

1 HB165
2 155904-7
3 By Representative Wren
4 RFD: Financial Services
5 First Read: 14-JAN-14

1 ENGROSSED

2
3
4 A BILL
5 TO BE ENTITLED
6 AN ACT
7

8 Relating to the Credit Union Administration and the
9 regulation of credit unions; to amend Sections 5-17-3, 5-17-6,
10 5-17-7, 5-17-8, 5-17-11, 5-17-15, 5-17-16, 5-17-19, 5-17-22,
11 5-17-45, and 5-17-56, Code of Alabama 1975, and to repeal
12 Sections 5-17-25 to 5-17-28, inclusive, 5-17-49, 5-17-53, and
13 5-2A-100 to 5-2A-103, inclusive, Code of Alabama 1975, to
14 further provide for the regulation of credit unions and for
15 the operation of the Credit Union Administration.

16 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

17 Section 1. Sections 5-17-3, 5-17-6, 5-17-7, 5-17-8,
18 5-17-11, 5-17-15, 5-17-16, 5-17-19, 5-17-22, 5-17-45, and
19 5-17-56, Code of Alabama 1975, are amended to read as follows:

20 "§5-17-3.

21 "It shall be a misdemeanor for any person,
22 association, copartnership, or corporation, except
23 corporations organized in accordance with the provisions of
24 this chapter, credit unions incorporated under the laws of the
25 United States, and the Alabama Credit Union League trade
26 associations of credit unions doing business in this state,
27 and other organizations as approved by the administrator, to

1 use the words "credit union" in their name ~~or,~~ title, or in
2 advertising. A ~~corporation~~ credit union organized under the
3 provisions of this chapter shall include in its corporate name
4 or title the words "credit union." Any violation of this
5 prohibition shall subject the party chargeable therewith to a
6 penalty of five hundred dollars (\$500) for each day, with a
7 maximum amount of fifty thousand dollars (\$50,000), during
8 which the violation is committed or repeated. The penalty may
9 be recovered by the administrator by an action instituted for
10 that purpose, and, in addition to the penalty, the violation
11 may be enjoined and the injunction enforced as in other cases.
12 If the directors, officers, or those persons performing
13 similar functions as corporate directors or officers of any
14 entity shall knowingly and willfully violate or knowingly and
15 willfully permit any of the officers, agents, employees, or
16 those persons performing similar functions of the entity to
17 violate any of the provisions of this section, each director,
18 officer, or other person engaging in the violation shall be
19 liable in his or her personal and individual capacity for all
20 damages which the entity or any other person shall have
21 sustained in consequence of the violation. Provided, however,
22 that a credit union organized in another state may conduct
23 business as a credit union in this state with the prior
24 approval of the Administrator of the Alabama Credit Union
25 Administration provided all of the following criteria are met:

26 "(1) It is organized under laws similar to Alabama
27 credit union laws~~7.~~

1 "(2) It is financially solvent~~7.~~

2 "(3) Alabama credit unions are allowed to do
3 business in the other state under conditions similar to these
4 provisions~~7.~~

5 "(4) It ~~has~~ maintains member account insurance
6 comparable to that required for Alabama credit unions~~7.~~

7 "(5) It agrees to submit to the administrator an
8 annual examination report from its supervising agency~~7.~~

9 "(6) The interest rate on loans made in Alabama does
10 not exceed that allowed by Alabama law~~7.~~

11 "(7) It complies with the same consumer protection
12 provisions that are applicable to Alabama credit unions ~~must~~
13 ~~obey; and.~~

14 "(8) It designates and maintains an agent for the
15 service of process in Alabama.

16 "§5-17-6.

17 "~~A member may be expelled by a two-thirds vote of~~
18 ~~the members present at a special meeting called to consider~~
19 ~~the matter, but only after a hearing. (a) Any member may~~
20 withdraw from the credit union at any time, but notice of
21 withdrawal may be required. All amounts paid on shares or as
22 deposits of an expelled or withdrawing member, with any
23 dividends or interest accredited thereto to the date thereof
24 shall, as funds become available and after deducting all
25 amounts due from the member to the credit union, be paid to
26 ~~him~~ the individual. The credit union may require 60 days'
27 notice of intention to withdraw shares and 30 days' notice of

1 intention to withdraw deposits. ~~Withdrawing or expelled~~
2 ~~members shall have no further rights in the credit union but~~
3 ~~are not, by such expulsion or withdrawal, released from any~~
4 ~~remaining liability to the credit union.~~ A credit union may
5 reserve in its bylaws the right to pay out not more than one
6 half of its monthly receipts to withdrawing members and
7 depositors.

8 "(b) The board of directors may expel a member for
9 cause by a majority vote of a quorum of directors, pursuant to
10 a written policy adopted by the board. For the purposes of
11 this section, cause includes a loss to the credit union, a
12 violation of the membership agreement or any policy or
13 procedure adopted by the board, or inappropriate behavior such
14 as physical or verbal abuse of credit union members or staff.
15 All members shall be given written notice of such policies.
16 Any person expelled by the board shall have the right to file
17 a written appeal to the board to reconsider the expulsion.

