

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

Senate Banks & Thrift Institutions Committee Substitute Adopted 6/13/91

Short Title: Credit Union Technical Amendments.

(Public)

Sponsors:

Referred to:

February 11, 1991

A BILL TO BE ENTITLED

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

The General Assembly of North Carolina enacts:

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

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

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

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

"§ 54-109.15. Reports.

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

(b) Any ~~such corporation which~~ credit union that neglects to make semiannual reports as provided in subsection (a) of this section, or any of the other reports required by the Administrator of Credit Unions at the time fixed by the Administrator, shall ~~forfeit~~ pay a late penalty to the Administrator of Credit Unions ~~five dollars (\$5.00) of fifty~~

1 ~~dollars (\$50.00) for each day such the neglect continues; and, furthermore, the continues.~~  
2 ~~The Administrator of Credit Unions shall have authority, in his discretion, to may revoke~~  
3 ~~the certificate of incorporation and take possession of the assets and business of any~~  
4 ~~corporation-credit union failing to pay the fees required in a penalty imposed under this~~  
5 ~~section after serving notice of at least 15 days upon such corporation of his intention so to~~  
6 ~~do- the credit union of the proposed action. Penalties collected under this section shall~~  
7 ~~be credited to the special account established under G.S. 54-109.14."~~

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

9 **"§ 54-109.21. General powers.**

10 A credit union may:

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

- 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~~ felony or crime  
22 involving moral turpitude, or neglects or refuses to comply with the  
23 provisions of this Article or of the bylaws, ~~or who habitually neglects to~~  
24 ~~pay his debts, or shall become insolvent or bankrupt. The members at a~~  
25 ~~regularly called meeting may expel from the corporation any member who~~  
26 ~~has become intemperate or in any way financially irresponsible; no.~~ No  
27 member shall be expelled until ~~he has been~~ informed in writing of the  
28 charges ~~against him~~ made and given an opportunity ~~has been given him,~~  
29 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, institutions,~~ 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 institution~~ insured by the ~~Federal Savings and Loan~~  
15                    ~~Insurance Corporation~~ federal government or any of its agencies."
- 16                    Sec. 5. This act becomes effective October 1, 1991.