

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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1

HOUSE BILL 54

Short Title: Credit Union Technical Amendments.

(Public)

Sponsors: Representatives Brubaker; Dickson, Hasty, Holmes, and Rogers.

Referred to: Commerce.

February 11, 1991

1 A BILL TO BE ENTITLED
2 AN ACT TO MAKE CERTAIN TECHNICAL AMENDMENTS TO THE STATUTES
3 RELATING TO CREDIT UNIONS.

4 The General Assembly of North Carolina enacts:

5 Section 1. Chapter 54 of the General Statutes is amended by adding a new
6 section to Article 14A to read:

7 "**§ 54-109.7. Conducting business outside this State.**

8 A credit union incorporated under Articles 14A through 14M of this Chapter may
9 conduct business outside of this State in other states or territories where it is permitted
10 to conduct business as a credit union."

11 Sec. 2. G.S. 54-109.21 reads as rewritten:

12 "**§ 54-109.21. General powers.**

13 A credit union may:

- 14 (1) Make contracts;
- 15 (2) Sue and be sued;
- 16 (3) Adopt and use a common seal and alter same;
- 17 (4) Acquire, lease, hold and dispose of property, either in whole or in part,
18 necessary or incidental to its operations;
- 19 (5) At the discretion of the board of directors, require the payment of an
20 entrance fee or annual membership fee, or both, of any person
21 admitted to membership;
- 22 (6) Receive savings from its members in the form of shares, deposits, or
23 special-purpose thrift accounts;
- 24 (7) Lend its funds to its members as hereinafter provided;

- 1 (8) Borrow from any source in accordance with policy established by the
2 board of directors;
- 3 (9) Discount and sell any eligible obligations, subject to rules and
4 regulations prescribed by the Administrator;
- 5 (10) Sell all or substantially all of its assets or purchase all or substantially
6 all of the assets of another financial institution, subject to the approval
7 of the Administrator of Credit Unions;
- 8 (11) Invest surplus funds as provided in Articles 14A to 14L of this
9 Chapter;
- 10 (12) Make deposits in legally chartered banks, savings banks, savings and
11 loan associations, trust companies and central-type credit union
12 organizations;
- 13 (13) Assess charges to members in accordance with the bylaws for failure
14 to meet properly their obligations to the credit union;
- 15 (14) Hold membership in other credit unions organized under Articles 14A
16 to 14L of this Chapter or other acts, and in other associations and
17 organizations composed of credit unions;
- 18 (15) Declare dividends; pay interest on deposits and pay interest refunds to
19 borrowers as provided in Articles 14A to 14L of this Chapter;
- 20 (16) Sell travelers checks and money orders and charge a reasonable fee for
21 such services, ~~provided the instruments are payable at institutions other~~
22 ~~than a credit union;~~
- 23 (17) Perform such tasks and missions as are requested by the federal
24 government or this State or any agency or political subdivision thereof,
25 when approved by the board of directors and not inconsistent with
26 Articles 14A to 14L of this Chapter;
- 27 (18) Act as fiscal agent for and receive deposits from the federal
28 government, this State, or any agency or political subdivision thereof;
- 29 (19) Contribute to, support, or participate in any nonprofit service facility
30 whose services will benefit the credit union or its membership subject
31 to such regulations as are prescribed by the Administrator;
- 32 (20) Make donations or contributions to any civic, charitable or community
33 organization as authorized by the board of directors, subject to such
34 regulations as are prescribed by the Administrator;
- 35 (21) Act as a custodian of qualified pension funds if permitted by federal
36 law;
- 37 (22) Purchase or make available insurance for its directors, officers, agents,
38 employees, and members; and
- 39 (23) Facilitate its members' purchase of goods and services in a manner
40 which promotes the purposes of the credit union.
- 41 (24) The board of directors may expel from the corporation any member
42 who has not carried out his engagement with the corporation, or has
43 been convicted of a criminal offense, or neglects or refuses to comply
44 with the provisions of this Article or of the bylaws, or who habitually

1 neglects to pay his debts, or shall become insolvent or bankrupt. The
2 members at a regularly called meeting may expel from the corporation
3 any member who has become intemperate or in any way financially
4 irresponsible; no member shall be expelled until he has been informed
5 in writing of the charges against him and an opportunity has been
6 given him, after reasonable notice, to be heard thereon.