18 "(c) A credit union may terminate the membership of
19 any member who withdraws his or her shares to less than one
20 par share.

21 "(d) Persons whose membership has been terminated,
22 whether by withdrawal or expulsion, shall have no further
23 rights in the credit union, but are not released from any
24 obligation owed to the credit union.

25 "(e) A member who has been expelled may not be
26 readmitted to membership except upon approval by a majority
27 vote of the board after application and proof that the

1 applicant remains within the credit union's field of
2 membership, has adequately explained, addressed, or remedied
3 the conditions leading to expulsion, and will abide by the
4 terms and conditions of membership. Not more than one such
5 application for readmission may be made within any 12-month
6 calendar period.

7 "§5-17-7.

8 "~~During 1986 and each year thereafter, all~~ All
9 state chartered credit unions shall pay an annual operating
10 fee and, if deemed necessary by the administrator, an
11 assessment, the exact amount of which shall be fixed from time
12 to time by the Administrator of the Alabama Credit Union
13 Administration. ~~During 1985, credit unions shall continue to~~
14 ~~be charged and be liable to the Alabama Credit Union~~
15 ~~Administration for the examination fee presently fixed by the~~
16 ~~Supervisor of the Bureau of Credit Unions.~~

17 "(b) Except as hereinafter provided, the annual
18 operating fee set by the administrator shall not exceed the
19 fee calculated by use of the following scale or the
20 administrator may authorize payment of the schedule used by
21 federal credit unions if the administrator determines it to be
22 appropriate:

23 "(1) Credit unions having total assets of less than
24 \$500,000.00 shall pay a fee not in excess of \$.12 for each
25 \$100.00 of assets, subject to a minimum of \$200.00.

26 "~~(2) Credit unions with assets of \$500,000.00 or~~
27 ~~more shall pay a fee of \$600.00 plus \$.05 per \$100.00 of~~

1 ~~assets over \$500,000.00 but not in excess of \$1,000,000.00~~
2 ~~plus three and one-half cents per \$100.00 of assets of~~
3 ~~\$1,000,000.00 but not in excess of \$5,000,000.00 plus \$.02 per~~
4 ~~\$100.00 of assets over \$5,000,000 but not in excess of~~
5 ~~\$10,000,000 plus one and eight-tenths per \$100.00 on assets~~
6 ~~over \$10,000,000.00 but not in excess of \$20,000,000.00 plus~~
7 ~~one and six-tenths cents per \$100.00 on assets over~~
8 ~~\$20,000,000.00 but not in excess of \$50,000,000.00, plus one~~
9 ~~and two-tenths cents per \$100.00 on assets over \$50,000,000.00~~
10 ~~but not in excess of \$100,000,000.00 plus \$.01 per \$100.00 on~~
11 ~~all assets over \$100,000,000.00.~~

12 "(2) Credit unions with assets of \$500,000 but not
13 in excess of \$1,000,000 shall pay a fee of \$600 plus \$.05 per
14 \$100 of assets over \$500,000 but not in excess of \$1,000,000;
15 credit unions with assets of \$1,000,000 but not in excess of
16 \$5,000,000 shall pay a fee of \$850 plus \$.035 per \$100 of
17 assets of \$1,000,000 but not in excess of \$5,000,000; credit
18 unions with assets of \$5,000,000 but not in excess of
19 \$10,000,000 shall pay a fee of \$2,250 plus \$.02 per \$100 of
20 assets over \$5,000,000 but not in excess of \$10,000,000;
21 credit unions with assets of \$10,000,000 but not in excess of
22 \$20,000,000 shall pay a fee of \$3,250 plus \$.018 per \$100 on
23 assets over \$10,000,000 but not in excess of \$20,000,000;
24 credit unions with assets of \$20,000,000 but not in excess of
25 \$50,000,000 shall pay a fee of \$5,050 plus \$.016 per \$100 on
26 assets over \$20,000,000 but not in excess of \$50,000,000;
27 credit unions with assets of \$50,000,000 but not in excess of

1 \$100,000,000 shall pay a fee of \$9,850 plus \$.013 per \$100 on
2 assets over \$50,000,000 but not in excess of \$100,000,000;
3 credit unions with assets of \$100,000,000 or more shall pay a
4 fee of \$16,350 plus \$.011 per \$100 on all assets over
5 \$100,000,000.

6 "(3) The annual operating fee for a corporate credit
7 union shall be set by the administrator and shall not exceed
8 the above scale.

