OF  
TENNESSEE DEPARTMENT OF INSURANCE  
INSURANCE DIVISION**

**CHAPTER 0780-1-27  
OPERATION OF STATE CHARTERED BUILDING AND LOAN ASSOCIATIONS**

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**0780-1-27-.01 CAPITAL.**

- (1) Each company in order to protect the stockholders and retain its solvency to a degree necessary to inspire confidence of the public and its stockholders, members, investors, and depositors shall have not less than \$100,000.00 Capital, \$50,000.00 Paid in Surplus, plus 10% of Paid in Surplus for an Undivided Profit Account before commencing business or obtaining a charter.
- (2) EACH ASSOCIATION AFTER THE DEPOSIT OF ALL CAPITAL FUNDS, SHALL OBTAIN WRITTEN APPROVAL FROM THE COMMISSIONER -ON ITS SURETY BOND, INSURANCE OF ACCOUNTS, AND QUARTERS TO INSURE THE SAFETY OF ITS FUNDS PRIOR TO COMMENCING BUSINESS.

*Authority: T.C.A. §45-1303. Administrative History: Original Rule certified June 10, 1974.*

**0780-1-27-.02 BRANCHING.** Each association shall obtain prior approval in writing from the Commissioner before opening any branch or moving an association. A branch office is any office of an association which is open to the public for the acceptance of share payments or where loan payments are made.

*Authority: T.C.A. §45-1303. Administrative History: Original Rule certified June 10, 1974.*

**0780-1-27-.03 PUBLISHING FINANCIAL STATEMENTS.** On August 1st and February 1st each year every association doing business in this State shall publish in a newspaper located in the County where such association has

(Rule 0780-1-27-.03, continued)

its principal office, a detailed statement of the assets and liabilities of such association for the period ending June 30 and December 31 immediately preceding such report, and shall file a copy of same with the Commissioner.

*Authority:* T.C.A. §45-1303. *Administrative History:* Original Rule certified June 10, 1974.

**0780-1-27-.04 INSURANCE OF STOCKHOLDER ACCOUNTS.** All deposits of funds of withdrawable stockholders shall be insured at the time placed with the association and shall remain insured. Insurance shall be placed on all withdrawable accounts to the maximum amount possible. No association may accept any funds other than capital funds necessary to incorporate without first obtaining insurance. Failure to maintain or carry insurance on withdrawable stockholder accounts will be sufficient ground for the forfeiture of the charter. Each present and future association is hereby required to immediately purchase insurance to insure all withdrawable deposits and is authorized to make disbursements, necessary to do so. This includes the purchase of bonds or debentures, and stock from the insurance company when required to maintain coverage, however, the aggregate purchase should not exceed 2-1/2% of the building and loan association's savings and time deposits. An association can buy stock and debentures from an insurance company necessary to insure their deposits.

*Authority:* T.C.A. §45-1303. *Administrative History:* Original Rule certified June 10, 1974.

**0780-1-27-.05 FIDELITY BONDS - BONDS FOR DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, PERSONS COVERED BY FORM OF, AND AMOUNT OF BONDS.**

