§ 301.7701–13 Pre-1970 domestic building and loan association.

(a) In general. For taxable years beginning after October 16, 1962, and before July 12, 1969, the term “domestic building and loan association” means a domestic building and loan association, a domestic savings and loan association, and any other savings institution chartered and supervised as a savings and loan or similar association under Federal or State law which meets supervisory test (described in paragraph (b) of this section), the business operations test (described in paragraph (c) of this section), and each of the various assets tests (described in paragraphs (d), (e), (f), and (h) of this section). For the definition of the term “domestic building and loan association”, for taxable years beginning after July 11, 1969, see §301.7701–13A.

(b) Supervisory test. A domestic building and loan association must be either (1) an insured institution within the meaning of section 401(a) of the National Housing Act (12 U.S.C. 1724 (a)) or (2) subject by law to supervision and examination by State or Federal authority having supervision over such associations. An “insured institution” is one the accounts of which are insured by the Federal Savings and Loan Insurance Corporation.

(c) Business operations test—(1) In general. An association must utilize its assets so that substantially all of its business consists of acquiring the savings of the public and investing in the loans described in subparagraphs (6) through (10) of paragraph (d) of this section. The requirement of this paragraph is referred to in this section as the business operations test. The business of acquiring the savings of the public and investing in the prescribed loans includes ancillary or incidental activities which are directly and primarily related to such acquisition and investment, such as advertising for savings, appraising property on which loans are to be made by the association, and inspecting the progress of construction in connection with construction loans. Even though an association meets the supervisory test in paragraph (b) and all the assets tests described in paragraphs (d) through (h)