

HOUSE BILL NO. 475

INTRODUCED BY MANUEL, PECK

IN THE HOUSE

January 25, 1985	Introduced and referred to Committee on Business and Labor.
February 12, 1985	Committee recommend bill do pass as amended. Report adopted.
February 13, 1985	Bill printed and placed on members' desks.
February 16, 1985	Second reading, do pass. Considered correctly engrossed.
February 18, 1985	Third reading, passed. Transmitted to Senate.

IN THE SENATE

February 19, 1985	Introduced and referred to Committee on Business and Industry.
March 28, 1985	Committee recommend bill be concurrent in as amended. Report adopted.
March 30, 1985	Second reading, concurred in.
April 1, 1985	Third reading, concurred in. Ayes, 37; Noes, 10. Returned to House with amendments.

IN THE HOUSE

April 2, 1985	Received from Senate.
---------------	-----------------------

April 5, 1985

Second reading, amendments
concurrent in.

April 8, 1985

Third reading, amendments
concurrent in.

Sent to enrolling.

Reported correctly enrolled.

1 HOUSE BILL NO. 475
2 INTRODUCED BY Manuel Park

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT MODIFYING THE
5 AUTHORIZED ACTIVITIES OF CREDIT UNIONS; AUTHORIZING CERTAIN
6 SOCIETIES, PARTNERSHIPS, AND CORPORATIONS TO OBTAIN LOANS
7 FROM CREDIT UNIONS; REMOVING THE RESTRICTION AGAINST
8 PROVIDING CHECKING ACCOUNT SERVICES; AUTHORIZING CREDIT
9 UNIONS TO SERVE AS CUSTODIANS OR TRUSTEES OF RETIREMENT
10 ACCOUNTS AND PENSION OR PROFIT-SHARING PLANS; AUTHORIZING
11 CREDIT UNIONS TO ACT AS FISCAL AGENTS FOR FEDERAL, STATE,
12 AND LOCAL GOVERNMENTS; GIVING CREDIT UNIONS THE OPTION OF
13 APPOINTING, ELECTING, OR NOT HAVING A SUPERVISORY COMMITTEE;
14 MODIFYING THE DUTIES OF CREDIT UNION DIRECTORS TO PURCHASE
15 FIDELITY BONDS; MODIFYING THE LAW OF CREDIT UNION SHARES AND
16 ACCOUNTS; PROVIDING CREDIT UNIONS THE OPTION OF OBTAINING
17 PLANS OF PRIVATE SHARE INSURANCE; AMENDING SECTIONS
18 32-3-206, 32-3-305, 32-3-401, 32-3-403, 32-3-412, 32-3-417,
19 AND 32-3-611, MCA."

20
21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
22 Section 1. Section 32-3-206, MCA, is amended to read:
23 "32-3-206. Authorized activities of credit unions. ~~The~~
24 Upon written application to the director, may authorize any
25 a credit union to may engage in any activity in which such

1 credit union could engage were it operating as a federal
2 chartered credit union at the time such authority is
3 granted. Such powers shall include, but not by way of
4 limitation, the power to do any act and own, possess, and
5 carry as assets property of such character including stocks,
6 bonds, or other debentures which, at the time the authority
7 is granted, are authorized under federal laws and
8 regulations for transactions by federal credit unions,
9 notwithstanding any restrictions elsewhere contained in the
10 statutes of the state of Montana ~~except that the director~~
11 ~~may not charter a credit union not having a common bond of~~
12 ~~membership as defined in 32-3-304. Upon receipt of a~~
13 ~~written request from any state chartered credit union, the~~
14 ~~director shall exercise such power by the issuance of a~~
15 ~~special order therefor if he deems it reasonably required to~~
16 ~~preserve and protect the welfare of such an institution and~~
17 ~~promote the general economy of this state. The director~~
18 shall approve an activity if he finds that it fosters
19 competitive equality between state and federal credit unions
20 and prevents adverse effects on members of state-chartered
21 credit unions. If the director disapproves an activity, the
22 credit union must be given an opportunity for a hearing
23 pursuant to Title 2, chapter 4, part 6, to determine whether
24 a compelling reason exists for denying approval of the
25 activity for which the credit union applied."



1 Section 2. Section 32-3-305, MCA, is amended to read:

2 "32-3-305. Societies -- associations. (1) Societies
3 and partnerships composed primarily of individuals who are
4 eligible for membership and corporations whose stockholders
5 are composed primarily of such individuals may be admitted
6 to membership in the same manner and under the same
7 conditions as individuals ~~but may not borrow in excess of~~
8 ~~their shareholdings.~~

9 (2) No loan may be made to any member society,
10 partnership, or corporation in an aggregate amount that is
11 in excess of 5% of the credit union's shares and retained
12 earnings. Total loans to member societies, partnerships, and
13 corporations is limited to an aggregate amount of 15% of the
14 credit union's shares and retained earnings."

15 Section 3. Section 32-3-401, MCA, is amended to read:

16 "32-3-401. General powers. A credit union may:

17 (1) make contracts as provided for in this chapter;

18 (2) sue and be sued;

19 (3) adopt and use a common seal and alter same;

20 (4) acquire, lease, hold, and dispose of property,
21 either in whole or in part, necessary or incidental to its
22 operations;

23 (5) at the discretion of the board of directors,
24 require the payment of an entrance fee or annual membership
25 fee, or both, of any person admitted to membership;

1 (6) receive savings from its members in the form of
2 shares or special-purpose thrift accounts;

3 (7) lend its funds to its members as hereinafter
4 provided;

5 (8) borrow from any source up to 50% of total assets,
6 after deduction of the notes payable account;

7 (9) discount and sell any eligible obligations,
8 subject to rules prescribed by the director;

9 (10) sell all or substantially all of its assets or
10 purchase all or substantially all of the assets of another
11 credit union, subject to the approval of the director;

