

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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HOUSE BILL 54
Committee Substitute Favorable 4/17/91

Short Title: Credit Union Technical Amendments.

(Public)

Sponsors:

Referred to:

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. 54-109.15 reads as rewritten:

12 "**§ 54-109.15. Reports.**

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

17 (b) Any such corporation which neglects to make semiannual reports as provided
18 in subsection (a) of this section, or any of the other reports required by the
19 Administrator of Credit Unions at the time fixed by the Administrator, shall ~~forfeit~~ pay
20 a late fee to the Administrator of Credit Unions ~~five dollars (\$5.00)~~ of one hundred
21 dollars (\$100.00) for each day such neglect continues; and, furthermore, the
22 Administrator of Credit Unions shall have authority, in his discretion, to revoke the
23 certificate of incorporation and take possession of the assets and business of any

1 corporation failing to pay the fees required in this section after serving notice of at least
2 15 days upon such corporation of his intention so to do."

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

4 **"§ 54-109.21. General powers.**

5 A credit union may:

- 6 (1) Make contracts;
- 7 (2) Sue and be sued;
- 8 (3) Adopt and use a common seal and alter same;
- 9 (4) Acquire, lease, hold and dispose of property, either in whole or in part,
10 necessary or incidental to its operations;
- 11 (5) At the discretion of the board of directors, require the payment of an
12 entrance fee or annual membership fee, or both, of any person
13 admitted to membership;
- 14 (6) Receive savings from its members in the form of shares, deposits, or
15 special-purpose thrift accounts;
- 16 (7) Lend its funds to its members as hereinafter provided;
- 17 (8) Borrow from any source in accordance with policy established by the
18 board of directors;
- 19 (9) Discount and sell any eligible obligations, subject to rules and
20 regulations prescribed by the Administrator;
- 21 (10) Sell all or substantially all of its assets or purchase all or substantially
22 all of the assets of another financial institution, subject to the approval
23 of the Administrator of Credit Unions;
- 24 (11) Invest surplus funds as provided in Articles 14A to 14L of this
25 Chapter;
- 26 (12) Make deposits in legally chartered banks, savings banks, savings and
27 loan associations, trust companies and central-type credit union
28 organizations;
- 29 (13) Assess charges to members in accordance with the bylaws for failure
30 to meet properly their obligations to the credit union;
- 31 (14) Hold membership in other credit unions organized under Articles 14A
32 to 14L of this Chapter or other acts, and in other associations and
33 organizations composed of credit unions;
- 34 (15) Declare dividends; pay interest on deposits and pay interest refunds to
35 borrowers as provided in Articles 14A to 14L of this Chapter;
- 36 (16) Sell travelers checks and money orders and charge a reasonable fee for
37 such services, ~~provided the instruments are payable at institutions other~~
38 ~~than a credit union;~~
- 39 (17) Perform such tasks and missions as are requested by the federal
40 government or this State or any agency or political subdivision thereof,
41 when approved by the board of directors and not inconsistent with
42 Articles 14A to 14L of this Chapter;
- 43 (18) Act as fiscal agent for and receive deposits from the federal
44 government, this State, or any agency or political subdivision thereof;

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

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

43 The amounts paid in on shares or deposits by an expelled or withdrawing member,
44 with any dividends credited to his shares and any interest accrued on his deposits to the

1 date of expulsion or withdrawal shall be paid to such member, but in the order of
2 expulsion or withdrawal, and only as funds therefor become available, after deducting
3 any amounts due to the corporation by such member. The member shall have no other
4 or further right in the credit union or to any of its benefits, but such expulsion or
5 withdrawal shall not operate to relieve the member from any remaining liability to the
6 corporation."

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

8 **"§ 54-109.82. Investment of funds.**

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

- 11 (1) They may be lent to the members of the corporation in accordance
12 with the provisions of this Chapter.
- 13 (2) In capital shares, obligations, or preferred stock issues of any agency
14 or association organized either as a stock company, mutual association,
15 or membership corporation, provided the membership or
16 stockholdings, as the case may be, of such agency or association are
17 confined or restricted to credit unions or organizations of credit unions,
18 or provided the purposes for which such agency or association is
19 organized or designed to service or otherwise assist credit union
20 operations.
- 21 (3) In obligations of the State of North Carolina or any subdivision
22 thereof.
- 23 (4) In obligations of the United States, including bonds and securities
24 upon which payment of principal and interest is fully guaranteed by
25 the United States.
- 26 (5) They may be deposited to the credit of the corporation in savings
27 banks, credit unions, savings and loan associations, State banks or trust
28 companies incorporated under the laws of the State, or in national
29 banks located therein.
- 30 (6) In loans to other credit unions in any amount not to exceed twenty-five
31 percent (25%) of the shares and unimpaired surplus of the lending
32 credit union.
- 33 (7) In an aggregate amount not to exceed twenty-five percent (25%) of the
34 allocations to the reserve fund in any agency or association of the type
35 described in subdivision (2) hereof, provided the purposes of any such
36 agency or association are designed to assist in establishing and
37 maintaining liquidity, solvency, and security in credit union
38 operations.
- 39 (8) In the North Carolina Savings Guaranty Corporation.
- 40 (9) In any form of investment allowed by law to the State Treasurer under
41 G.S. 147-69.1.
- 42 (10) Debentures which are issued by an agency of the United States
43 government.

- 1 (11) In the College Foundation in any amount not to exceed ten percent
2 (10%) of the shares and unimpaired surplus of the investing credit
3 union.
- 4 (12) They may be ~~placed on time deposits~~ deposited in any ~~banks~~ bank
5 ~~insured by the Federal Deposit Insurance Corporation~~ or may be
6 ~~deposited or may be invested~~ in any savings ~~or building and loan~~
7 association insured by the ~~Federal Savings and Loan Insurance~~
8 ~~Corporation~~ federal government or any agency thereof."
- 9 Sec. 5. This act becomes effective October 1, 1991.