7 (25) Engage in activity permitted under this subsection. Notwithstanding
8 any other provision of this Chapter, the Administrator of Credit
9 Unions, subject to the advice and consent of the Credit Union
10 Commission, and upon a finding that action is necessary to preserve
11 and protect the welfare of credit unions and to promote the general
12 economy of the State, may adopt rules allowing State-chartered credit
13 unions to engage in any activity in which they could engage if they
14 were federally chartered credit unions.

15 (26) Subject to rules and regulations prescribed by the Administrator, act as
16 trustee or custodian, and may receive reasonable compensation for so
17 acting, under any written trust instrument or custodial agreement
18 created or organized and forming a part of a deferred compensation
19 plan for its members or groups or organization of its members,
20 provided the funds of such plans are invested in savings or deposits of
21 the credit union. All funds held may be commingled for appropriate
22 purpose of investment, but individual records shall be kept by the
23 credit union for each participant and shall show in proper detail all
24 transactions engaged in under authority of this section.

25 A member may withdraw from a credit union by filing a written notice of his
26 intention to withdraw.

27 The amounts paid in on shares or deposits by an expelled or withdrawing member,
28 with any dividends credited to his shares and any interest accrued on his deposits to the
29 date of expulsion or withdrawal shall be paid to such member, but in the order of
30 expulsion or withdrawal, and only as funds therefor become available, after deducting
31 any amounts due to the corporation by such member. The member shall have no other
32 or further right in the credit union or to any of its benefits, but such expulsion or
33 withdrawal shall not operate to relieve the member from any remaining liability to the
34 corporation."

35 Sec. 3. G.S. 54-109.82 reads as rewritten:

36 "**§ 54-109.82. Investment of funds.**

37 The capital, deposits, undivided profits and reserve fund of the corporation may be
38 invested in any of the following ways, and in such ways only:

39 (1) They may be lent to the members of the corporation in accordance
40 with the provisions of this Chapter.

41 (2) In capital shares, obligations, or preferred stock issues of any agency
42 or association organized either as a stock company, mutual association,
43 or membership corporation, provided the membership or
44 stockholdings, as the case may be, of such agency or association are

1 confined or restricted to credit unions or organizations of credit unions,
2 or provided the purposes for which such agency or association is
3 organized or designed to service or otherwise assist credit union
4 operations.

5 (3) In obligations of the State of North Carolina or any subdivision
6 thereof.

7 (4) In obligations of the United States, including bonds and securities
8 upon which payment of principal and interest is fully guaranteed by
9 the United States.

10 (5) They may be deposited to the credit of the corporation in savings
11 banks, credit unions, savings and loan associations, State banks or trust
12 companies incorporated under the laws of the State, or in national
13 banks located therein.

14 (6) In loans to other credit unions in any amount not to exceed twenty-five
15 percent (25%) of the shares and unimpaired surplus of the lending
16 credit union.

17 (7) In an aggregate amount not to exceed twenty-five percent (25%) of the
18 allocations to the reserve fund in any agency or association of the type
19 described in subdivision (2) hereof, provided the purposes of any such
20 agency or association are designed to assist in establishing and
21 maintaining liquidity, solvency, and security in credit union
22 operations.

23 (8) In the North Carolina Savings Guaranty Corporation.

24 (9) In any form of investment allowed by law to the State Treasurer under
25 G.S. 147-69.1.

26 (10) Debentures which are issued by an agency of the United States
27 government.

28 (11) In the College Foundation in any amount not to exceed ten percent
29 (10%) of the shares and unimpaired surplus of the investing credit
30 union.

31 (12) They may be ~~placed on time deposits deposited in any banks bank~~
32 ~~insured by the Federal Deposit Insurance Corporation or may be~~
33 ~~deposited or may be invested in any savings or building and loan~~
34 ~~association insured by the Federal Savings and Loan Insurance~~
35 ~~Corporation federal government or any agency thereof."~~

36 Sec. 4. This act becomes effective October 1, 1991.