

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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HOUSE BILL 54
Committee Substitute Favorable 4/17/91
Committee Substitute #2 Favorable 5/7/91

Short Title: Credit Union Technical Amendments.

(Public)

Sponsors:

Referred to:

February 11, 1991

A BILL TO BE ENTITLED

1 AN ACT TO MAKE CERTAIN TECHNICAL AMENDMENTS TO THE STATUTES
2 RELATING TO CREDIT UNIONS AND TO INCREASE THE PENALTY FOR
3 SUBMITTING LATE REPORTS TO THE ADMINISTRATOR OF CREDIT
4 UNIONS.
5

6 The General Assembly of North Carolina enacts:

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

9 **"§ 54-109.7. Conducting business outside this State.**

10 A credit union incorporated under this Subchapter may conduct business outside of
11 this State in any state where it is permitted to conduct business as a credit union."

12 Sec. 2. G.S. 54-109.15 reads as rewritten:

13 **"§ 54-109.15. Reports.**

14 (a) Credit unions organized under Articles 14A to 14L of this Chapter shall, in
15 January and in July of each year, make a report of condition to the Administrator of
16 Credit Unions on forms supplied by him for that purpose. Additional reports may be
17 required.

18 (b) Any ~~such corporation which credit union that~~ neglects to make semiannual
19 reports as provided in subsection (a) of this section, or any of the other reports required
20 by the Administrator of Credit Unions at the time fixed by the Administrator, shall
21 ~~forfeit~~ pay a late penalty to the Administrator of Credit Unions ~~five dollars (\$5.00) of one~~
22 hundred dollars (\$100.00) for each day such the neglect continues; and, furthermore, the

1 continues. The Administrator of Credit Unions ~~shall have authority, in his discretion, to~~
2 may revoke the certificate of incorporation and take possession of the assets and
3 business of any ~~corporation~~ credit union failing to pay the fees required in a penalty
4 imposed under this section after serving notice of at least 15 days upon ~~such corporation~~
5 ~~of his intention so to do.~~ the credit union of the proposed action. Penalties collected under
6 this section shall be credited to the special account established under G.S. 54-109.14."

7 Sec. 3. G.S. 54-109.21 reads as rewritten:

8 "**§ 54-109.21. General powers.**

9 A credit union may:

- 10 (1) Make contracts;
- 11 (2) Sue and be sued;
- 12 (3) Adopt and use a common seal and alter ~~same;~~ the seal;
- 13 (4) Acquire, lease, hold and dispose of property, either in whole or in part,
14 necessary or incidental to its operations;
- 15 (5) At the discretion of the board of directors, require the payment of an
16 entrance fee or annual membership fee, or both, of any person
17 admitted to membership;
- 18 (6) Receive savings from its members in the form of shares, deposits, or
19 special-purpose thrift accounts;
- 20 (7) Lend its funds to its members as ~~hereinafter provided;~~ provided in
21 Articles 14A to 14L of this Chapter;
- 22 (8) Borrow from any source in accordance with policy established by the
23 board of directors;
- 24 (9) Discount and sell any eligible obligations, subject to rules ~~and~~
25 ~~regulations prescribed~~ adopted by the Administrator;
- 26 (10) Sell all or substantially all of its assets or purchase all or substantially
27 all of the assets of another financial institution, subject to the approval
28 of the Administrator of Credit Unions;
- 29 (11) Invest surplus funds as provided in Articles 14A to 14L of this
30 Chapter;
- 31 (12) Make deposits in legally chartered banks, savings ~~banks,~~ ~~savings and~~
32 ~~loan~~ associations, trust companies and central-type credit union
33 organizations;
- 34 (13) Assess charges to members in accordance with the bylaws for failure
35 to meet properly their obligations to the credit union;
- 36 (14) Hold membership in other credit unions organized under Articles 14A
37 to 14L of this Chapter or other acts, and in other associations and
38 organizations composed of credit unions;
- 39 (15) Declare dividends; pay interest on deposits and pay interest refunds to
40 borrowers as provided in Articles 14A to 14L of this Chapter;
- 41 (16) Sell travelers checks and money orders and charge a reasonable fee for
42 ~~such services, provided the instruments are payable at institutions~~
43 ~~other than a credit union;~~ these services;