12 (11) invest surplus funds as provided in this chapter;

13 (12) make deposits in legally chartered banks, savings
14 banks, building and loan associations, savings and loan
15 associations, trust companies, and central type credit union
16 organizations;

17 (13) assess charges to members in accordance with the
18 bylaws for failure to meet promptly their obligations to the
19 credit union;

20 (14) hold membership in other credit unions organized
21 under this chapter or other laws and in other associations
22 and organizations composed of credit unions;

23 (15) declare dividends and pay interest refunds to
24 borrowers as provided in this chapter;

25 (16) collect, receive, and disburse moneys in

1 connection with the sale of negotiable checks, money orders,
2 and other money type instruments and for such other purposes
3 as may provide benefit or convenience to its members and
4 charge a reasonable fee for such services, but not including
5 checking account services;

6 (17) perform such tasks and missions as are requested
7 by the federal government or this state or any agency or
8 political subdivision thereof, when approved by the board of
9 directors and not inconsistent with this chapter;

10 (18) contribute to, support, or participate in any
11 nonprofit service facility whose services will benefit the
12 credit union or its membership, subject to such regulations
13 as are prescribed by the director;

14 (19) make donations or contributions to any civic,
15 charitable, or community organizations as authorized by the
16 board of directors, subject to regulations as are prescribed
17 by the director; or

18 (20) purchase or make available insurance for its
19 directors, officers, agents, employees, and members;

20 (21) act as custodian or trustee of individual
21 retirement accounts, as custodian or trustee of pension
22 accounts of self-employed individuals or of the sponsor of the
23 credit union, or as custodian or trustee under any other
24 pension or profit-sharing plan if the funds of such accounts
25 are invested in shares of the credit union; or

1 (22) act as fiscal agent for and receive deposits from
2 the federal government, this state, or any agency or
3 political subdivision thereof."

4 Section 4. Section 32-3-403, MCA, is amended to read:

5 "32-3-403. Election or appointment of officials. (1)
6 The credit union shall be directed by a board consisting of
7 an odd number of directors, at least five in number, to be
8 elected at the annual membership meeting by and from the
9 members. All members of the board shall hold office for
10 such terms as the bylaws provide.

11 (2) The board of directors shall appoint a supervisory
12 committee of not less than three members at the organization
13 meeting and within 30 days following each annual meeting of
14 the members for such terms as the bylaws provide. However,
15 the bylaws of the credit union may provide that the
16 supervisory committee members are elected for 1-year terms
17 by the members of the credit union at the annual meeting of
18 the members or provide that the credit union may not have a
19 supervisory committee. If the bylaws provide that the credit
20 union may not have a supervisory committee, the duties and
21 powers of the supervisory committee, as described in
22 32-3-417, are the responsibility of the board of directors.

23 (3) The board of directors shall appoint a credit
24 committee consisting of an odd number, not less than three,
25 for such terms as the bylaws provide or, in lieu of a credit

1 committee, a credit manager."

2 Section 5. Section 32-3-412, MCA, is amended to read:

3 "32-3-412. Duties of directors. The directors shall:

4 (1) act upon applications for membership or appoint
5 one or more membership officers to approve applications for
6 membership under such conditions as the board prescribes. A
7 record of a membership officer's approval or denial of
8 membership shall be available to the board of directors for
9 inspection. A person denied membership by a membership
10 officer may appeal the denial to the board.

11 (2) purchase a blanket fidelity bond, in accordance
12 with any rules of the director, to protect the credit union
13 against losses caused by occurrences covered therein such as
14 fraud, dishonesty, forgery, theft, misappropriation,
15 misapplication, or unfaithful performance of duty by a
16 director, officer, employee, member of an official
17 committee, ~~attorney-at-law~~, or other agent. However, the
18 directors have the option of providing coverage under this
19 subsection for only the treasurer elected by the board.

20 (3) determine from time to time the interest rate or
21 rates consistent with this chapter to be charged on loans
22 and authorize interest refunds, if any, to members from
23 income earned and received in proportion to the interest
24 paid by them on such classes of loans and under such
25 conditions as the board prescribes;

1 (4) fix from time to time the maximum amount which may
2 be loaned to any one member;

3 (5) declare dividends on shares in the manner and form
4 provided in the bylaws;

5 (6) limit the number of shares which may be owned by a
6 member, such limitations to apply alike to all members;

7 (7) have charge of the investment of surplus funds,
8 except that the board of directors may designate an
9 investment committee or any qualified individual to have
10 charge of making investments under controls established by
11 the board of directors;

12 (8) authorize the employment of such persons necessary
13 to carry on the business of the credit union, including the
14 credit manager, loan officers, and auditing assistants
15 requested by the supervisory committee, and fix the
16 compensation, if any, of the treasurer and the general
17 manager and provide for compensation for other employees
18 within guidelines predetermined by the board of directors;

19 (9) authorize the conveyance of property;

20 (10) borrow or lend money to carry on the functions of
21 the credit union;

22 (11) designate a depository or depositories for the
23 funds of the credit union;

24 (12) suspend any or all members of the credit or
25 supervisory committee for failure to perform their duties;

1 (13) appoint any special committees considered
2 necessary; and

3 (14) perform such other duties as the members from time
4 to time direct and perform or authorize any action not
5 inconsistent with this chapter and not specifically reserved
6 by the bylaws for the members."

7 Section 6. Section 32-3-417, MCA, is amended to read:

8 "32-3-417. Duties of supervisory committee or board.

9 (1) The board of directors or supervisory committee shall
10 make or cause to be made a comprehensive annual audit of the
11 books and affairs of the credit union and shall submit a
12 report of that audit to the board of directors and a summary
13 of that report to the members at the next annual meeting of
14 the credit union. It shall make or cause to be made such
15 supplementary audits or examinations as it deems necessary
16 or as are required by the director or by the board of
17 directors and submit reports of these supplementary audits
18 to the board of directors.

