

Issuer: Riigikogu
Type: act
In force from: 01.02.2023
In force until: In force
Translation published: 25.01.2023

Savings and Loan Associations Act

Passed 09.02.1999
RT I 1999, 24, 357
Entry into force 01.07.1999

Amended by the following acts

Passed	Published	Entry into force
19.12.2001	RT I 2002, 3, 6	01.02.2002
05.06.2002	RT I 2002, 53, 336	01.07.2002
10.12.2008	RT I 2008, 59, 330	01.01.2009
22.04.2010	RT I 2010, 22, 108	01.01.2011, enters into force on the date provided for in the Decision of the Council of the European Communities on the abrogation of the derogation of the Republic of Estonia on grounds prescribed in Article 140(2) of the Treaty on the Functioning of the European Union, Council Decision of 13.07.2010 No 10889/10 ECOFIN 360 UEM 209/10 (OJ L 197, 28.07.2010, pp. 24–26)
09.06.2010	RT I 2010, 34, 182	01.07.2010, in part 01.07.2011
18.02.2015	RT I, 19.03.2015, 4	29.03.2015
13.04.2022	RT I, 05.05.2022, 1	01.02.2023

Chapter 1 GENERAL PROVISIONS

§ 1. Purpose of Act

This Act regulates the legal status, the bases of the activities and the procedure for foundation and dissolution of savings and loan associations.

§ 2. Application of Act

(1) This Act applies to all savings and loan associations founded or operating in Estonia.

(2) The provisions of law regarding associations apply to savings and loan associations, unless otherwise provided by this Act.

(3) In addition to the provisions of this Act, the provisions of the Creditors and Credit Intermediaries Act apply to a savings and loan association in the event specified in subsection 2 of § 6 of the Creditors and Credit Intermediaries Act.

[RT I, 19.03.2015, 4 – entry into force 29.03.2015]

§ 3. Definition of savings and loan association

(1) A savings and loan association is a financial institution whose principal and permanent activity is to conclude transactions specified in § 6 of this Act.

[RT I 2010, 34, 182 – entry into force 1.07.2010]

(2) Savings and loan associations are commercial associations.

§ 4. Business name of savings and loan association

(1) The business name of a savings and loan association must contain the attribute 'hoiu-laenuühistu' [savings and loan association] and may contain the place name of the administrative unit of the seat of the savings and loan association or another place name.

(2) Instead of the attribute specified in subsection 1 of this section, the abbreviation 'HLÜ' may be used in the business name of a savings and loan association.

(3) It is prohibited to use the attribute 'hoiu-laenuühistu' [savings and loan association] or any words or abbreviations having a misleadingly similar meaning in Estonian or any other language in the name of other persons, institutions or associations.

[RT I 2010, 34, 182 – entry into force 1.07.2010]

§ 5. Principles of formation of membership of savings and loan association

(1) A savings and loan association operates based on membership and is founded:

- 1) on the principle of territoriality, whereby the territory in which a savings and loan association operates is the administrative territory of one local authority or several neighbouring local authorities;
- 2) on the principle of common work, service or profession;
- 3) on the principle of common economic interests.

(2) Several savings and loan associations may operate within an administrative territory specified in subsection 1 of this section.

[RT I 2010, 34, 182 – entry into force 1.07.2010]

§ 6. Transactions of savings and loan association

(1) The conclusion of the following transactions with its members is the principal and permanent activity of a savings and loan association:

- 1) depositing transactions to involve savings and other repayable funds;
- 2) loan transactions, including consumer credit, mortgage loans and factoring;
- 3) lease transactions;
- 4) involvement of securities, guarantees, benefits and earmarked repayable funds offered by foundations, structural funds or payment agencies founded by the European Commission or states that are contracting parties to the EEA Agreement (hereinafter *EEA state*) or other similar persons and intermediation thereof;
- 5) involvement of securities, guarantees and other repayable funds offered by credit institutions, financial institutions or insurers and intermediation thereof;
- 6) giving advice on issues regarding economic activities;
- 7) other transactions whose content is similar to that of the financial services provided for in clauses 1 to 6 of this subsection.