9 "(c) ~~On one occasion~~ Annually, the administrator may
10 fix an annual operating fee which is not more than 10 percent
11 greater than the above fee scale if the Credit Union Board
12 approves such fee, if said fee is not in effect for more than
13 one year, and if the administrator establishes that such fee
14 is necessary in order that the Alabama Credit Union
15 Administration not be operated at a deficit and that the
16 Alabama Credit Union Administration operated at a deficit
17 during the preceding year assessment to ensure that the
18 Alabama Credit Union Administration does not continue to
19 operate in a deficit for any given year. The assessment shall
20 be approved by the Credit Union Board of the Alabama Credit
21 Union Administration. Any credit union failing to pay the
22 assessment within 30 days of the notice of assessment may be
23 charged a fine not to exceed fifty dollars (\$50) for each day
24 that the assessment remains unpaid.

25 "(d) The annual operating fee shall be paid on or
26 before the last day of January of each year, based upon the
27 assets of the credit union as of the end of the previous year.

1 Any credit union failing to pay said operating fee may be
2 charged a ~~penalty assessment~~ fine not to exceed ~~\$50.00~~ fifty
3 dollars (\$50) for each day that said fee remains unpaid.

4 "(e) Whenever application is made to the
5 Administrator of the Alabama Credit Union Administration for
6 permission to organize a credit union, the applicant shall at
7 the time of filing the certificate of organization with the
8 Administrator of the Alabama Credit Union Administration pay a
9 fee not to exceed ~~\$100.00~~ one thousand dollars (\$1,000) for
10 the purpose of paying the costs incidental to the
11 determination by the Administrator of the Alabama Credit Union
12 Administration whether such certificate of organization shall
13 be approved. The Administrator of the Alabama Credit Union
14 Administration shall from time to time fix the exact charge to
15 be made, but in no event shall the charge exceed ~~\$100.00~~ one
16 hundred dollars (\$100). The provisions of this subsection
17 shall not apply to any existing credit union seeking charter
18 conversion.

19 "(f) All fees collected under this section shall be
20 paid into the special fund set up by the State Treasurer. This
21 special fund shall be used to pay the salaries of the
22 officials and employees and the expenses of the Alabama Credit
23 Union Administration including the purchase of equipment,
24 vehicles and supplies necessary for the examination and
25 supervision of credit unions and may be spent by the
26 Administrator of the Alabama Credit Union Administration for
27 the uses and purposes specified herein. No taxes, fees,

1 assessments, penalties or other revenues collected by the
2 Alabama Credit Union Administration shall be used for any
3 purpose other than the expenses of operating the Alabama
4 Credit Union Administration.

5 "(g) All the jurisdiction, authority, powers and
6 duties now conferred upon and imposed by law upon the
7 Superintendent of Banks and the Supervisor of the Credit Union
8 Bureau in relation to the management, control, regulation and
9 general supervision of credit unions are hereby transferred
10 to, conferred upon and imposed upon the Alabama Credit Union
11 Administration and administrator.

12 "(h) All assets primarily used by the Bureau of
13 Credit Unions, including books, records, documents, furniture,
14 equipment and supplies are hereby transferred to the Alabama
15 Credit Union Administration. All funds in the special fund
16 previously maintained by the State Treasurer for the Bureau of
17 Credit Unions are hereby transferred to the Alabama Credit
18 Union Administration. All taxes, fees, assessments, penalties
19 or other revenues owed to or collected by the Bureau of Credit
20 Unions are hereby transferred to the Alabama Credit Union
21 Administration. Any employee presently employed by the
22 Superintendent of Banks who is presently primarily involved
23 with the Bureau of Credit Unions shall be employed by the
24 Alabama Credit Union Administration.

25 "§5-17-8.

26 "(a) Credit unions shall report to the Administrator
27 of the Alabama Credit Union Administration at least annually

1 on or before January 31 on blanks supplied by the
2 administrator for that purpose. Additional reports may be
3 required. Credit unions shall be examined at least annually by
4 employees of the administrator or by other persons designated
5 by the administrator. For failure to file reports when due,
6 unless excused for cause by the administrator, the credit
7 union shall pay to the State Treasurer ~~of the State~~ five
8 dollars (\$5) for each day of its delinquency.

9 "(b) If the administrator determines that the credit
10 union is violating this chapter, or is insolvent, the
11 administrator may suspend operations of the credit union by
12 issuing an order requiring that the credit union cease
13 operations pending a hearing on the revocation of the
14 certificate of approval, or the administrator may set a date
15 for a hearing on the revocation of the certificate of approval
16 without suspending operations of the credit union. If the
17 administrator suspends operations of the credit union, a
18 hearing on the revocation of the certificate of authority
19 shall be held if requested within 90 days from the date of the
20 order requiring suspension of operations. If demanded by the
21 credit union, the hearing on revocation of the certificate of
22 authority, whether or not the administrator has suspended
23 operations of the credit union pending the hearing, shall be
24 conducted on the record by the administrator who shall also
25 make findings of fact and a written determination concerning
26 revocation of the certificate of authority. The determination
27 may contain an order requiring that credit union to

1 immediately suspend operations or continue in effect a
2 previous order requiring the suspension of operations. If the
3 determination is that the credit union is violating this
4 chapter, or is insolvent, and that the certificate of
5 authority be revoked, and if, for a period of 15 days after
6 the hearing, any violation continues, the administrator may
7 revoke the certificate and take possession of the business and
8 property of the credit union and maintain possession until the
9 administrator shall permit it to continue business or its
10 affairs are finally liquidated.