19 (2) The board of directors or supervisory committee
20 shall cause the accounts of the members to be verified with
21 the records of the credit union from time to time and not
22 less frequently than every 2 years."

23 Section 7. Section 32-3-611, MCA, is amended to read:

24 "32-3-611. Share insurance. (1) Each credit union
25 shall maintain insurance on its share accounts under the

1 provisions of Title II of the Federal Credit Union Act or
2 through a legally constituted share guarantor or insurance
3 plan approved by the commissioner of insurance and the
4 director of the department.

5 (2) No credit union may begin operation or transact
6 any business until proof that it has obtained insurance
7 under the provisions of Title II of the Federal Credit Union
8 Act or under an approved share guarantor or insurance plan
9 has been furnished to the director of the department of
10 commerce.

11 (3) A credit union operating in violation of this
12 section is subject to an order of suspension as provided for
13 in 32-3-205.

14 (4) The director of the department of commerce shall
15 make available reports of condition and examination reports
16 to the administrator of the national credit union
17 administration or any official of a share guarantor or
18 insurance plan and may accept any report of examination made
19 on behalf of such administrators or officials. The director
20 may appoint the administrator of the national credit union
21 administration or any official of a share guarantor or
22 insurance plan as liquidating agent of an insured credit
23 union."

24 NEW SECTION. Section 8. Withdrawals. Shares may be
25 withdrawn for payment to the account holder or to third

1 parties in such manner and in accordance with such
2 procedures as may be established by the board of directors.

3 NEW SECTION. Section 9. Extension of authority. Any
4 existing authority of the department of commerce to make
5 rules on the subject of the provisions of this act is
6 extended to the provisions of this act.

7 NEW SECTION. Section 10. Codification instruction.
8 Section 8 is intended to be codified as an integral part of
9 Title 32, chapter 3, and the provisions of Title 32, chapter
10 3, apply to section 8.

-End-

APPROVED BY COMM. ON
BUSINESS AND LABOR

HOUSE BILL NO. 475

INTRODUCED BY MANUEL, PECK

A BILL FOR AN ACT ENTITLED: "AN ACT MODIFYING THE AUTHORIZED ACTIVITIES OF CREDIT UNIONS; AUTHORIZING CERTAIN SOCIETIES, PARTNERSHIPS, AND CORPORATIONS TO OBTAIN LOANS FROM CREDIT UNIONS; REMOVING THE RESTRICTION AGAINST PROVIDING CHECKING ACCOUNT SERVICES; AUTHORIZING CREDIT UNIONS TO SERVE AS CUSTODIANS OR TRUSTEES OF RETIREMENT ACCOUNTS AND PENSION OR PROFIT-SHARING PLANS; AUTHORIZING CREDIT UNIONS TO ACT AS FISCAL AGENTS FOR FEDERAL, STATE, AND LOCAL GOVERNMENTS; GIVING CREDIT UNIONS THE OPTION OF APPOINTING, ELECTING, OR NOT HAVING A SUPERVISORY COMMITTEE; MODIFYING THE DUTIES OF CREDIT UNION DIRECTORS TO PURCHASE FIDELITY BONDS; MODIFYING THE LAW OF CREDIT UNION SHARES AND ACCOUNTS; PROVIDING CREDIT UNIONS THE OPTION OF OBTAINING PLANS OF PRIVATE SHARE INSURANCE; AMENDING SECTIONS 32-3-206, 32-3-305, 32-3-401, 32-3-403, 32-3-412, 32-3-417, AND 32-3-611, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 32-3-206, MCA, is amended to read:

"32-3-206. Authorized activities of credit unions. Upon written application to the director, may authorize--any a credit union to may engage in any activity in which such

1 credit union could engage were it operating as a federal
2 chartered credit union at the time such authority is
3 granted. Such powers shall include, but not by way of
4 limitation, the power to do any act and own, possess, and
5 carry as assets property of such character including stocks,
6 bonds, or other debentures which, at the time the authority
7 is granted, are authorized under federal laws and
8 regulations for transactions by federal credit unions,
9 notwithstanding any restrictions elsewhere contained in the
10 statutes of the state of Montana ~~except--that--the--director~~
11 ~~may--not--charter-a-credit-union-not-having-a-common-bond-of~~
12 ~~membership-as--defined--in--32-3-304;--Upon--receipt--of--a~~
13 ~~written--request--from-any-state-chartered-credit-union,--the~~
14 ~~director--shall--exercise--such--power--by--the--issuance--of--a~~
15 ~~special-order-therefor-if-he-deems-it-reasonably-required-to~~
16 ~~preserve--and-protect-the-welfare-of-such-an-institution-and~~
17 ~~promote-the-general-economy--of--this--state. The director~~
18 shall approve an activity if he finds that it fosters
19 competitive equality between state and federal credit unions
20 and prevents adverse effects on members of state-chartered
21 credit unions. If the director disapproves an activity, the
22 credit union must be given an opportunity for a hearing
23 pursuant to Title 2, chapter 4, part 6, to determine whether
24 a compelling reason exists for denying approval of the
25 activity for which the credit union applied."

SECOND READING

1 Section 2. Section 32-3-305, MCA, is amended to read:

2 "32-3-305. Societies -- associations. (1) Societies
 3 and partnerships composed primarily of individuals who are
 4 eligible for membership and corporations whose stockholders
 5 are composed primarily of such individuals may be admitted
 6 to membership in the same manner and under the same
 7 conditions as individuals ~~but may not borrow in excess of~~
 8 ~~their shareholdings.~~

9 (2) No loan may be made to any member society,
 10 partnership, or corporation in an aggregate amount that is
 11 in excess of 5% of the credit union's shares and retained
 12 earnings. Total loans to member societies, partnerships, an
 13 corporations is limited to an aggregate amount of 15% of the
 14 credit union's shares and retained earnings."