(2) A savings and loan association may render the following services to unspecified persons:

- 1) currency exchange services;
- 2) cash transfers and other payment services in accordance with the provisions of the Payment Institutions and E-Money Institutions Act.

[RT I 2010, 34, 182 – entry into force 1.07.2010]

Chapter 2 FOUNDATION OF SAVINGS AND LOAN ASSOCIATION

§ 7. Memorandum of association of savings and loan association

(1) In order to establish a savings and loan association, the founders complying with the requirements provided for in § 17 of this Act conclude a memorandum of association. The number of founders must be at least 25.

(2) In addition to the information provided for in subsection 2 of § 5 of the Commercial Associations Act, a memorandum of association must set out:

1) the principle of forming the membership of the savings and loan association and the respective territory of operation, the field of activity or profession serving as the basis for forming the membership, or the common economic interest;

[RT I 2010, 34, 182 – entry into force 1.07.2010]

- 2) the division of the membership fees and contributions paid by the founders among the founders;
- 3) the amount and the terms, time and place of payment of the contribution and membership fee;
- 4) the names of the members of the credit committee if a credit committee is to be formed;
- 5) the names of the members of the revision committee.

(3) [Repealed – RT I 2002, 3, 6 – entry into force 01.02.2002]

(4) [Repealed – RT I 2002, 3, 6 – entry into force 01.02.2002]

§ 8.–§ 9.[Repealed – RT I 2002, 3, 6 – entry into force 01.02.2002]

§ 10. Articles of association of savings and loan association

(1) In addition to the data provided for in the Commercial Associations Act, the articles of association of a savings and loan association must set out:

1) the principle of forming the membership of the savings and loan association and the respective territory of operation, the field of activity or profession serving as the basis for forming the membership, or the common economic interest;

[RT I 2010, 34, 182 – entry into force 1.07.2010]

2) the amount and the terms of payment of the membership fee;

3) the amount of the contribution and the term and procedure for payment of the contribution;

4) the amount of share capital of the savings and loan association;

5) the amount of and the procedure for formation of the legal reserve and other reserves;

6) [Repealed – RT I 2002, 3, 6 – entry into force 01.02.2002]

7) [Repealed – RT I 2002, 3, 6 – entry into force 01.02.2002]

8) [Repealed – RT I 2002, 3, 6 – entry into force 01.02.2002]

9) other obligatory terms and conditions provided for in this Act.

(2) [Repealed – RT I 2002, 3, 6 – entry into force 01.02.2002]

§ 11. Payment of membership fee and contribution

The founders of a savings and loan association must pay the membership fee and contribution fully in money to an account opened in an Estonian credit institution specified in the memorandum of association before the submission of an application for registration of the savings and loan association in the commercial register, unless the memorandum of association provides for an earlier term.

§ 12. Transactions concluded before registration in commercial register

(1) Before registration of a savings and loan association in the commercial register, the founders may, in the name of the savings and loan association being founded, conclude only transactions which are aimed at the creation of the organisational structure of the savings and loan association being founded and the acquisition or rental of necessary technical equipment, security systems or other movable and immovable property necessary for the activities of the savings and loan association.

(2) [Repealed – RT I 2002, 3, 6 – entry into force 01.02.2002]

(3) [Repealed – RT I 2002, 3, 6 – entry into force 01.02.2002]

(4) [Repealed – RT I 2002, 3, 6 – entry into force 01.02.2002]

(5) [Repealed – RT I 2002, 3, 6 – entry into force 01.02.2002]

§ 13. [Repealed – RT I 2010, 34, 182 – entry into force 1.07.2010]

§ 14. Petition for entry of savings and loan association in commercial register

In order to register a savings and loan association in the commercial register, the management board must submit an application which, in addition to the provisions of subsection 1 of § 7 of the Commercial Associations Act, sets out the amount of share capital and the names, personal identification codes and places of residence of the members of the revision committee. In addition to that provided for in subsection 1 of § 7 of the Commercial Associations Act, a notice from a credit institution concerning the payment of the share capital must be appended to the application.