- (1) Each association shall provide and maintain a Fidelity Bond in form acceptable to the Commissioner covering each director, officer, agent or employee who has control over or access to cash or securities of the association. Such bond coverage may be in the form of individual bonds, a schedule Fidelity Bond, or a Blanket Bond, covering all such persons and protecting the institution exclusively. Each such bond shall be executed by a responsible surety company or other surety acceptable to the Commissioner in minimum amounts computed upon a base consisting of the assets of the association plus the unpaid balance of mortgages which it has contracted to service for others as follows:
- |                                   |  |
|-----------------------------------|--|
| (a) Not over \$300,000            | \$20,000 plus \$10,000 for each \$100,000 or fraction thereof over \$100,000.        |
| (b) \$300,001 to \$10,000,000     | \$50,000 plus \$15,000 for each \$100,000 or fraction thereof over \$400,000.        |
| (c) \$1,000,001 to \$10,000,000   | \$155,000 plus \$20,000 for each \$1,000,000 or fraction thereof over \$2,000,000.   |
| (d) \$10,000,001 to \$30,000,000  | \$335,000 plus \$50,000 for each \$5,000,000 or fraction thereof over \$15,000,000.  |
| (e) \$30,000,001 to \$60,000,000  | \$535,000 plus \$75,000 for each \$10,000,000 or fraction thereof over \$40,000,000. |
| (f) \$60,000,001 to \$100,000,000 | \$735,000 plus \$75,000 for each \$15,000,000 or fraction thereof over \$70,000,000. |
| (g) \$100,000,001 and over        | \$985,000 plus \$75,000 for each   |

(Rule 0780-1-27-.05, continued)

\$25,000,000 or fraction thereof over  
\$125,000,000.

*Authority:* T.C.A. §45-1303. *Administrative History:* Original Rule certified June 10, 1974.

**0780-1-27-.06 AMOUNT OF DEDUCTIBLE.** Such fidelity bond coverage may contain a provision for a deductible amount from any loss which, except for such deductible provision, would be recoverable from the surety, but no such deductible amount shall be in excess of \$500 for all losses involving the same person in any case where the base for the fidelity bond coverage is \$10,000,000 or less, or in excess of \$1,000 where the base for the fidelity bond coverage is in excess of \$10,000,000.

*Authority:* T.C.A. §45-1303. *Administrative History:* Original Rule certified June 10, 1974.

**0780-1-27-.07 GENERAL CANCELLATION CLAUSE RIDER.** Each such bond shall contain a provision that the bonding or surety company will, at least 30 days prior to cancellation of the bond, give notice in writing to the Director of the Division of Building and Loan of its intent to cancel said bond.

*Authority:* T.C.A. §45-1303. *Administrative History:* Original Rule certified June 10, 1974.

**0780-1-27-.08 APPROVAL OF BOND AND PAYMENT OF PREMIUM.** Each such bond shall be formally approved by the Board of Directors of the Association, and the premium of the bond shall be paid by such association. The Savings and Loan Blanket Form No. 22 is acceptable.

*Authority:* T.C.A. §45-1303. *Administrative History:* Original Rule certified June 10, 1974.

**0780-1-27-.09 REPORTING OF MISAPPROPRIATIONS, DEFALCATIONS, EMBEZZLEMENTS, THEFTS OR OTHER MISAPPLICATIONS.** If any officer, director or employee of an association shall learn or believe that a misappropriation, defalcation, embezzlement, theft or other misapplication of the funds, or other assets, of the association has occurred, or is occurring, such officer, director or employee shall immediately report such information in writing or in person to the Commissioner.

*Authority:* T.C.A. §45-1303. *Administrative History:* Original Rule certified June 10, 1974.

**0780-1-27-.10 INVESTMENTS- LOANS SECURED BY REAL AND LEASE HOLD PROPERTY.** The following provisions shall apply to any loan granted by any association on the security of real or leasehold property:

- (a) Application. An association shall, in every such loan, obtain a written application, signed by or on behalf of the person for whose benefit the loan is to be made, which application shall contain such necessary and pertinent information with respect to the borrower and the security as the circumstances may require. All applications shall contain at least the following:

The name, address and occupation of the applicant for the loan. The name and address of the employer of the applicant, if the applicant is employed. The location of the property, character of the improvements thereon, and, if leasehold, the amount of the ground rent thereon. If the applicant does not have title at the time of the application, the actual consideration to be paid therefor.

If the applicant has purchased the property within one year prior to the application, the actual consideration paid therefor.

The purpose for which the loan is sought.