15 Section 3. Section 32-3-401, MCA, is amended to read:

16 "32-3-401. General powers. A credit union may:
 17 (1) make contracts as provided for in this chapter;
 18 (2) sue and be sued;
 19 (3) adopt and use a common seal and alter same;
 20 (4) acquire, lease, hold, and dispose of property,
 21 either in whole or in part, necessary or incidental to its
 22 operations;
 23 (5) at the discretion of the board of directors,
 24 require the payment of an entrance fee or annual membership
 25 fee, or both, of any person admitted to membership;

1 (6) receive savings from its members in the form of
 2 shares or special-purpose thrift accounts;

3 (7) lend its funds to its members as hereinafter
 4 provided;

5 (8) borrow from any source up to 50% of total assets,
 6 after deduction of the notes payable account;

(9) discount and sell any eligible obligations,
 8 subject to rules prescribed by the director;

9 (10) sell all or substantially all of its assets or
 10 rchase all or substantially all of the assets of another
 11 credit union, subject to the approval of the director;

12 (11) invest surplus funds as provided in this chapter;

13 (12) make deposits in legally chartered banks, savings
 14 banks, building and loan associations, savings and loan
 15 associations, trust companies, and central type credit union
 16 organizations;

17 (13) assess charges to members in accordance with the
 18 bylaws for failure to meet promptly their obligations to the
 19 credit union;

20 (14) hold membership in other credit unions organized
 21 under this chapter or other laws and in other associations
 22 and organizations composed of credit unions;

23 (15) declare dividends and pay interest refunds to
 24 borrowers as provided in this chapter;

25 (16) collect, receive, and disburse moneys in

1 connection with the sale of negotiable checks, money orders,
 2 and other money type instruments and for such other purposes
 3 as may provide benefit or convenience to its members and
 4 charge a reasonable fee for such services, ~~but not including~~
 5 ~~checking-account-services;~~

6 (17) perform such tasks and missions as are requested
 7 by the federal government or this state or any agency or
 8 political subdivision thereof, when approved by the board of
 9 directors and not inconsistent with this chapter;

10 (18) contribute to, support, or participate in any
 11 nonprofit service facility whose services will benefit the
 12 credit union or its membership, subject to such regulations
 13 as are prescribed by the director;

14 (19) make donations or contributions to any civic,
 15 charitable, or community organizations as authorized by the
 16 board of directors, subject to regulations as are prescribed
 17 by the director; or

18 (20) purchase or make available insurance for its
 19 directors, officers, agents, employees, and members;

20 (21) act as custodian or trustee of individual
 21 retirement accounts, as custodian or trustee of pension
 22 funds of self-employed individuals or of the sponsor of the
 23 credit union, or as custodian or trustee under any other
 24 pension or profit-sharing plan if the funds of such accounts
 25 are invested in shares of the credit union; or

1 (22) act as fiscal agent for and receive deposits from
 2 the federal government, this state, or any agency or
 3 political subdivision thereof."

4 Section 4. Section 32-3-403, MCA, is amended to read:
 5 "32-3-403. Election or appointment of officials. (1)
 6 The credit union shall be directed by a board consisting of
 7 an odd number of directors, at least five in number, to be
 8 elected at the annual membership meeting by and from the
 9 members. All members of the board shall hold office for
 10 such terms as the bylaws provide.

11 (2) The board of directors shall appoint a supervisory
 12 committee of not less than three members at the organization
 13 meeting and within 30 days following each annual meeting of
 14 the members for such terms as the bylaws provide. However,
 15 the bylaws of the credit union may provide that the
 16 supervisory committee members are elected for 1-year-terms
 17 SUCH TERMS AS THE BYLAWS PROVIDE by the members of the
 18 credit union at the annual meeting of the members or provide
 19 that the credit union may not have a supervisory committee.
 20 If the bylaws provide that the credit union may not have a
 21 supervisory committee, the duties and powers of the
 22 supervisory committee, as described in 32-3-417, are the
 23 responsibility of the board of directors.

24 (3) The board of directors shall appoint a credit
 25 committee consisting of an odd number, not less than three,

1 for such terms as the bylaws provide or, in lieu of a credit
2 committee, a credit manager."

3 Section 5. Section 32-3-412, MCA, is amended to read:

4 "32-3-412. Duties of directors. The directors shall:

5 (1) act upon applications for membership or appoint
6 one or more membership officers to approve applications for
7 membership under such conditions as the board prescribes. A
8 record of a membership officer's approval or denial of
9 membership shall be available to the board of directors for
10 inspection. A person denied membership by a membership
11 officer may appeal the denial to the board.

12 (2) purchase a blanket fidelity bond, in accordance
13 with any rules of the director, to protect the credit union
14 against losses caused by occurrences covered therein such as
15 fraud, dishonesty, forgery, theft, misappropriation,
16 misapplication, or unfaithful performance of duty by a
17 director, officer, employee, member of an official
18 committee, attorney-at-law, or other agent; However, the
19 directors have the option of providing coverage under this
20 subsection for only the treasurer elected by the board.

