

GENERAL ASSEMBLY OF NORTH CAROLINA
1991 SESSION

CHAPTER 651
HOUSE BILL 54

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~~ seventy-five dollars (\$75.00) for each day such the neglect continues; and, furthermore, the continues. ~~The Administrator of Credit Unions shall have authority, in his discretion, to may~~ revoke the certificate of incorporation and take possession of the assets and business of any corporation credit union failing to pay the fees required in a penalty imposed under this section after serving notice of at least 15 days upon such corporation of his intention so to do. the credit union of the proposed action. Penalties collected under this section shall be credited to the special account established under G.S. 54-109.14."

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

"§ 54-109.21. General powers.

A credit union may:

- (1) Make contracts;
- (2) Sue and be sued;
- (3) Adopt and use a common seal and alter ~~same; the seal;~~

- (4) Acquire, lease, hold and dispose of property, either in whole or in part, necessary or incidental to its operations;
- (5) At the discretion of the board of directors, require the payment of an entrance fee or annual membership fee, or both, of any person admitted to membership;
- (6) Receive savings from its members in the form of shares, deposits, or special-purpose thrift accounts;
- (7) Lend its funds to its members as ~~hereinafter provided;~~ provided in Articles 14A to 14L of this Chapter;
- (8) Borrow from any source in accordance with policy established by the board of directors;
- (9) Discount and sell any eligible obligations, subject to rules ~~and regulations prescribed~~ adopted by the Administrator;
- (10) Sell all or substantially all of its assets or purchase all or substantially all of the assets of another financial institution, subject to the approval of the Administrator of Credit Unions;
- (11) Invest surplus funds as provided in Articles 14A to 14L of this Chapter;
- (12) Make deposits in legally chartered banks, savings ~~banks, savings and loan associations~~ institutions, trust companies and central-type credit union organizations;
- (13) Assess charges to members in accordance with the bylaws for failure to meet properly their obligations to the credit union;
- (14) Hold membership in other credit unions organized under Articles 14A to 14L of this Chapter or other acts, and in other associations and organizations composed of credit unions;
- (15) Declare dividends; pay interest on deposits and pay interest refunds to borrowers as provided in Articles 14A to 14L of this Chapter;
- (16) Sell travelers checks and money orders and charge a reasonable fee for such services, provided the ~~instruments~~ travelers checks are payable at institutions other than a credit union;
- (17) Perform ~~such~~ tasks and missions ~~as are~~ requested by the federal government or this State or any agency or political subdivision thereof, when approved by the board of directors and not inconsistent with Articles 14A to 14L of this Chapter;
- (18) Act as fiscal agent for and receive deposits from the federal government, this State, or any agency or political subdivision thereof;
- (19) Contribute to, support, or participate in any nonprofit service facility whose services will benefit the credit union or its membership subject to ~~such regulations as are prescribed~~ rules adopted by the Administrator;
- (20) Make donations or contributions to any civic, charitable or community organization as authorized by the board of directors, subject to such regulations as are prescribed by the Administrator;

- (21) Act as a custodian of qualified pension funds if permitted by federal law;
- (22) Purchase or make available insurance for its directors, officers, agents, employees, and members; and
- (23) Facilitate its members' purchase of goods and services in a manner which promotes the purposes of the credit union.
- (24) The board of directors may expel from the corporation any member who has not carried out ~~his~~the engagement the member made with the corporation, ~~or has been convicted of a eriminal offensefelony or crime involving moral turpitude,~~ or neglects or refuses to comply with the provisions of this Article or of the ~~bylaws,~~ or who habitually neglects to pay his debts, or shall become insolvent or bankrupt. The members at a regularly called meeting may expel from the corporation any member who has become intemperate or in any way financially irresponsible; no bylaws. The Board may, after notice and hearing as provided in this subdivision, expel from the corporation any member who because of the member's intemperance disrupts the activities of the credit union or who because of the member's habitual neglect of financial obligations reflects discredit upon the credit union. No member shall be expelled until he has been informed in writing of the charges against him made and given an opportunity has been given him, opportunity, after reasonable notice, to be heard thereon. heard.
- (25) Engage in activity permitted under this ~~subsection.~~subdivision. Notwithstanding any other provision of this Chapter, the Administrator of Credit Unions, subject to the advice and consent of the Credit Union Commission, and upon a finding that action is necessary to preserve and protect the welfare of credit unions and to promote the general economy of the State, may adopt rules allowing State-chartered credit unions to engage in any activity in which they could engage if they were federally chartered credit unions.
- (26) Subject to rules ~~and regulations prescribed~~adopted by the Administrator, act as trustee or custodian, and ~~may~~ receive reasonable compensation for so acting, under any written trust instrument or custodial agreement created or organized and forming a part of a deferred compensation plan for its members or groups or ~~organization~~organizations of its members, provided the funds of ~~such~~the plans are invested in savings or deposits of the credit union. All funds held may be commingled for ~~appropriate~~the purpose of investment, but individual records shall be kept by the credit union for each participant and shall show in proper detail all transactions engaged in under authority of this ~~section.~~subdivision.

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

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

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

"§ 54-109.82. Investment of funds.

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

- (1) They may be lent to the members of the corporation in accordance with the provisions of this Chapter.
- (2) In capital shares, obligations, or preferred stock issues of any agency or association organized either as a stock company, mutual association, or membership corporation, provided the membership or stockholdings, as the case may be, of ~~such~~the agency or association are confined or restricted to credit unions or organizations of credit unions, or provided the ~~purposes~~purpose for which ~~such~~the agency or association is organized or designed is to service or otherwise assist credit union operations.
- (3) In obligations of the State of North Carolina or any subdivision thereof.
- (4) In obligations of the United States, including bonds and securities upon which payment of principal and interest is fully guaranteed by the United States.
- (5) They may be deposited to the credit of the corporation in savings ~~banks, institutions,~~ credit unions, savings and loan associations, or State banks or trust companies incorporated under the laws of the State, or in national banks located ~~therein~~in the State.
- (6) In loans to other credit unions in any amount not to exceed twenty-five percent (25%) of the shares and unimpaired surplus of the lending credit union.
- (7) In an aggregate amount not to exceed twenty-five percent (25%) of the allocations to the reserve fund in any agency or association of the type described in subdivision (2) ~~hereof,~~ of this section provided the purposes of the agency or association are designed to assist in establishing and maintaining liquidity, solvency, and security in credit union operations.
- (8) In the North Carolina Savings Guaranty Corporation.
- (9) In any form of investment allowed by law to the State Treasurer under G.S. 147-69.1.

- (10) Debentures ~~which are~~ issued by an agency of the United States government.
- (11) In the College Foundation in any amount not to exceed ten percent (10%) of the shares and unimpaired surplus of the investing credit union.
- (12) They may be ~~placed on time deposits deposited~~ in any ~~banks bank~~ insured by the Federal Deposit Insurance Corporation or ~~may be deposited or may be invested in any savings or building and loan association institution~~ insured by the Federal Savings and Loan Insurance Corporation federal government or any of its agencies."

Sec. 5. This act becomes effective October 1, 1991.

In the General Assembly read three times and ratified this the 12th day of July, 1991.