- (b) Before an association shall make a loan to be secured by mortgage on real or leasehold property, it shall first obtain a written appraisal of such property from at least two qualified

(Rule 0780-1-27-.10, continued)

persons, which written appraisal shall state the market value of such property in dollars, and be signed by all appraisers. The qualified persons making such appraisal may be members of the association's Board of Directors: provided, however, that such written appraisal may be made by one person if such person be the holder of a certificate evidencing the prior attainment of the minimum qualifications of a real estate appraiser according to the predetermined standards of the American Institute of Real Estate Counselors, the Senior Member Society of Real Estate Appraisers, the American Society of Appraisers, or be a member in good standing of an appraisal committee of a Real Estate Board situated in the State of Tennessee.

- (c) Title Certification. Before an association, its agent or attorney, shall pay out any money upon a mortgage loan, it shall secure proper assurance that, upon closing, it will receive a title certification from its attorney, or a title insurance policy from a qualified title company, to the effect that:
1. Title is good and merchantable in the mortgagor; and
  2. The association has a first lien, or that it has a second lien if the association already holds the first lien.

In the event that there are liens or encumbrances on the property prior to settlement, the association shall satisfy itself (i) that the encumbrances do not affect the marketability of its security or the amount of its appraisal, and (ii) that all prior liens will be discharged, or appropriate provisions made therefor. Promptly after settlement the association shall secure the written title certification, or the final title insurance policy, as set forth above, together with a statement of the steps taken to protect the association against any prior liens not then released of record.

- (d) Affidavit of Seller and Borrower. At settlement, the seller, if any, and the borrower shall state in writing, under oath, whether any money or other thing of value has been or is to be paid to any corporation or persons, other than the association, as a fee, commission, or gift for procuring or for endeavoring to procure such loan from the association, or for any services in connection with such loans, aside from those set forth on the Memorandum of Settlement, and, if so, the amount or value of such fee, commission, or gift and to whom it has been, or is to be paid.
- (e) Insurance.
1. An association shall require the mortgagor to maintain at the mortgagor's expense, so long as his loan may be outstanding, fire and extended coverage insurance upon the improvements on the real or leasehold property securing such loan, in an amount at least sufficient to protect the interest of the association, in a company qualified to do business in the State of Tennessee, and approved by the association. Such insurance shall be appropriately endorsed to reflect the interest of the association in any proceeds payable under such policy; and further provided that an association shall be exempt from the earlier provisions hereof as to any loan or loans where the appraised value of unimproved land upon which its lien is secured equals or exceeds the unpaid principal balance on said loan.
  2. Loans Secured by Non-withdrawable Permanent Stock - No loans shall be made upon the security of non-withdrawable permanent stock pledged to the association.
- (f) Insured or Guaranteed Loan. Any such loan which is, or will be insured or guaranteed by the United States or any instrumentality thereof, or the State of Tennessee, or any instrumentality thereof, may be made for an amount in excess of the restrictions imposed by Statute, but only to

(Rule 0780-1-27-.10, continued)

the extent that such loan is insured or guaranteed or for a longer term than is permitted by Statute.

*Authority:* T.C.A. §45-1303. *Administrative History:* Original Rule certified June 10, 1974.

**0780-1-27-.11 INVESTMENTS WITH BANKS- DEFINITION.** An investment with a bank shall mean, and be limited to, a deposit of the funds of an association with a bank. It shall include demand deposits and certificates of deposit. It shall not include a loan or other advance to a bank or an investment in bank stock. As used in these regulations, certificate of deposit shall include a time deposit and any other deposit, by whatever name it may be called, on which the association shall directly or indirectly receive any compensation whatsoever therefor in excess of the deposit itself, by way of interest, dividend or otherwise. Demand deposits shall include all other deposits, except certificates of deposit as defined above.

*Authority:* T.C.A. §45-1303. *Administrative History:* Original Rule certified June 10, 1974.