§ 15. Data to be entered in the commercial register

In addition to the data provided for in the Commercial Associations Act, the following is entered in the commercial register:

1) the amount of the share capital of the savings and loan association;

2) [Repealed – RT I 2002, 3, 6 – entry into force 01.02.2002]

Chapter 3

MEMBERS OF SAVINGS AND LOAN ASSOCIATION

§ 16. Acceptance of members

(1) Each person who wishes to become a member of a savings and loan association must pay the membership fee in accordance with the procedure and in the amount prescribed by the articles of association, but not less than 6 euros.

[RT I 2010, 22, 108 – entry into force 01.01.2011]

(2) [Repealed – RT I 2002, 3, 6 – entry into force 01.02.2002]

(3) [Repealed – RT I 2010, 34, 182 – entry into force 1.07.2010]

§ 17. Requirements for members of savings and loan association

(1) The following persons may become members of a savings and loan association founded on the principle of territoriality:

1) natural persons whose permanent residence or permanent and continuous place of economic or professional activities is within the territory where the savings and loan association operates or who own immovable property within the territory where the savings and loan association operates;

2) legal persons in private law whose seat or place of business is located within the territory where the savings and loan association operates.

(2) The following persons may become members of a savings and loan association founded on the principle of common work, service or profession or on the principle of common economic interests:

1) natural persons who are active or work in the same field of activities or profession or who have common economic interests;

2) sole proprietors having the same principal field of activity as the persons provided for in clause 1 of this subsection;

3) companies having the same principal field of activity as the persons provided for in clause 1 of this subsection and an annual net turnover or balance sheet total of up to 2 million euros and no more than ten employees;

4) non-profit associations with members being persons provided for in clauses 1 to 3 of this subsection.

(3) The number of members provided for in clause 3 of subsection 2 of this section must not exceed 25 per cent of the total number of members.

(4) The state, local authorities and legal persons in public law cannot be members of a savings and loan association.

[RT I 2010, 34, 182 – entry into force 1.07.2010]

§ 18. Number of members of savings and loan association

(1) A savings and loan association must have at least 25 members.

(2) A savings and loan association founded on the principle of common economic interests may have up to 1000 members.

(3) The management board of a savings and loan association must submit to the commercial register a list of the members of the savings and loan association, indicating the data prescribed in subsection 1 of § 15 of the Commercial Associations Act, along with the annual report.

[RT I 2010, 34, 182 – entry into force 1.07.2010]

§ 19. Withdrawal from savings and loan association

(1) A member of a savings and loan association has the right to withdraw from the savings and loan association if the member does not have any outstanding obligations towards the savings and loan association.

(2) Where a member withdraws or is excluded from a savings and loan association, the member has the right to a refund of the paid contribution in accordance with the procedure provided for in the Commercial Associations Act.

[RT I 2010, 34, 182 – entry into force 1.07.2010]

(3) A member of a savings and loan association has the right to transfer their membership only to a person who meets the requirements provided for members in this Act and in the articles of association of the association.

§ 20. Dividend right of member who has withdrawn from savings and loan association

A member who leaves a savings and loan association loses the right to receive dividends as of the beginning of the half-year of the financial year during which the member submitted an application to withdraw from the savings and loan association, but until the refund of the contribution on the basis of subsection 2 of § 19 of this

Act the member has the right to receive interest on the paid contribution under the same terms and conditions as those under which the savings and loan association pays interest on call deposits.

§ 21. [Repealed – RT I 2002, 3, 6 – entry into force 01.02.2002]

Chapter 4

ASSETS OF SAVINGS AND LOAN ASSOCIATION

§ 22. Assets and share capital of savings and loan association

(1) The assets of a savings and loan association consist of contributions and other payments made by its members, income received from the activities of the association, economic assistance by the state and local authorities, donations and other accruals.