21 (3) determine from time to time the interest rate or
22 rates consistent with this chapter to be charged on loans
23 and authorize interest refunds, if any, to members from
24 income earned and received in proportion to the interest
25 paid by them on such classes of loans and under such

1 conditions as the board prescribes;

2 (4) fix from time to time the maximum amount which may
3 be loaned to any one member;

4 (5) declare dividends on shares in the manner and form
5 provided in the bylaws;

6 (6) limit the number of shares which may be owned by a
7 member, such limitations to apply alike to all members;

8 (7) have charge of the investment of surplus funds,
9 except that the board of directors may designate an
10 investment committee or any qualified individual to have
11 charge of making investments under controls established by
12 the board of directors;

13 (8) authorize the employment of such persons necessary
14 to carry on the business of the credit union, including the
15 credit manager, loan officers, and auditing assistants
16 requested by the supervisory committee, and fix the
17 compensation, if any, of the treasurer and the general
18 manager and provide for compensation for other employees
19 within guidelines predetermined by the board of directors;

20 (9) authorize the conveyance of property;

21 (10) borrow or lend money to carry on the functions of
22 the credit union;

23 (11) designate a depository or depositories for the
24 funds of the credit union;

25 (12) suspend any or all members of the credit or

1 supervisory committee for failure to perform their duties;

2 (13) appoint any special committees considered
3 necessary; and

4 (14) perform such other duties as the members from time
5 to time direct and perform or authorize any action not
6 inconsistent with this chapter and not specifically reserved
7 by the bylaws for the members."

8 Section 6. Section 32-3-417, MCA, is amended to read:

9 "32-3-417. Duties of supervisory committee or board.

10 (1) The board of directors or supervisory committee shall
11 make or cause to be made a comprehensive annual audit of the
12 books and affairs of the credit union and shall submit a
13 report of that audit to the board of directors and a summary
14 of that report to the members at the next annual meeting of
15 the credit union. It shall make or cause to be made such
16 supplementary audits or examinations as it deems necessary
17 or as are required by the director or by the board of
18 directors and submit reports of these supplementary audits
19 to the board of directors.

20 (2) The board of directors or supervisory committee
21 shall cause the accounts of the members to be verified with
22 the records of the credit union from time to time and not
23 less frequently than every 2 years."

24 Section 7. Section 32-3-611, MCA, is amended to read:

25 "32-3-611. Share insurance. (1) Each credit union

1 shall maintain insurance on its share accounts under the
2 provisions of Title II of the Federal Credit Union Act or
3 through a legally constituted share guarantor or insurance
4 plan approved by the commissioner of insurance and the
5 director of the department.

6 (2) No credit union may begin operation or transact
7 any business until proof that it has obtained insurance
8 under the provisions of Title II of the Federal Credit Union
9 Act or under an approved share guarantor or insurance plan
10 has been furnished to the director of the department of
11 commerce.

12 (3) A credit union operating in violation of this
13 section is subject to an order of suspension as provided for
14 in 32-3-205.

15 (4) The director of the department of commerce shall
16 make available reports of condition and examination reports
17 to the administrator of the national credit union
18 administration or any official of a share guarantor or
19 insurance plan and may accept any report of examination made
20 on behalf of such administrators or officials. The director
21 may appoint the administrator of the national credit union
22 administration or any official of a share guarantor or
23 insurance plan as liquidating agent of an insured credit
24 union."

25 NEW SECTION. Section 8. Withdrawals. Shares may be

1 withdrawn for payment to the account holder or to third
2 parties in such manner and in accordance with such
3 procedures as may be established by the board of directors.

4 NEW SECTION. Section 9. Extension of authority. Any
5 existing authority of the department of commerce to make
6 rules on the subject of the provisions of this act is
7 extended to the provisions of this act.

8 NEW SECTION. Section 10. Codification instruction.
9 Section 8 is intended to be codified as an integral part of
10 Title 32, chapter 3, and the provisions of Title 32, chapter
11 3, apply to section 8.

-End-

1 HOUSE BILL NO. 475

2 INTRODUCED BY MANUEL, PECK

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT MODIFYING THE
5 AUTHORIZED ACTIVITIES OF CREDIT UNIONS; AUTHORIZING CERTAIN
6 SOCIETIES, PARTNERSHIPS, AND CORPORATIONS TO OBTAIN LOANS
7 FROM CREDIT UNIONS; REMOVING THE RESTRICTION AGAINST
8 PROVIDING CHECKING ACCOUNT SERVICES; AUTHORIZING CREDIT
9 UNIONS TO SERVE AS CUSTODIANS OR TRUSTEES OF RETIREMENT
10 ACCOUNTS AND PENSION OR PROFIT-SHARING PLANS; AUTHORIZING
11 CREDIT UNIONS TO ACT AS FISCAL AGENTS FOR FEDERAL, STATE,
12 AND LOCAL GOVERNMENTS; GIVING CREDIT UNIONS THE OPTION OF
13 APPOINTING, ELECTING, OR NOT HAVING A SUPERVISORY COMMITTEE;
14 MODIFYING THE DUTIES OF CREDIT UNION DIRECTORS TO PURCHASE
15 FIDELITY BONDS; MODIFYING THE LAW OF CREDIT UNION SHARES AND
16 ACCOUNTS; PROVIDING CREDIT UNIONS THE OPTION OF OBTAINING
17 PLANS OF PRIVATE SHARE INSURANCE; AMENDING SECTIONS
18 32-3-206, 32-3-305, 32-3-401, 32-3-403, 32-3-412, 32-3-417,
19 AND 32-3-611, MCA."

20
21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

22 Section 1. Section 32-3-206, MCA, is amended to read:

23 "32-3-206. Authorized activities of credit unions. The
24 Upon written application to the director, may authorize--any
25 a credit union to may engage in any activity in which such

1 credit union could engage were it operating as a federal
2 chartered credit union at the time such authority is
3 granted. Such powers shall include, but not by way of
4 limitation, the power to do any act and own, possess, and
5 carry as assets property of such character including stocks,
6 bonds, or other debentures which, at the time the authority
7 is granted, are authorized under federal laws and
8 regulations for transactions by federal credit unions,
9 notwithstanding any restrictions elsewhere contained in the
10 statutes of the state of Montana ~~except--that--the--director~~
11 ~~may--not--charter-a-credit-union-not-having-a-common-bond-of~~
12 ~~membership-as--defined--in--32-3-304,---Upon--receipt--of--a~~
13 ~~written--request--from-any-state-chartered-credit-union, the~~
14 ~~director-shall-exercise-such-power--by--the--issuance--of--a~~
15 ~~special-order-therefor-if-he-deems-it-reasonably-required-to~~
16 ~~preserve--and-protect-the-welfare-of-such-an-institution-and~~
17 ~~promote-the-general-economy--of--this--state. The director~~
18 shall approve an activity if he finds that it fosters
19 competitive equality between state and federal credit unions
20 and prevents adverse effects on members of state-chartered
21 credit unions. If the director disapproves an activity, the
22 credit union must be given an opportunity for a hearing
23 pursuant to Title 2, chapter 4, part 6, to determine whether
24 a compelling reason exists for denying approval of the
25 activity for which the credit union applied."