**0780-1-27-.12 DEPOSITS GENERALLY.** An association shall make its deposits in a bank insured by the Federal Deposit Insurance Corporation and may purchase certificates of deposit issued by said bank as authorized under these regulations. An association depositing its funds or purchasing a certificate of deposit in any bank not maintaining its principal office in the State of Tennessee may do so only if said bank shall have been actively engaged in the banking business for a period of at least five (5) years and have a net worth of at least five million dollars (\$5,000,000).

*Authority:* T.C.A. §45-1303. *Administrative History:* Original Rule certified June 10, 1974.

**0780-1-27-.13 CERTIFICATES OF DEPOSIT.**

- (1) No association shall invest in any certificate of deposit unless:
  - (a) The certificate of deposit, as issued, is registered in the name of the investing association.
  - (b)
    1. The total investment in certificates of deposit of the association in any one bank does not exceed 10% of the total capital of the bank (capital stock, surplus, undivided profits and capital notes) or \$100,000, whichever is greater.
    2. No association may give or receive consideration of any kind to or from a third party in connection with investment in a certificate of deposit. No association may encumber any such certificate as collateral or otherwise with the issuing bank or any other corporation or person, except to secure a loan to the association itself. The association shall retain in its portfolio, with respect to each investment in a certificate of deposit, evidence that the certificate is registered. If there is an encumbrance thereon permitted, the portfolio shall disclose all relevant facts with respect thereto.

*Authority:* T.C.A. §45-1303. *Administrative History:* Original Rule certified June 10, 1974.

**0780-1-27-.14 CURRENT INCOME FROM INITIAL LOAN CHARGES.** If an association collects Initial Loan Charges on any loan, it may take into income in the year in which collected an amount from Initial Loan Charges not exceeding 3% of the face value of the loan on which such charges have been collected.

*Authority:* T.C.A. §45-1303. *Administrative History:* Original Rule certified June 10, 1974.

**0780-1-27-.15 COMMITMENT FEE.** A fee collected by an association for its commitment to make a loan, by whatever name such charge may be known, shall be retained as a deferred credit by the association until the loan shall be made, when it shall be included in Initial Loan Charges as above provided. If the loan shall not be made for

(Rule 0780-1-27-.15, continued)

any reason, the association shall thereupon take into current income such amount of the fee as shall remain after such reimbursement as the commitment agreement may require.

*Authority:* T.C.A. §45-1303. *Administrative History:* Original Rule certified June 10, 1974.

**0780-1-27-.16 EXCLUSIONS FROM INITIAL LOAN CHARGES.** Any charge collected by an association in connection with the making of a loan, in which the association merely collects the charge and pays the amount so collected to another, shall not be included in the computation of Initial Loan Charges as above required. Such charges may include such officers' fees as are provided by the By-Laws of the association, and fees for title examination, appraisal and inspection fees, recording costs, documentary stamps and other charges of a similar nature.

*Authority:* T.C.A. §45-1303. *Administrative History:* Original Rule certified June 10, 1974.

**0780-1-27-.17 DISCOUNTS.** When an association makes a discount loan, or purchases a loan at a discount, it may take into income in the year in which the loan is discounted, an amount not exceeding 3% of the face value of the loan and the remainder, if any, shall be taken into income ratably over the term of the loan or over the first 7 years of the loan, whichever is the less.

*Authority:* T.C.A. §45-1303. *Administrative History:* Original Rule certified June 10, 1974.

**0780-1-27-.18 SALE OR PAYMENT OF LOAN.** When any loan shall be sold, or paid in advance of maturity, any profit on the sale, and any deferred credit not then taken into income, shall be thereupon taken into current income.

*Authority:* T.C.A. §45-1303. *Administrative History:* Original Rule certified June 10, 1974.