11 "(c) The administrator may, with the approval of a
12 majority of the Credit Union Board of the Alabama Credit Union
13 Administration, issue a cease and desist order upon finding
14 that the credit union or any officer, director, committee
15 member, or employee has done any one of the following:

16 "(1) Committed any violation of a law, rule, or
17 regulation.

18 "(2) Engaged or participated in any unsafe or
19 unsound practice in connection with the credit union business.

20 "(3) Engaged in any act, omission, or practice which
21 constitutes a breach of fiduciary duty to the credit union.

22 "(4) Committed any fraudulent or questionable
23 practice in the conduct of the credit union's business which
24 endangers the credit union's reputation or threatens
25 insolvency.

1 "(5) Violated any condition imposed in writing by
2 the administrator or any written agreement made with the
3 administrator.

4 "(6) Concealed, destroyed, removed, falsified, or
5 perjured any book, record, paper, report, statement, or
6 account related to the business and affairs of the credit
7 union.

8 "Any cease and desist order shall be effective not
9 earlier than 10 days after it is delivered to the credit
10 union. The credit union shall have 10 days from the receipt of
11 any cease and desist order to appeal to the Credit Union Board
12 of the Alabama Credit Union Administration by serving the
13 administrator with a written notice of appeal within the
14 10-day period. Upon receipt of a notice of appeal from the
15 credit union, the effect of the cease and desist order will be
16 suspended pending a decision upon appeal; provided that a
17 majority of the Credit Union Board of the Alabama Credit Union
18 Administration may order that a cease and desist order be in
19 force and effect pending the decision on appeal. A hearing of
20 any appeal shall be held before the Credit Union Board of the
21 Alabama Credit Union Administration within ~~30~~ 60 days of the
22 notice of appeal and the decision of the Credit Union Board
23 shall be rendered within ~~15~~ 30 days after the hearing.

24 "(d) The Administrator of the Alabama Credit Union
25 Administration may suspend from office and prohibit further
26 participation in any manner in the conduct of the affairs of a

1 credit union of any director, officer, committee member, or
2 employee who has done any one of the following:

3 "(1) Committed any violation of a law, rule or
4 regulation.

5 "(2) Engaged or participated in any unsafe or
6 unsound practice in connection with the credit union business.

7 "(3) Engaged in any act, omission or practice which
8 constitutes a breach of fiduciary duty to the credit union.

9 "(4) Committed any fraudulent or questionable
10 practice in the conduct of the credit union's business which
11 endangers the credit union's reputation or threatens
12 insolvency.

13 "(5) Violated any condition imposed in writing by
14 the administrator or any written agreement made with the
15 administrator.

16 "(6) Concealed, destroyed, removed, falsified, or
17 perjured any book, record, paper, report, statement, or
18 account related to the business and affairs of the credit
19 union.

20 "(7) Unless the administrator directs otherwise, the
21 prohibition against participation in the conduct of the
22 affairs of a credit union shall remain effective until it is
23 rescinded by a vote of the Credit Union Board of the Alabama
24 Credit Union Administration.

25 "(e) The Administrator of the Alabama Credit Union
26 Administration, ~~with the concurrence of a two-thirds majority~~
27 ~~of voting members of the Credit Union Board of the Alabama~~

1 ~~Credit Union Administration~~ may with the approval of a
2 majority of the Credit Union Board of the Alabama Credit Union
3 Administration, ex parte without notice, may appoint the
4 Alabama Credit Union Administration as conservator and
5 immediately take possession and control of the business and
6 assets of any state-chartered credit union in any case in
7 which any one of the following occurs:

8 "(1) The Alabama Credit Union Administration
9 determines that the action is necessary to conserve the assets
10 of any state-chartered credit union or the interests of the
11 members of the credit union.

12 "(2) A credit union, by resolution of its board of
13 directors, consents to the action by the Alabama Credit Union
14 Administration.

15 "(3) There is a willful violation of a
16 cease-and-desist order which has become final.

17 "(4) There is concealment of books, papers, records,
18 or assets of the credit union or refusal to submit books,
19 papers, records, or affairs of the credit union for inspection
20 to any examiner or to any lawful agent of the Alabama Credit
21 Union Administration.

22 "(f) Not later than 10 days after the date on which
23 the Alabama Credit Union Administration takes possession and
24 control of the business and assets of a credit union pursuant
25 to subsection (e), officials of the credit union who were
26 terminated by the conservator may apply to the circuit court
27 for the judicial circuit in which the principal office of the

1 credit union is located for an order requiring the
2 administration to show cause why it should not be enjoined
3 from continuing possession and control. Except as provided in
4 this subsection, no court may take any action, except at the
5 request of the Credit Union Board by regulation or order, to
6 restrain or affect the exercise of powers or functions of the
7 board as conservator.