(2) The share capital of a savings and loan association is made of contributions of the members.

(3) The share capital of a savings and loan association must be no less than 31 950 euros. The net assets of a savings and loan association must be equal to at least the share capital at all times during its operation.
[RT I 2010, 22, 108 – entry into force 01.01.2011]

(4) The provisions of §§ 192, 192¹ and 195, clauses 1 to 5 and 7 of subsection 1 of § 196, subsections 3 to 3² and 4 of § 196 and §§ 196¹ and 196² of the Commercial Code apply upon an increase of the share capital.
[RT I 2010, 34, 182 – entry into force 1.07.2010]

(5) The provisions of §§ 197 and 197¹, subsections 1 and 2 of § 199 and §§ 199², 200 and 200¹ of the Commercial Code apply upon reduction of the share capital. The share capital must not be reduced below the minimum amount specified in subsection 3 of this section.
[RT I 2010, 34, 182 – entry into force 1.07.2010]

§ 23. Contributions of members of savings and loan association

(1) The amount of the contribution of a member of a savings and loan association must be at least 30 euros.
[RT I 2010, 22, 108 – entry into force 01.01.2011]

(2) The contribution of a member of a savings and loan association is paid only in money.

(3) A member of a savings and loan association must pay the contribution within one month after the date of adoption of the decision to accept the person as a member of the association, unless a shorter term is prescribed by the articles of association.

§ 24. Legal reserve and other reserves of savings and loan association

(1) In order to guarantee the obligations of a savings and loan association, a legal reserve must be formed in the amount of at least a half of the share capital, unless the articles of association prescribe a higher level.

(2) The legal reserve is formed and increased out of the membership fees of members, profit appropriations and interest on the legal reserve.

(3) In each financial year at least 20 per cent of net profit must be transferred to the legal reserve. Where the legal reserve reaches the amount prescribed in the articles of association, the increase of legal reserve out of profit appropriations and interest is suspended.

(4) [Repealed – RT I 2002, 3, 6 – entry into force 01.02.2002]

§ 25. Distribution of profit of savings and loan association

(1) The profit of a savings and loan association is distributed on the basis of the annual report approved by a decision of the general meeting.

(2) The members of a savings and loan association whose contributions have been at the disposal of the savings and loan association for less than one year but for more than six months during the financial year receive a half of the amount of dividends.

(3) Payment of dividends is commenced one month after the adoption of the corresponding decision by the general meeting.

(4) No interest is paid on dividends that have not been withdrawn.

§ 26. Covering of loss of savings and loan association

(1) Where the audited annual report or the balance sheet prepared upon liquidation of a savings and loan association shows a loss, the loss is covered out of the legal reserve on the basis of a decision of the general meeting. In the events specified in the articles of association of a savings and loan association, losses may be covered at the expense of other reserves.

(2) Where the legal reserve and other reserves specified in the articles of association are not sufficient to cover a loss and if the articles of association of the savings and loan association provide for the full personal liability or additional liability of members, the general meeting decides the distribution of the uncovered loss among the members of the savings and loan association in proportion to the extent of their additional liability and set a term during which a member is required to pay the amount to be borne by the member in order to cover the loss.

(3) Where the legal reserve and other reserves provided for in the articles of association are not sufficient to cover a loss and if, due to covering the loss, the share capital of the savings and loan association decreases by one-third or falls below the minimum amount specified in subsection 3 of § 22 of this Act, the management board calls a special general meeting of the members within 15 days. The general meeting must decide to:

- 1) increase the share capital, or
- 2) dissolve the savings and loan association, or
- 3) submit a bankruptcy petition.