- 1 (17) Perform ~~such~~ tasks and missions as ~~are~~ requested by the federal
2 government or this State or any agency or political subdivision thereof,
3 when approved by the board of directors and not inconsistent with
4 Articles 14A to 14L of this Chapter;
- 5 (18) Act as fiscal agent for and receive deposits from the federal
6 government, this State, or any agency or political subdivision thereof;
- 7 (19) Contribute to, support, or participate in any nonprofit service facility
8 whose services will benefit the credit union or its membership subject
9 to ~~such regulations as are prescribed~~ rules adopted by the Administrator;
- 10 (20) Make donations or contributions to any civic, charitable or community
11 organization as authorized by the board of directors, subject to such
12 regulations as are prescribed by the Administrator;
- 13 (21) Act as a custodian of qualified pension funds if permitted by federal
14 law;
- 15 (22) Purchase or make available insurance for its directors, officers, agents,
16 employees, and members; and
- 17 (23) Facilitate its members' purchase of goods and services in a manner
18 which promotes the purposes of the credit union.
- 19 (24) The board of directors may expel from the corporation any member
20 who has not carried out ~~his~~ the engagement the member made with the
21 corporation, ~~or~~ has been convicted of a criminal offense, ~~or~~ neglects or
22 refuses to comply with the provisions of this Article or of the bylaws,
23 ~~or who habitually neglects to pay his debts, or shall become~~ debts owed
24 by the member, or becomes insolvent or bankrupt. The members at a
25 regularly called meeting may expel from the corporation any member
26 who has become intemperate or in any way financially irresponsible;
27 no member shall be expelled until ~~he has been~~ informed in writing of
28 the charges ~~against him made and given an opportunity has been given~~
29 him, opportunity, after reasonable notice, to be ~~heard thereon.~~ heard.
- 30 (25) Engage in activity permitted under this ~~subsection.~~ subdivision.
31 Notwithstanding any other provision of this Chapter, the Administrator
32 of Credit Unions, subject to the advice and consent of the Credit Union
33 Commission, and upon a finding that action is necessary to preserve
34 and protect the welfare of credit unions and to promote the general
35 economy of the State, may adopt rules allowing State-chartered credit
36 unions to engage in any activity in which they could engage if they
37 were federally chartered credit unions.
- 38 (26) Subject to rules ~~and regulations prescribed~~ adopted by the Administrator,
39 act as trustee or custodian, and ~~may~~ receive reasonable compensation
40 for so acting, under any written trust instrument or custodial agreement
41 created or organized and forming a part of a deferred compensation
42 plan for its members or groups or ~~organization~~ organizations of its
43 members, provided the funds of ~~such~~ the plans are invested in savings
44 or deposits of the credit union. All funds held may be commingled for

1 ~~appropriate~~ the purpose of investment, but individual records shall be
2 kept by the credit union for each participant and shall show in proper
3 detail all transactions engaged in under authority of this ~~section~~
4 ~~subdivision~~.

5 A member may withdraw from a credit union by filing a written notice of ~~his~~
6 ~~intention~~ intent to withdraw.

7 The amounts paid in on shares or deposits by an expelled or withdrawing member,
8 with any dividends credited to ~~his~~ the shares and any interest accrued on ~~his~~ the deposits
9 to the date of expulsion or withdrawal shall be paid to ~~such~~ the member, but in the order
10 of expulsion or withdrawal, and only as funds therefor become available, after
11 deducting any amounts due to the ~~corporation~~ by such credit union by the member. The
12 member shall have no other or further right in the credit union or to any of its benefits,
13 but ~~such~~ the expulsion or withdrawal shall not operate to relieve the member from any
14 remaining liability to the ~~corporation~~ credit union."

15 Sec. 4. G.S. 54-109.82 reads as rewritten:

16 "**§ 54-109.82. Investment of funds.**

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

- 19 (1) They may be lent to the members of the corporation in accordance
20 with the provisions of this Chapter.
- 21 (2) In capital shares, obligations, or preferred stock issues of any agency
22 or association organized either as a stock company, mutual association,
23 or membership corporation, provided the membership or
24 stockholdings, as the case may be, of ~~such~~ the agency or association
25 are confined or restricted to credit unions or organizations of credit
26 unions, or provided the ~~purposes~~ purpose for which ~~such~~ the agency or
27 association is organized or designed is to service or otherwise assist
28 credit union operations.
- 29 (3) In obligations of the State of North Carolina or any subdivision
30 thereof.
- 31 (4) In obligations of the United States, including bonds and securities
32 upon which payment of principal and interest is fully guaranteed by
33 the United States.
- 34 (5) They may be deposited to the credit of the corporation in savings
35 ~~banks, associations,~~ credit unions, ~~savings and loan associations,~~ or State
36 banks or trust companies incorporated under the laws of the State, or in
37 national banks located ~~therein~~ in the State.
- 38 (6) In loans to other credit unions in any amount not to exceed twenty-five
39 percent (25%) of the shares and unimpaired surplus of the lending
40 credit union.
- 41 (7) In an aggregate amount not to exceed twenty-five percent (25%) of the
42 allocations to the reserve fund in any agency or association of the type
43 described in subdivision (2) ~~hereof~~ of this section provided the
44 purposes of the agency or association are designed to assist in

- 1 establishing and maintaining liquidity, solvency, and security in credit
2 union operations.
- 3 (8) In the North Carolina Savings Guaranty Corporation.
- 4 (9) In any form of investment allowed by law to the State Treasurer under
5 G.S. 147-69.1.
- 6 (10) ~~Debentures which are~~ issued by an agency of the United States
7 government.
- 8 (11) In the College Foundation in any amount not to exceed ten percent
9 (10%) of the shares and unimpaired surplus of the investing credit
10 union.
- 11 (12) They may be ~~placed on time deposits deposited in any banks bank~~
12 ~~insured by the Federal Deposit Insurance Corporation or may be~~
13 ~~deposited or may be invested in any savings or building and loan~~
14 association insured by the ~~Federal Savings and Loan Insurance~~
15 ~~Corporation~~ federal government or any of its agencies."
- 16 Sec. 5. This act becomes effective October 1, 1991.