8 "(g) The administrator shall report to the Credit
9 Union Board of the Alabama Credit Union Administration at
10 least ~~quarterly~~ semi-annually on the condition of the credit
11 unions in which the administration serves as conservator.
12 Reports shall contain the following:

13 "(1) The most recent income statement and balance
14 sheet of the credit union.

15 "(2) Actions taken since the last report by the
16 administrator in its role as conservator of the credit union.

17 "(3) A detailed report of all expenditures,
18 reimbursements, and other financial considerations paid out of
19 the assets of the credit union to the Alabama Credit Union
20 Administration or its designated agents during
21 conservatorship.

22 "(4) A business plan outlining necessary actions and
23 timetables under which the credit union would remain under
24 conservatorship.

25 "(h) The Alabama Credit Union Administration may
26 maintain possession and control of the business and assets of

1 the credit union and may operate the credit union until the
2 time as the following occurs:

3 "(1) The administrator shall permit the credit union
4 to continue business subject to the terms and conditions as
5 may be imposed by the Alabama Credit Union Administration.

6 "(2) The credit union is liquidated in accordance
7 with the provisions of Section 5-17-21.

8 "(3) The Credit Union Board of the Alabama Credit
9 Union Administration votes by a ~~two-thirds~~ majority of voting
10 members that the Alabama Credit Union Administration shall
11 relinquish possession and control of the credit union. Such
12 vote shall be held on at least a ~~quarterly~~ semi-annual basis
13 while the credit union is held in conservatorship by the
14 Alabama Credit Union Administration.

15 "(i) The Alabama Credit Union Administration may
16 appoint agents as it considers necessary in order to assist
17 the administration in carrying out its duties as a conservator
18 under this section.

19 "(j) All expenses incurred by the administration in
20 exercising its authority under this section with respect to
21 any credit union shall be paid out of the assets of the credit
22 union.

23 "(k) The conservator shall have all powers of the
24 members, the directors, the officers, and the committees of
25 the credit union and shall be authorized to operate the credit
26 union in its own name or to conserve its assets in the manner
27 and extent authorized by the administration.

1 "(l) After taking possession of the property and
2 business of a credit union through conservatorship, the
3 conservator may terminate or adopt any executory contract to
4 which the credit union may be a party. The termination of any
5 contracts shall be made within six months after obtaining
6 knowledge of the existence of the contract or lease. Any
7 provision in the contract or lease which provides for damages
8 or cancellation fees upon termination shall not be binding on
9 the conservator or credit union. The directors, the
10 conservator, and the credit union are not liable for damages
11 for their authorized actions under this section.

12 ~~"The credit union or any person affected by an order~~
13 ~~may appeal by written appeal delivered to the administrator~~
14 ~~within 10 days after the issuance of an order. In the event of~~
15 ~~an appeal, a hearing shall be held before the Credit Union~~
16 ~~Board of the Alabama Credit Union Administration within 30~~
17 ~~days of the filing of an appeal and the decision shall be~~
18 ~~rendered by the Credit Union Board within 15 days after the~~
19 ~~hearing. Unless the administrator directs otherwise, the~~
20 ~~prohibition against participation in the conduct of the~~
21 ~~affairs of a credit union will remain effective until the time~~
22 ~~it is rescinded by a vote of the Credit Union Board of the~~
23 ~~Alabama Credit Union Administration to rescind the prohibition~~
24 ~~against participation in the affairs of a credit union.~~

25 "(m) The administrator may appoint a temporary board
26 of directors to any credit union subject to conservatorship.

27 "§5-17-11.

1 "(a) At the first meeting and at subsequent times
2 prescribed in the bylaws, the directors shall elect a
3 president. The president must be either a member of the board
4 of directors or an employee of the credit union who is not a
5 member of the board of directors. If the credit union elects a
6 president who is not a member of the board of directors, the
7 board of directors shall elect from their own number a
8 chairman and one or more vice-chairmen of the board of
9 directors. The board of directors shall have the power, in
10 accordance with the bylaws, to remove any officer who is not a
11 member of the board of directors. At the first meeting and at
12 subsequent annual meetings prescribed in the bylaws, the
13 directors shall elect from their own number, a secretary and
14 treasurer, who may be the same individual. To nominate a
15 candidate by petition, the petition should conform to the
16 requirements as specified in the bylaws. The bylaws will state
17 the number of members required to sign a petition which can be
18 as few as 3 members or more as stated in the bylaws. The
19 maximum number cannot exceed the lesser of one percent of the
20 membership or 500 members. Candidates shall be given a minimum
21 of 35 days from the postmark date to present a petition.