Chapter 5 ENSURING FINANCIAL SOUNDNESS OF SAVINGS AND LOAN ASSOCIATION

§ 27. Guarantee of Financial Soundness of Savings and Loan Association

(1) In its activities a savings and loan association must adhere to any and all of the following requirements:

- 1) the savings and loan association must invest at least 5 per cent of the total amount of the deposits of its members in an Estonian credit institution or a credit institution of another EEA state in the form of a call deposit;
- 2) the savings and loan association may acquire only immovable property necessary for the principal and permanent activity of the association;
- 3) the savings and loan association is forbidden to participate as a partner in a general partnership or as a general partner in a limited partnership;
- 4) the total investment by the savings and loan association in fixed assets, including in financial fixed assets, must not exceed the equity capital of the savings and loan association;
- 5) the total on-balance-sheet receivables from clients and the total off-balance-sheet payables of the savings and loan association must not exceed tenfold of the equity capital of the savings and loan association.

(2) The provisions of clause 2 of subsection 1 of this section do not apply if the savings and loan association has acquired the immovable for the purpose of preventing or avoiding losses and the savings and loan association has transferred the immovable within three years.

(3) A savings and loan association must not make payouts from net profit if the provisions of clause 1 of subsection 1 of this section have not been followed for the period of three months during the financial year or if the annual report of the savings and loan association approved at the end of the last financial year shows that the equity capital of the savings and loan association would fall below the level provided for in subsection 3 of § 22 of this Act.

[RT I 2010, 34, 182 – entry into force 1.07.2010]

§ 28. Requirements for loans

(1) Upon granting loans, a savings and loan association is required to observe the principles of good credit practice and verify the solvency and reliability of borrowers and the existence of sufficient collateral.

(2) A decision to grant a loan must be based on a prior loan analysis.

(3) The loan analysis conducted prior to deciding to grant a loan must be intended primarily for assessing the creditworthiness of the borrower. Upon assessing the creditworthiness of the borrower, the savings and loan association must consider any and all circumstances that may influence the probability of repayment of the loan. The content and scope of the loan analysis must depend on the loan amount, the loan product, the borrower and the significance of the analysed loan to the savings and loan association as a whole and also the risk level of the loan.

(4) In order to implement the principles provided for in this section, a savings and loan association must, throughout the loan term, collect data from borrowers about their loan burden and performance of their loan

obligations and use the data for calculating a reasonable loan burden for its members. The aforementioned data is preserved in accordance with the time limits provided for in the Accounting Act.

(5) A savings and loan association must inform the borrower about the possible risks of taking loans.

(6) Loans which exceed the limit set by a decision of the general meeting of a savings and loan association are granted and renewed on the basis of a specific decision of the credit committee or, if the savings and loan association has not formed a credit committee, on the basis of a decision of the general meeting.

(7) Loans to members of the management board, supervisory board or revision committee who are members of the savings and loan association or to persons with economic interests equivalent to those of such members may be granted only in accordance with the procedure prescribed in a decision of the general meeting.

(8) A savings and loan association may grant loans secured with a mortgage for a term of up to ten years and may grant other loans for a term of up to five years.

(9) The total amount of loan granted to a member of a savings and loan association must not exceed the amount of the contribution paid by the member more than twenty times or 20 per cent of the equity capital of the savings and loan association.

[RT I 2010, 34, 182 – entry into force 1.07.2010]

§ 29. Formation and members of credit committee

(1) A savings and loan association must have a credit committee if there are more than 50 members in the savings and loan association or if so prescribed by the articles of association.

(2) The credit committee is formed in accordance with the procedure prescribed in the articles of association of the savings and loan association.

(3) The credit committee consists of three members, unless the articles of association prescribe a higher number of members.

(4) A member of the credit committee must be a member of the savings and loan association.

(5) The members of the supervisory board, members of the revision committee or the auditor cannot be members of the credit committee. The articles of association may specify other persons who are not allowed to be members of the credit committee.

[RT I 2010, 34, 182 – entry into force 1.07.2010]

(6) The members of the credit committee elect from among themselves a chairman who organises the activities of the credit committee. The chairman of the management board cannot be the chairman of the credit committee.