**0780-1-27-.19 WASH SALE OR REFINANCING.** If any loan shall be sold, and shall be repurchased within one year, any profit on the sale, and discount on the repurchase, shall be taken into income ratably over the remaining term of the loan. If an existing loan shall be refinanced, whether during or at the end of the term of the existing loan, all remaining Initial Loan Charges shall be taken into income ratably over the term of the loan. If an existing loan shall be extended, any charge by the association for the extension shall be taken into income ratably over the new term of the loan.

*Authority:* T.C.A. §45-1303. *Administrative History:* Original Rule certified June 10, 1974.

**0780-1-27-.20 TERM OF LOAN- DEFINITION.** Where the phrase "term of the loan" is used in the above §§, it means the period of time from making of the loan, or extension, until the loan is to be paid in full under the terms of the documents evidencing the loan, or the extension.

*Authority:* T.C.A. §45-1303. *Administrative History:* Original Rule certified June 10, 1974.

**0780-1-27-.21 DIRECTORS OF ASSOCIATIONS.** Each director of an association shall, promptly after his election as such director and prior to commencement of his duties as a director, accept in writing such election.

*Authority:* T.C.A. §45-1303. *Administrative History:* Original Rule certified June 10, 1974.

**0780-1-27-.22 FORM OF ACCEPTANCE.** The acceptance shall be in the following form:

We, the undersigned, having been duly elected as directors of \_\_\_\_\_ Association, do hereby accept the office of director, for a term as indicated opposite our signatures.

Name of Director (Please Type)	Address	Term	Signature
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(Rule 0780-1-27-.22, continued)

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

**Authority:** T.C.A. §45-1303. **Administrative History:** Original Rule certified June 10, 1974.

**0780-1-27-.23 FILING OF ACCEPTANCES.** The signed acceptances shall be filed with the Division promptly after execution.

**Authority:** T.C.A. §45-1303. **Administrative History:** Original Rule certified June 10, 1974.

**0780-1-27-.24 FAILURE TO ACCEPT.** If a Director shall fail to accept election, in writing, as required by this Chapter 0780-1-27 within thirty (30) days after his election, it shall be presumptively assumed that such director has refused to accept such election and that a vacancy exists in the board of directors by reason of such refusal.

**Authority:** T.C.A. §45-1303. **Administrative History:** Original Rule certified June 10, 1974.

**0780-1-27-.25 ACCOUNTING RECORDS AND PRACTICES RECORDS.**

- (1) The association shall own and maintain the following basic records:
  - (a) Cash Receipts Journal
  - (b) Cash Disbursements Journal
  - (c) General Ledger
  - (d) Share Accounts Ledger or Card System
  - (e) Mortgage Loan Accounts Ledger or Card System for Loans other than Mortgage Loans
  - (f) Loan Ledger or Card System
  - (g) Income Account Ledger or Card System
  - (h) Expense Account Ledger or Card System
  - (i) Check Book and Cancelled Checks or carbon copies of checks, deposit receipts, bank statements and bank reconciliations
  - (j) Minute Book

**Authority:** T.C.A. §45-1303. **Administrative History:** Original Rule certified June 10, 1974.

**0780-1-27-.26 ACCOUNTING PRACTICES.** Each association shall maintain adequate and accurate books of accounts, including a General Ledger and such registers and subsidiary records as may be essential. No system or method of accounting is prescribed other than the double entry system. The General Ledger shall be posted with pen and ink or by other permanent methods which shall show the necessary dates, explanatory details and posting references. All Journal Entries, Cash and Check Disbursements shall be substantiated by properly approved vouchers and the records posted in such manner as to distinguish between cash and non-cash items. The accounting procedures used shall truly, accurately and honestly reflect the affairs of the association.

(Rule 0780-1-27-.26, continued)

*Authority:* T.C.A. §45-1303. *Administrative History:* Original Rule certified June 10, 1974.

**0780-1-27-.27 MACHINE ACCOUNTING.** An association may use machine posting of its books and records, but it shall support all settlement or summary sheets with appropriate accounting machine tapes and all other necessary information.