22 "(b) The duties of the officers shall be as
23 determined in the bylaws. It shall be the duty of the
24 directors to have general management of the affairs of the
25 credit union, particularly:

26 "(1) To act on application for membership.

1 "(2) To determine interest rates on loans and on
2 deposits; provided, that such loans shall be at reasonable
3 rates of interest ~~which shall not exceed one percent per month~~
4 ~~on unpaid balances.~~

5 "(3) To fix the amount of the surety bond which
6 shall be required of all officers and employees handling
7 money.

8 "(4) To declare dividends, and to transmit to the
9 members recommended amendments to the bylaws.

10 "(5) To fill vacancies in the board and in the
11 credit committee until successors are chosen and qualify.

12 "(6) To determine the maximum individual share
13 holdings and the maximum individual loan which can be made
14 with and without security.

15 "(7) To have charge of investments other than loans
16 to members.

17 "(8) To establish the par value of the share.

18 "(9) In the absence of a credit committee, and upon
19 the written request of a member, review a loan application
20 denied by a loan officer.

21 "(c) No member of the board or either committee
22 shall, as such, be compensated. Notwithstanding the foregoing,
23 for their services to the credit union, providing reasonable
24 life, accident, and similar insurance protection shall not be
25 considered compensation. Directors, officers, and committee
26 members may be reimbursed for necessary expenses incidental to
27 the performance of the official business of the credit union.

1 "(d) Liability and indemnification of officers,
2 directors, trustees, and members of the governing body of a
3 credit union shall be the same as provided for a qualified
4 entity in Title 10A, the Alabama Business and Nonprofit Entity
5 Code.

6 "§5-17-15.

7 "(a) A minor, in his or her own name, may make a
8 general or special deposit in any credit union. The deposit
9 shall be paid only to the minor, or upon his or her order, and
10 not to the parents or guardians of the minor, and the payment
11 shall be valid as against the minor child and his or her
12 parents or guardian.

13 "~~(a)~~ (b) Shares may be issued and withdrawn and
14 deposits received and paid out in the name of a minor or in
15 trust in such manner as the bylaws may provide. The name of
16 the beneficiary must be disclosed to the credit union. If no
17 other notice of the existence and terms of such trust has been
18 given in writing to the corporation, such shares or deposits
19 may, upon the death of the trustee, be transferred to or
20 withdrawn by the person who was named by the trustee as the
21 beneficiary or by his legal representative, and such transfer
22 or withdrawal shall release the corporation from liability to
23 any other claimant upon such shares or deposit.

24 "~~(b)~~ (c) Any deposit heretofore or hereafter made in
25 any credit union in the names of two or more persons payable
26 to any such persons, upon the death of either of said persons,

1 may be paid by the credit union to the survivors jointly,
2 irrespective of whether or not:

3 "(1) The form of the deposit or deposit contract
4 contains any provision for survivorship;

5 "(2) The funds deposited were the property of only
6 one said person;

7 "(3) There was at the time of making such deposits
8 any intention on the part of the person making such deposit to
9 vest the other with a present interest therein;

10 "(4) Only one of said persons during their joint
11 lives had the right to withdraw such deposits;

12 "(5) There was any delivery of any passbook,
13 certificate of deposit or other writing by the person making
14 such deposit to the other of such persons; or

15 "(6) Any other circumstances.

16 "The credit union in which such deposit is made may
17 pay such deposit, or any part thereof or interest thereon, to
18 either of said persons, or if one is dead, to the surviving of
19 them, and such payment shall fully release and discharge the
20 credit union from all liability for any payment so made.

21 "~~(c)~~ (d) The provisions of this section shall apply
22 to share accounts, deposit accounts and certificates of
23 deposits and shall also apply to any deposit made in the names
24 of more than two persons where there is an expressed written
25 provision for survivorship in the deposit contract.

26 "~~(d)~~ (e) Nothing contained in this section shall be
27 construed to prohibit the person making such deposit from

1 withdrawing or collecting the same during his lifetime; nor
2 shall anything contained in this section prohibit any person
3 or persons making a deposit in the names of more than one
4 person from providing for disposition of such deposit and
5 interest thereon in a manner different from that provided
6 above in this section, provided such different manner of
7 disposition is expressly provided for in writing in the
8 deposit contract.

9 "§5-17-16.