[RT I 2010, 34, 182 – entry into force 1.07.2010]

§ 30. Resolutions of credit committee

(1) Meetings of the credit committee are held when necessary but not less frequently than once a month. Meetings are called by the chairman of the credit committee or the person substituting for the chairman.

(2) The credit committee adopts decisions in accordance with the procedure prescribed in the articles of association of the savings and loan association.

(3) The credit committee decides on the grant of loans in accordance with the procedure approved by the general meeting and assists in organising the collection of debts.

§ 31. Internal rules, rules of procedure and risk management requirements of savings and loan association

(1) A savings and loan association must establish internal rules and rules of procedure that regulate the activities of its managers and employees. The internal rules and rules of procedure are established for the purpose of ensuring compliance with the legislation regulating the activities of savings and loan associations and with the decisions of the management bodies of the savings and loan association.

(2) The internal rules and rules of procedure of a savings and loan association must, among other things, set out the following:

1) the procedure for prevention of conflicts between the interests of the savings and loan association and the personal economic interests of the members of the management board and supervisory board and the employees of the savings and loan association;

2) the procedure for exchange of information and documents within the savings and loan association;

- 3) the procedure for conclusion of transactions in the name and at the expense of the savings and loan association and in the name and at the expense of the clients;
- 4) relationships of subordination and the procedure for the delegation of rights, including the separation of functions upon assumption of obligations in the name of the savings and loan association, making payments, recognition of transactions in accounts and reports and assessment of risks involved in transactions.

(3) A person acting in the name of a savings and loan association cannot represent the savings and loan association in transactions or legal disputes with a third party with regard to whom the person acting in the name of the savings and loan association or a person with an economic interest equivalent to that of such person has personal economic interests.

(4) A savings and loan association must not take excessive risks, which could jeopardise its solvency.

(5) A savings and loan association must have risk identification, risk measurement and risk management strategies and procedures, which are sufficient and proportional to the nature, scope and complexity of its activities and ensure objective control, management and assessment of risks. The general principles of risk management of a savings and loan association are approved by the general meeting of the savings and loan association and such principles are reviewed and updated on a regular basis.

(6) The general principles of risk management of a savings and loan association must determine the goals of its credit policy, the risk assessment criteria, the principles of taking and assessing securities, the principles of granting and refinancing loans, the competence for granting loans and the organisation of the relevant decisions. [RT I 2010, 34, 182 – entry into force 1.07.2010]

Chapter 6

MANAGEMENT OF SAVINGS AND LOAN ASSOCIATION

§ 32. Competence of general meeting of savings and loan association

(1) In addition to that provided for in the Commercial Associations Act, the general meeting of a savings and loan association is competent to:

- 1) approve the budget of the financial year;
- 2) [Repealed – RT I 2002, 3, 6 – entry into force 01.02.2002]
- 3) establish the procedure for granting loans to members, including the establishment, in accordance with law, of limits on the amount of loan granted to one member;
- 4) appoint an auditor and establish the bases and procedure for remuneration of the auditor;
- 5) elect members of the credit committee and remove them before the expiry of their term of office;
- 6) [Repealed – RT I 2002, 3, 6 – entry into force 01.02.2002]
- 7) review complaints filed against the activities of the credit committee if the savings and loan association has not formed a supervisory board;
- 8) decide on other issues that have been placed within the competence of the general meeting by law or the articles of association.
- 9) establish the conditions of and procedure for terminating the agreement with a member who has withdrawn or been excluded from the savings and loan association in accordance with subsection 1 of § 19. [RT I 2010, 34, 182 – entry into force 1.07.2010]

(2) [Repealed – RT I 2002, 3, 6 – entry into force 01.02.2002]

§ 33. [Repealed – RT I 2002, 3, 6 – entry into force 01.02.2002]

§ 34. Management board of savings and loan association

(1) The management board consists of three members, unless the articles of association provide for a higher number of members.

(2) Members of the management board are not required to be members of the savings and loan association, unless otherwise provided for in the articles of association.