*Authority:* T.C.A. §45-1303. *Administrative History:* Original Rule certified June 10, 1974.

**0780-1-27-.28 POSTING AND BALANCING OF BOOKS.** The books and records of an association shall be posted promptly and be balanced by the appropriate officer or officers of the association no less frequently than monthly. Trial Balances by adding machine or other listing methods shall be taken of all loan and free share accounts at least quarterly. Copies of the Trial Balances shall be retained for at least five years.

*Authority:* T.C.A. §45-1303. *Administrative History:* Original Rule certified June 10, 1974.

**0780-1-27-.29 JOURNAL VOUCHERS.** An association may use a system of journal vouchers, but in such case all such vouchers shall be serially numbered and retained as part of the permanent records of the association.

*Authority:* T.C.A. §45-1303. *Administrative History:* Original Rule certified June 10, 1974.

**0780-1-27-.30 RETENTION OF RECORDS.**

An association shall retain all its account records, tapes and supporting information for at least five years. Such books, tapes, supporting information and other records shall be available for examination by representatives of the Division at all times.

*Authority:* T.C.A. §45-1303. *Administrative History:* Original Rule certified June 10, 1974.

**0780-1-27-.31 CURRENT AND DEFERRED INCOME.** These regulations shall not be construed as enlarging, changing, modifying or amending the usury laws of the State of Tennessee, but rather as establishing accounting principles. In accounting, for the purpose of calculating income, items of deferred income and direct and indirect loan charges shall be treated as set out in the following rules.

*Authority:* T.C.A. §45-1303. *Administrative History:* Original Rule certified June 10, 1974.

**0780-1-27-.32 INITIAL LOAN CHARGES.** Any charges by whatsoever name or description collected by the association in connection with the making of a loan are called Initial Loan Charges in these regulations. Initial Loan Charges shall include commitment fees, placement fees, entrance fees, commissions, premiums, bonuses, points, service charges, and every other charge collected by the association by whatever name, now or hereafter devised, without the above enumeration being intended to be all inclusive. Except as hereafter specifically permitted, Initial Loan Charges shall be treated as deferred income and taken into income by the charging association ratably over the term of the loan or over the first seven (7) years of the loan, whichever is the less.

*Authority:* T.C.A. §45-1303. *Administrative History:* Original Rule certified June 10, 1974.

**0780-1-27-.33 ADVERTISING AND PROMOTIONAL ACTIVITIES ASSOCIATIONS ADVERTISING FILE.** Each association shall maintain and make available to the Commissioner for inspection at its home office, a chronological file of all forms of advertisement used by it during the preceding eighteen months.

*Authority:* T.C.A. §45-1303. *Administrative History:* Original Rule certified June 10, 1974.

**0780-1-27-.34 IDENTIFICATION OF THE ASSOCIATION.** The Corporate name of the association shall be set forth at least once in each advertisement in such manner to identify clearly the association, and its identity as an association.

(Rule 0780-1-27-.34, continued)

*Authority:* T.C.A. §45-1303. *Administrative History:* Original Rule certified June 10, 1974.

**0780-1-27-.35 MISLEADING IMPRESSION.** Any advertisement or any advertising sign as a whole shall not be inaccurate or create a misleading impression even though statements therein, separately considered, are literally truthful.

*Authority:* T.C.A. §45-1303. *Administrative History:* Original Rule certified June 10, 1974.

**0780-1-27-.36 DIVIDEND PAYMENT.** No association shall advertise in a manner which implies that the rate advertised will be paid for a longer period than one year. All advertisements of "rate" shall make clear that it is the current annual rate.

*Authority:* T.C.A. §45-1303. *Administrative History:* Original Rule certified June 10, 1974.

**0780-1-27-.37 WITHDRAWAL OF FUNDS.** No association shall advertise concerning the availability of funds for withdrawal in such a manner as to lead a reasonable person to believe that funds will necessarily be available on demand.