10 "Whenever a person shall die leaving a share or
11 deposit account in a credit union not exceeding ~~\$5,000.00~~ ten
12 thousand dollars (\$10,000), the credit union having the share
13 or deposit account may discharge itself from liability
14 thereafter by paying the funds in the share or deposit account
15 to the widow or surviving husband of the deceased or, if there
16 is no widow or surviving husband, to the persons having the
17 actual custody or control of the minor child or children of
18 the deceased; provided, that such person, if not the legal
19 guardian, shall execute to the probate judge of the county a
20 bond in the penal sum of double the amount of such deposit for
21 the faithful accounting of the money so received, which shall
22 be approved by said probate judge, or, if there is no minor
23 child or children, to the person or persons who under the laws
24 of Alabama are the heirs and inherit the personal property of
25 the deceased. No such payment is to be made before the lapse
26 of 60 days from the date of the death of the deceased, and no
27 such payment must be made by the credit union under this

1 section if letters testamentary or of administration have been
2 issued to a personal representative or a proceeding is pending
3 to probate a will of the deceased, or if a petition of letters
4 of administration on the estate of the deceased is pending in
5 the court in this state which would have jurisdiction of the
6 administration of the estate. The amount or amounts of the
7 share or deposit account, together with the other personal
8 property of the deceased, shall not exceed the amount of
9 exemption allowed by law, and the credit union shall be fully
10 protected and discharged from further liability by paying such
11 funds to the person or persons set forth above if the credit
12 union obtains an affidavit of some reputable citizen as to
13 such facts.

14 "§5-17-19.

15 "(a) Every credit union shall set aside such regular
16 reserves as are required to be set aside by the credit union
17 in order to maintain insurance of member accounts under the
18 provisions of Title II of the Federal Credit Union Act.

19 Additionally, any credit union may be required by the
20 Administrator of the Alabama Credit Union Administration to
21 maintain any special reserves which the administrator finds
22 are necessary under the particular circumstances to protect
23 the interests of the members.

24 "(b) Any credit union hereafter organized under this
25 chapter shall be prohibited by the Administrator of the
26 Alabama Credit Union Administration from beginning the active
27 conduct of business until such time as such credit union has

1 obtained insurance of member accounts either under the
2 provisions of Title II of the Federal Credit Union Act or has
3 obtained approval for private insurance under a private
4 insurance program or carrier.

5 "(c) Any credit union which has had insurance of its
6 accounts under Title II of the Federal Credit Union Act or a
7 private insurance program or carrier withdrawn or cancelled
8 must apply for such insurance within 30 days of such
9 cancellation or withdrawal. If such credit union has not
10 obtained such insurance within 90 days after such cancellation
11 or withdrawal, the credit union shall either dissolve or merge
12 with another credit union which is insured under Title II of
13 the Federal Credit Union Act or a privately insured credit
14 union insured under a private insurance program or carrier.

15 "(d) The Administrator of the Alabama Credit Union
16 Administration shall be vested with authority to extend the
17 period of time within which a credit union must obtain
18 insurance of its accounts under Title II of the Federal Credit
19 Union Act, to permit other acceptable insurance coverage of
20 its accounts to be utilized by a credit union and to designate
21 into what credit union a credit union not having such
22 insurance coverage shall be merged.

23 "(e) The Administrator of the Alabama Credit Union
24 Administration shall make reports of condition and examination
25 reports available to the ~~Administrator of the~~ National Credit
26 Union Administration and, in his discretion, the Administrator
27 of the Alabama Credit Union Administration may accept any

1 report or examination made on behalf of the ~~Administrator of~~
2 ~~the~~ National Credit Union Administration in lieu of an
3 examination by the Administrator of the Alabama Credit Union
4 Administration.

5 "§5-17-22.

6 "Any credit union may, with the approval of the
7 Administrator of the Alabama Credit Union Administration,
8 merge with another credit union, under the existing
9 certificate of organization of the other credit union,
10 pursuant to any plan agreed upon by the majority of each board
11 of directors of each credit union joining in the merger. In
12 addition to approval by the administrator and each board of
13 directors, the membership of the merging credit union must
14 also approve the merger plan in the following manner:

15 "(1) At a meeting called for that purpose (notice of
16 which purpose must be contained in the call) two thirds of
17 those in attendance may vote to approve the merger plan.
18 Notice of the meeting must have been mailed to the last known
19 address of each member of the credit union at least 15 days
20 prior to the date of the meeting.

21 "(2) After agreement by the directors and approval
22 by the members of the merging credit union, the president and
23 secretary of the credit union shall execute a certificate of
24 merger which shall set forth all of the following:

25 "a. The time and place of the meeting of the board
26 of directors at which the plan was agreed upon;

27 "b. The vote in favor of the adoption of the plan;

1 "c. A copy of the resolution or other action by
2 which the plan was agreed upon;

3 "d. The time and place of the meeting of the members
4 at which the plan agreed upon was approved; and

5 "e. The vote by which the plan was approved by the
6 members.

7 "(3) Such certificate and a copy of the plan of
8 merger agreed upon shall be forwarded to the administrator,
9 certified by him and returned to both credit unions within 30
10 days.

11 "(4) Upon return of the certificate from the
12 administrator, all property, property rights and members'
13 interest of the deed, endorsement or other instrument of
14 transfer and all debts, obligations and liabilities of the
15 merged credit union shall be deemed to have been assumed by
16 the surviving credit union under whose charter the merger was
17 effected. The rights and privileges of the members of the
18 merged credit union shall remain intact.