(3) [Repealed – RT I 2002, 3, 6 – entry into force 01.02.2002]

§ 35. [Repealed – RT I 2010, 34, 182 – entry into force 1.07.2010]

§ 36. Requirements for members of management board and supervisory board of savings and loan association

(1) A bankrupt or a person whose earlier acts or omissions have caused the bankruptcy, compulsory liquidation or revocation of the activity licence of a company, or any other person who has been deprived of the right to engage in economic activity in accordance with law cannot be a member of the management board or supervisory board of a savings and loan association.

(2) Natural persons with active legal capacity, impeccable business reputation and the education, experience and professional qualifications necessary for participation in the management board of a savings and loan association may be members of the management board of a savings and loan association.

(3) A member of the supervisory board or revision committee of a savings and loan association, the auditor of a savings and loan association and person with economic interests equivalent to those of such persons cannot be a member of the management board of a savings and loan association.

(4) A member of the management board of a savings and loan association cannot enter into agreements with other persons if, under such agreements, the duties of the member include investment, preparation or intermediation of loan projects or investment projects, or other similar activities.

(5) A member of the management board of a savings and loan association cannot be a member of the management board, supervisory board or revision committee, or the auditor of a credit institution or another savings and loan association.

Chapter 7

MONITORING OF ACTIVITIES OF SAVINGS AND LOAN ASSOCIATION

§ 37. Revision committee of savings and loan association

(1) A savings and loan association must have a revision committee that consists of three members, unless a higher number of members is prescribed by the articles of association.

(2) Members of the revision committee must have education in economics or law or at least three years of work experience in a position related to accounting, finance or auditing of the economic activities of a company.

(3) Members of the management board, supervisory board or credit committee, auditors or accountants of a savings and loan association and persons with economic interests equivalent to those of such persons cannot be members of the revision committee.

(4) The auditing of the economic activities of a savings and loan association does not preclude the activities of the revision committee.

§ 38. Rights and obligations of revision committee of savings and loan association

(1) Members of the revision committee have the right and obligation to audit the assets, current accounts, securities accounts, accounting documents and documents relating to the activities of the credit committee of the savings and loan association, and the right to demand explanations and any kind of assistance in the performance of their activities.

(2) Members of the revision committee have the right to monitor any aspect of the work and economic activities of the savings and loan association.

§ 39. Duties of revision committee of savings and loan association

(1) The revision committee audits the annual report of the association, prepares an audit report and submits the report to the general meeting for approval.

(2) The revision committee analyses any deficiencies discovered in the work and economic activities of the savings and loan association, prepares reviews of the deficiencies on a regular basis and, depending on the degree of importance, submits the reviews to the management board, supervisory board or general meeting of the savings and loan association for discussion and for elimination of the deficiencies.

(3) The revision committee constantly monitors the compliance of the savings and loan association with the requirements provided for in Chapter 5 of this Act and submits a corresponding report to the general meeting for approval with the annual revision report.

§ 40. Activities of revision committee of savings and loan association upon violation of requirements for guarantee of financial soundness of savings and loan association

(1) The revision committee notifies the management board of violations of measures to guarantee the financial soundness of a savings and loan association and of violations of the requirements for loans.

(2) The management board of a savings and loan association is required to take measures to eliminate violations within two months.

(3) If violations are not eliminated within the term specified in subsection 2 of this section, the revision committee will call a special general meeting of the savings and loan association in accordance with the procedure provided for in the Commercial Associations Act.

(4) The revision committee may make a proposal to a special general meeting to:

- 1) remove members of the management board or the supervisory board;
- 2) remove members of the credit committee;
- 3) amend the articles of association;
- 4) merge the savings and loan association with another savings and loan association;
- 5) dissolve the savings and loan association in accordance with the procedure prescribed by law and the articles of association.

§ 41. Auditor of savings and loan association

(1) A savings and loan association must have an auditor.