*Authority:* T.C.A. §45-1303. *Administrative History:* Original Rule certified June 10, 1974.

**0780-1-27-.38 USE AFTER NOTICE.** Advertising shall not be used after the Commissioner has given written notice that the advertisement is unauthorized, false, misleading or likely to deceive the public.

*Authority:* T.C.A. §45-1303. *Administrative History:* Original Rule certified June 10, 1974.

**0780-1-27-.39 FILING OF ADVERTISING PRIOR TO PUBLICATION.** The Commissioner may require an association to file a true copy of the text of any advertisements with the office of the Division at least five days prior to issuance, circulation or publication of such advertisements.

*Authority:* T.C.A. §45-1303. *Administrative History:* Original Rule certified June 10, 1974.

**0780-1-27-.40 STOCKS AND DIVIDENDS.**

- (1) Guaranty Stock is non-withdrawable permanent stock by whatever name. Free Share is any other type share, stock or deposit.
- (2) Any association authorized by law to issue or maintain shares of Guaranty Stock must, prior to the payment of any dividend on such Guaranty Stock, in any dividend period, declare and pay dividends on all free share accounts.

*Authority:* T.C.A. §45-1303. *Administrative History:* Original Rule certified June 10, 1974.

**0780-1-27-.41 CERTIFICATE -STATED RESTRICTIONS.**

- (1) Each certificate heretofore or hereafter issued as evidence of ownership of Guaranty Stock shall clearly show on its face in a typed size no less than 50 points that such stock is "Guaranty Stock." In addition, each stock certificate shall state the restrictions upon such stock, including the following:
  - (a) That Guaranty Stock constitutes a secondary reserve for losses,
  - (b) That Guaranty Stock is non-withdrawable.
  - (c) That Guaranty Stock is assessable in the hands of the owner thereof to the par value thereof.

(Rule 0780-1-27-.41, continued)

- (d) That Guaranty Stock is entitled to the payment of dividends only after dividends have been declared and paid on all free share accounts.
- (e) Such other restrictions with respect to the stock as may be required to appear on the certificate.

*Authority:* T.C.A. §45-1303. *Administrative History:* Original Rule certified June 10, 1974.

**0780-1-27-.42 FILING OF CERTIFICATES.** Each association authorized to issue Guaranty Stock shall promptly file with the Division specimen certificates and specimen stickers and any substitutions therefor.

*Authority:* T.C.A. §45-1303. *Administrative History:* Original Rule certified June 10, 1974.

**0780-1-27-.43 AFFIDAVIT OF COMPLIANCE.** Each association authorized to issue Guaranty Stock shall file with the Commissioner and affidavit that it has complied with these provisions within 90 days after the effective date of these regulations.

*Authority:* T.C.A. §45-1303. *Administrative History:* Original Rule certified June 10, 1974.

**0780-1-27-.44 HEARING.** A hearing may be held by the Commissioner to determine the violation of any Rule, Bulletin, Regulation or Statute, or to determine if unsafe or unsound conditions or practices exist within the association. A hearing shall be held on fifteen (15) days' written notice setting forth the time and place and a concise statement of the facts, alleged to sustain a suspension or revocation. The results of such hearing shall be set forth in a written order accompanied by a finding of fact and a copy shall forthwith be delivered to the association and its Directors. Such order, findings and evidence considered by the Commissioner shall be filed with the public records of the Department of Insurance.

*Authority:* T.C.A. §45-1303. *Administrative History:* Original Rule certified June 10, 1974.

**0780-1-27-.45 SEPARABILITY PROVISION.** If any provision of these rules and regulations or the application thereof to any person or circumstance is held invalid., the remainder of the rules and regulations and the applicability of such provision to other persons or circumstances shall not be affected thereby.

*Authority:* T.C.A. §45-1303. *Administrative History:* Original Rule certified June 10, 1974.