THIRD READING

1 Section 2. Section 32-3-305, MCA, is amended to read:

2 "32-3-305. Societies -- associations. (1) Societies
3 and partnerships composed primarily of individuals who are
4 eligible for membership and corporations whose stockholders
5 are composed primarily of such individuals may be admitted
6 to membership in the same manner and under the same
7 conditions as individuals ~~but may not borrow in excess of~~
8 ~~their shareholdings.~~

9 (2) No loan may be made to any member society,
10 partnership, or corporation in an aggregate amount that is
11 in excess of 5% of the credit union's shares and retained
12 earnings. Total loans to member societies, partnerships, and
13 corporations is limited to an aggregate amount of 15% of the
14 credit union's shares and retained earnings."

15 Section 3. Section 32-3-401, MCA, is amended to read:

16 "32-3-401. General powers. A credit union may:

- 17 (1) make contracts as provided for in this chapter;
18 (2) sue and be sued;
19 (3) adopt and use a common seal and alter same;
20 (4) acquire, lease, hold, and dispose of property,
21 either in whole or in part, necessary or incidental to its
22 operations;
23 (5) at the discretion of the board of directors,
24 require the payment of an entrance fee or annual membership
25 fee, or both, of any person admitted to membership;

1 (6) receive savings from its members in the form of
2 shares or special-purpose thrift accounts;

3 (7) lend its funds to its members as hereinafter
4 provided;

5 (8) borrow from any source up to 50% of total assets,
6 after deduction of the notes payable account;

7 (9) discount and sell any eligible obligations,
8 subject to rules prescribed by the director;

9 (10) sell all or substantially all of its assets or
10 purchase all or substantially all of the assets of another
11 credit union, subject to the approval of the director;

12 (11) invest surplus funds as provided in this chapter;

13 (12) make deposits in legally chartered banks, savings
14 banks, building and loan associations, savings and loan
15 associations, trust companies, and central type credit union
16 organizations;

17 (13) assess charges to members in accordance with the
18 bylaws for failure to meet promptly their obligations to the
19 credit union;

20 (14) hold membership in other credit unions organized
21 under this chapter or other laws and in other associations
22 and organizations composed of credit unions;

23 (15) declare dividends and pay interest refunds to
24 borrowers as provided in this chapter;

25 (16) collect, receive, and disburse moneys in

1 connection with the sale of negotiable checks, money orders,
 2 and other money type instruments and for such other purposes
 3 as may provide benefit or convenience to its members and
 4 charge a reasonable fee for such services, ~~but not including~~
 5 ~~checking-account-services;~~

6 (17) perform such tasks and missions as are requested
 7 by the federal government or this state or any agency or
 8 political subdivision thereof, when approved by the board of
 9 directors and not inconsistent with this chapter;

10 (18) contribute to, support, or participate in any
 11 nonprofit service facility whose services will benefit the
 12 credit union or its membership, subject to such regulations
 13 as are prescribed by the director;

14 (19) make donations or contributions to any civic,
 15 charitable, or community organizations as authorized by the
 16 board of directors, subject to regulations as are prescribed
 17 by the director; or

18 (20) purchase or make available insurance for its
 19 directors, officers, agents, employees, and members;

20 (21) act as custodian or trustee of individual
 21 retirement accounts, as custodian or trustee of pension
 22 funds of self-employed individuals or of the sponsor of the
 23 credit union, or as custodian or trustee under any other
 24 pension or profit-sharing plan if the funds of such accounts
 25 are invested in shares of the credit union; or

1 (22) act as fiscal agent for and receive deposits from
 2 the federal government, this state, or any agency or
 3 political subdivision thereof."

4 Section 4. Section 32-3-403, MCA, is amended to read:

5 "32-3-403. Election or appointment of officials. (1)
 6 The credit union shall be directed by a board consisting of
 7 an odd number of directors, at least five in number, to be
 8 elected at the annual membership meeting by and from the
 9 members. All members of the board shall hold office for
 10 such terms as the bylaws provide.

11 (2) The board of directors shall appoint a supervisory
 12 committee of not less than three members at the organization
 13 meeting and within 30 days following each annual meeting of
 14 the members for such terms as the bylaws provide. However,
 15 the bylaws of the credit union may provide that the
 16 supervisory committee members are elected for 1-year-terms
 17 SUCH TERMS AS THE BYLAWS PROVIDE by the members of the
 18 credit union at the annual meeting of the members or provide
 19 that the credit union may not have a supervisory committee.
 20 If the bylaws provide that the credit union may not have a
 21 supervisory committee, the duties and powers of the
 22 supervisory committee, as described in 32-3-417, are the
 23 responsibility of the board of directors.

24 (3) The board of directors shall appoint a credit
 25 committee consisting of an odd number, not less than three,

1 for such terms as the bylaws provide or, in lieu of a credit
2 committee, a credit manager."

3 Section 5. Section 32-3-412, MCA, is amended to read:

4 "32-3-412. Duties of directors. The directors shall:

5 (1) act upon applications for membership or appoint
6 one or more membership officers to approve applications for
7 membership under such conditions as the board prescribes. A
8 record of a membership officer's approval or denial of
9 membership shall be available to the board of directors for
10 inspection. A person denied membership by a membership
11 officer may appeal the denial to the board.