(2) [Repealed – RT I 2002, 3, 6 – entry into force 01.02.2002]

(3) [Repealed – RT I 2002, 3, 6 – entry into force 01.02.2002]

(4) In the course of auditing a savings and loan association, the auditor verifies the conformity with the requirements prescribed in §§ 27 and 28 of this Act and submits to the savings and loan association a report that contains the auditor's opinion regarding the conformity with the aforementioned requirements.
[RT I 2010, 34, 182 – entry into force 1.07.2010]

Chapter 8 DIVISION, MERGER AND DISSOLUTION OF SAVINGS AND LOAN ASSOCIATION

§ 42. Division and merger of savings and loan association

(1) The division of a savings and loan association is prohibited.

(2) A savings and loan association may be merged on the basis of a decision of the general meeting. The merger may take place by way of establishing a new savings and loan association or by merging the savings and loan association with another savings and loan association.
[RT I 2010, 34, 182 – entry into force 1.07.2010]

(3) Savings and loan associations are merged in accordance with the procedure provided for in the Commercial Code, unless otherwise prescribed in this Act.

§ 43. Audit of merger agreement

(1) A merger agreement between savings and loan associations as well as any and all merging savings and loan associations are audited by the same auditor.

(2) The auditor prepares a report concerning the audit of the merger agreement, indicating the assessment methods used for determining the exchange ratio of contributions, and give an opinion with regard to the compliance of the merging savings and loan associations with measures to guarantee financial soundness.

(3) In addition to the auditor, the revision committees of the merging savings and loan associations also examine the merger agreement of the associations and prepare a written report concerning the examination.

§ 44. Merger of savings and loan associations for foundation of association bank

(1) Savings and loan associations may merge for the purpose of foundation of an association bank in accordance with the provisions of the Credit Institutions Act. In such an event the merging savings and loan associations are deemed to be dissolved.

(2) Upon foundation of an association bank, the assets of the merging savings and loan associations transfer to the association bank being founded and the members of the savings and loan associations become members of the association bank.

§ 45. Dissolution of savings and loan association

(1) A savings and loan association is dissolved:

- 1) on the basis of a decision of the general meeting;

- 2) by a court order;
[RT I 2008, 59, 330 – entry into force 01.01.2009]
- 3) if the savings and loan association has less than 25 members and the number of members has not increased in two months;
- 4) on other grounds provided by law or the articles of association.

(2) A savings and loan association is dissolved in accordance with the procedure provided for in the Commercial Associations Act.

Chapter 9 IMPLEMENTING PROVISIONS

§ 46. Application of Act to savings and loan associations being founded or operating

(1) As of the entry into force of this Act, savings and loan associations can be founded only in accordance with the procedure provided for in this Act and the provisions of this Act apply to such savings and loan associations.

(2) Loan and savings associations operating upon the entry into force of this Act are deemed to be savings and loan associations.

(3) Savings and loan associations operating upon the entry into force of this Act must bring their activities and documents into conformity with the requirements of this Act within three months after the entry into force of this Act.

(4) Savings and loan associations established before 1 July 2010 must bring their activities into conformity with the version of this Act, which entered into force on 1 July 2010, not later than by 1 July 2011.
[RT I 2010, 34, 182 – entry into force 1.07.2010]

§ 47. Application of requirements provided for share capital

(1) As of the entry into force of this Act, the minimum share capital of a savings and loan association must be 200 000 kroons.

(2) As of 1 July 2001, the share capital of a savings and loan association must be at least 300 000 kroons.

(3) As of 1 July 2002, the share capital of a savings and loan association must comply with the provisions of subsection 3 of § 22 of this Act.

(4) If a savings and loan association fails to bring the amount of the share capital of the association into conformity with the provisions of subsections 1 to 3 of this section, the registrar will delete the savings and loan association from the register or commence compulsory dissolution of the association in accordance with the procedure provided for in § 56 of the Commercial Register Act.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 48. Entry into force of Act

This Act enters into force on 1 July 1999.