19 "(5) A copy of the certificate approved by the
20 Administrator of the Alabama Credit Union Administration shall
21 be filed with the judge of probate of the county in which each
22 credit union's certificate of organization is recorded.

23 "(6) This section applies to credit unions organized
24 under the laws of the State of Alabama. Federally chartered
25 credit unions may be merged into Alabama organized credit
26 unions, under the same conditions as Alabama credit unions;
27 provided, that the merger plan is approved by the

1 ~~Administrator of the~~ National Credit Union Administration or
2 private insurance program or carrier.

3 "(7) Credit unions organized under the laws of the
4 State of Alabama may be merged into federally chartered credit
5 unions under the same conditions as provided in this section;
6 provided, that the merger plan is approved by the
7 ~~Administrator of the~~ National Credit Union Administration or
8 private insurance program or carrier.

9 "(8) A federal credit union may be converted to a
10 credit union chartered under the laws of Alabama and a state
11 credit union may be converted to a federal credit union by
12 adhering to the requirements for the conversion of a federal
13 credit union to a state credit union as specified by the
14 Federal Credit Union Act, presently 12 U.S.C. §1771(a) (1).

15 "§5-17-45.

16 "(a) The Legislature finds as fact and determines
17 that the credit unions having their principal place of
18 business in Alabama must keep pace with technological and
19 other improvements constantly being made throughout the United
20 States so as to enable Alabama credit unions to render better
21 and more efficient services to their members. It is necessary
22 and desirable that the administrator be given additional
23 authority in these fields.

24 "(b) The administrator is hereby authorized to
25 expand powers of Alabama credit unions in order to:

26 "(1) Accommodate or take advantage of changing
27 technologies; and,

1 "(2) Assure the ability of Alabama credit unions to
2 be responsive in their business to the needs and conveniences
3 demanded by credit union members through on-premises as well
4 as off-premises operations; provided, that nothing in this
5 section shall enable the administrator to authorize credit
6 unions to engage in activities which are not properly incident
7 to the business of credit unions nor to enable the
8 administrator to authorize credit unions to engage in the
9 business of offering financial services which are now
10 prohibited to them.

11 "No credit union having its principal place of
12 business outside of Alabama may engage in credit union
13 business in Alabama under the provisions of this section;
14 provided that the administrator is authorized to enter into
15 agreements with the appropriate regulatory authorities of
16 other states ~~or of the United States, under the terms of which~~
17 ~~credit unions of such foreign state or subject to federal~~
18 ~~regulatory jurisdiction;~~ provided credit unions having their
19 principal place of business in Alabama are given and may
20 exercise reciprocal rights.

21 "(c) The administrator is authorized to issue
22 regulations under subsection (b) in the same manner as other
23 regulations of the Alabama Credit Union Administration are
24 adopted. Any Alabama credit union covered by the provisions of
25 subsection (b) desiring to exercise any such expanded power
26 must secure in advance written permission of the
27 administrator. The administrator may prescribe the form or

1 forms for such applications for permits and may impose
2 reasonable conditions in granting such permits.

3 "(d) ~~To the extent permitted by federal law, the~~
4 ~~provisions hereof may be utilized by federally chartered~~
5 ~~credit unions. The administrator may enter into supervisory~~
6 ~~agreements, some of which may be confidential in nature, with~~
7 ~~the Federal Reserve, the FinCen Bureau of the U.S. Treasury~~
8 ~~Department (FINCEN), the National Credit Union Administration,~~
9 ~~private insurance carriers, and other state or federal~~
10 ~~successor agencies and furnish to them for their use such~~
11 ~~reports of examination and other information in taking~~
12 ~~enforcement and other supervisory actions.~~

13 "§5-17-56.

14 "The administrator shall ~~give to each member of said~~
15 ~~Credit Union Board and all state credit unions at least five~~
16 ~~days' notice of the time and place of any meeting of said~~
17 ~~board called, and a meeting may be had on less than five days'~~
18 ~~notice if consented to by all members of said board comply~~
19 ~~with the provisions of the Alabama Open Meetings Law, Chapter~~
20 ~~25A of Title 36.~~ The board shall meet not less than once every
21 calendar year. Any meeting of said board may be held at any
22 place in the state where it is called to meet by the
23 administrator."

24 Section 2. Sections 5-17-25 to 5-17-28, inclusive,
25 5-17-49, 5-17-53, and 5-2A-100 to 5-2A-103, inclusive, Code of
26 Alabama 1975, are repealed.

1 Section 3. This act shall become effective on the
2 first day of the first month following its passage and
3 approval by the Governor, or its otherwise becoming law.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18

House of Representatives

Read for the first time and re-
ferred to the House of Representa-
tives committee on Financial Ser-
vices..... 14-JAN-14

Read for the second time and placed
on the calendar 1 amendment 12-FEB-14

Read for the third time and passed
as amended..... 05-MAR-14

Yeas 99, Nays 0, Abstains 1

Jeff Woodard
Clerk