12 (2) purchase a blanket fidelity bond, in accordance
13 with any rules of the director, to protect the credit union
14 against losses caused by occurrences covered therein such as
15 fraud, dishonesty, forgery, theft, misappropriation,
16 misapplication, or unfaithful performance of duty by a
17 director, officer, employee, member of an official
18 committee, ~~attorney-at-law~~, or other agent. However, the
19 directors have the option of providing coverage under this
20 subsection for only the treasurer elected by the board.

21 (3) determine from time to time the interest rate or
22 rates consistent with this chapter to be charged on loans
23 and authorize interest refunds, if any, to members from
24 income earned and received in proportion to the interest
25 paid by them on such classes of loans and under such

1 conditions as the board prescribes;

2 (4) fix from time to time the maximum amount which may
3 be loaned to any one member;

4 (5) declare dividends on shares in the manner and form
5 provided in the bylaws;

6 (6) limit the number of shares which may be owned by a
7 member, such limitations to apply alike to all members;

8 (7) have charge of the investment of surplus funds,
9 except that the board of directors may designate an
10 investment committee or any qualified individual to have
11 charge of making investments under controls established by
12 the board of directors;

13 (8) authorize the employment of such persons necessary
14 to carry on the business of the credit union, including the
15 credit manager, loan officers, and auditing assistants
16 requested by the supervisory committee, and fix the
17 compensation, if any, of the treasurer and the general
18 manager and provide for compensation for other employees
19 within guidelines predetermined by the board of directors;

20 (9) authorize the conveyance of property;

21 (10) borrow or lend money to carry on the functions of
22 the credit union;

23 (11) designate a depository or depositories for the
24 funds of the credit union;

25 (12) suspend any or all members of the credit or

1 supervisory committee for failure to perform their duties;

2 (13) appoint any special committees considered
3 necessary; and

4 (14) perform such other duties as the members from time
5 to time direct and perform or authorize any action not
6 inconsistent with this chapter and not specifically reserved
7 by the bylaws for the members."

8 Section 6. Section 32-3-417, MCA, is amended to read:

9 "32-3-417. Duties of supervisory committee or board.

10 (1) The board of directors or supervisory committee shall
11 make or cause to be made a comprehensive annual audit of the
12 books and affairs of the credit union and shall submit a
13 report of that audit to the board of directors and a summary
14 of that report to the members at the next annual meeting of
15 the credit union. It shall make or cause to be made such
16 supplementary audits or examinations as it deems necessary
17 or as are required by the director or by the board of
18 directors and submit reports of these supplementary audits
19 to the board of directors.

20 (2) The board of directors or supervisory committee
21 shall cause the accounts of the members to be verified with
22 the records of the credit union from time to time and not
23 less frequently than every 2 years."

24 Section 7. Section 32-3-611, MCA, is amended to read:

25 "32-3-611. Share insurance. (1) Each credit union

1 shall maintain insurance on its share accounts under the
2 provisions of Title II of the Federal Credit Union Act or
3 through a legally constituted share guarantor or insurance
4 plan approved by the commissioner of insurance and the
5 director of the department.

6 (2) No credit union may begin operation or transact
7 any business until proof that it has obtained insurance
8 under the provisions of Title II of the Federal Credit Union
9 Act or under an approved share guarantor or insurance plan
10 has been furnished to the director of the department of
11 commerce.

12 (3) A credit union operating in violation of this
13 section is subject to an order of suspension as provided for
14 in 32-3-205.

15 (4) The director of the department of commerce shall
16 make available reports of condition and examination reports
17 to the administrator of the national credit union
18 administration or any official of a share guarantor or
19 insurance plan and may accept any report of examination made
20 on behalf of such administrators or officials. The director
21 may appoint the administrator of the national credit union
22 administration or any official of a share guarantor or
23 insurance plan as liquidating agent of an insured credit
24 union."

25 NEW SECTION. Section 8. Withdrawals. Shares may be

1 withdrawn for payment to the account holder or to third
2 parties in such manner and in accordance with such
3 procedures as may be established by the board of directors.

4 NEW SECTION. Section 9. Extension of authority. Any
5 existing authority of the department of commerce to make
6 rules on the subject of the provisions of this act is
7 extended to the provisions of this act.

8 NEW SECTION. Section 10. Codification instruction.
9 Section 8 is intended to be codified as an integral part of
10 Title 32, chapter 3, and the provisions of Title 32, chapter
11 3, apply to section 8.

-End-

STANDING COMMITTEE REPORT

SENATE

MARCH 28

19 85

MR. PRESIDENT

We, your committee on BUSINESS & INDUSTRY

having had under consideration..... HOUSE BILL No. 475

third reading copy (blue)
color

REVISION OF LAW REGULATING CREDIT UNIONS (Christiaens)

Respectfully report as follows: That..... HOUSE BILL No. 475

be amended as follows:

1. Page 2, line 17.

Following: "state"

Insert: "except that the director may not charter a credit union not having a common bond of membership as defined in 32-3-304"

2. Page 10, line 3.

Following: "constituted"

Strike: "share guarantor or"

3. Page 10, line 9.

Following: "approved"

Strike: "share guarantor or"

4. Page 10, line 18.

Following: "of"

Strike: "a share guarantor or"

Insert: "an"

5. Page 10, line 22.

Following: "of"

Strike: "a share guarantor or"

Insert: "an"

AND AS AMENDED
BE CONCURRED IN

~~XXXXXX~~

~~XXXXXXXXXX~~


Sen. Mike Halligan

Chairman.

HOUSE BILL NO. 475

INTRODUCED BY MANUEL, PECK

1 A BILL FOR AN ACT ENTITLED: "AN ACT MODIFYING THE
 2 AUTHORIZED ACTIVITIES OF CREDIT UNIONS; AUTHORIZING CERTAIN
 3 SOCIETIES, PARTNERSHIPS, AND CORPORATIONS TO OBTAIN LOANS
 4 FROM CREDIT UNIONS; REMOVING THE RESTRICTION AGAINST
 5 PROVIDING CHECKING ACCOUNT SERVICES; AUTHORIZING CREDIT
 6 UNIONS TO SERVE AS CUSTODIANS OR TRUSTEES OF RETIREMENT
 7 ACCOUNTS AND PENSION OR PROFIT-SHARING PLANS; AUTHORIZING
 8 CREDIT UNIONS TO ACT AS FISCAL AGENTS FOR FEDERAL, STATE,
 9 AND LOCAL GOVERNMENTS; GIVING CREDIT UNIONS THE OPTION OF
 10 APPOINTING, ELECTING, OR NOT HAVING A SUPERVISORY COMMITTEE;
 11 MODIFYING THE DUTIES OF CREDIT UNION DIRECTORS TO PURCHASE
 12 FIDELITY BONDS; MODIFYING THE LAW OF CREDIT UNION SHARES AND
 13 ACCOUNTS; PROVIDING CREDIT UNIONS THE OPTION OF OBTAINING
 14 PLANS OF PRIVATE SHARE INSURANCE; AMENDING SECTIONS
 15 32-3-206, 32-3-305, 32-3-401, 32-3-403, 32-3-412, 32-3-417,
 16 AND 32-3-611, MCA."

17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

18 Section 1. Section 32-3-206, MCA, is amended to read:

19 "32-3-206. Authorized activities of credit unions. The
 20 Upon written application to the director, may authorize--any
 21 a credit union to may engage in any activity in which such

1 credit union could engage were it operating as a federal
 2 chartered credit union at the time such authority is
 3 granted. Such powers shall include, but not by way of
 4 limitation, the power to do any act and own, possess, and
 5 carry as assets property of such character including stocks,
 6 bonds, or other debentures which, at the time the authority
 7 is granted, are authorized under federal laws and
 8 regulations for transactions by federal credit unions,
 9 notwithstanding any restrictions elsewhere contained in the
 10 statutes of the state of Montana ~~except--that--the--director~~
 11 ~~may--not--charter-a-credit-union-not-having-a-common-bond-of~~
 12 ~~membership-as--defined--in--32-3-304.---Upon--receipt--of--a~~
 13 ~~written--request--from-any-state-chartered-credit-union;the~~
 14 ~~director-shall-exercise-such-power--by--the--issuance--of--a~~
 15 ~~special-order-therefor-if-he-deems-it-reasonably-required-to~~
 16 ~~preserve--and-protect-the-welfare-of-such-an-institution-and~~
 17 ~~promote-the-general-economy-of-this-state~~ EXCEPT THAT THE
 18 DIRECTOR MAY NOT CHARTER A CREDIT UNION NOT HAVING A COMMON
 19 BOND OF MEMBERSHIP AS DEFINED IN 32-3-304. The director
 20 shall approve an activity if he finds that it fosters
 21 competitive equality between state and federal credit unions
 22 and prevents adverse effects on members of state-chartered
 23 credit unions. If the director disapproves an activity, the
 24 credit union must be given an opportunity for a hearing
 25 pursuant to Title 2, chapter 4, part 6, to determine whether

1 a compelling reason exists for denying approval of the
2 activity for which the credit union applied."

3 Section 2. Section 32-3-305, MCA, is amended to read:

4 "32-3-305. Societies -- associations. (1) Societies
5 and partnerships composed primarily of individuals who are
6 eligible for membership and corporations whose stockholders
7 are composed primarily of such individuals may be admitted
8 to membership in the same manner and under the same
9 conditions as individuals ~~but may not borrow in excess of~~
10 ~~their shareholdings.~~

11 (2) No loan may be made to any member society,
12 partnership, or corporation in an aggregate amount that is
13 in excess of 5% of the credit union's shares and retained
14 earnings. Total loans to member societies, partnerships, and
15 corporations is limited to an aggregate amount of 15% of the
16 credit union's shares and retained earnings."

17 Section 3. Section 32-3-401, MCA, is amended to read:

18 "32-3-401. General powers. A credit union may:

- 19 (1) make contracts as provided for in this chapter;
- 20 (2) sue and be sued;
- 21 (3) adopt and use a common seal and alter same;
- 22 (4) acquire, lease, hold, and dispose of property,
23 either in whole or in part, necessary or incidental to its
24 operations;
- 25 (5) at the discretion of the board of directors,

1 require the payment of an entrance fee or annual membership
2 fee, or both, of any person admitted to membership;

3 (6) receive savings from its members in the form of
4 shares or special-purpose thrift accounts;

5 (7) lend its funds to its members as hereinafter
6 provided;

7 (8) borrow from any source up to 50% of total assets,
8 after deduction of the notes payable account;

9 (9) discount and sell any eligible obligations,
10 subject to rules prescribed by the director;

11 (10) sell all or substantially all of its assets or
12 purchase all or substantially all of the assets of another
13 credit union, subject to the approval of the director;

14 (11) invest surplus funds as provided in this chapter;

15 (12) make deposits in legally chartered banks, savings
16 banks, building and loan associations, savings and loan
17 associations, trust companies, and central type credit union
18 organizations;

19 (13) assess charges to members in accordance with the
20 bylaws for failure to meet promptly their obligations to the
21 credit union;

22 (14) hold membership in other credit unions organized
23 under this chapter or other laws and in other associations
24 and organizations composed of credit unions;

25 (15) declare dividends and pay interest refunds to

1 borrowers as provided in this chapter;

2 (16) collect, receive, and disburse moneys in
 3 connection with the sale of negotiable checks, money orders,
 4 and other money type instruments and for such other purposes
 5 as may provide benefit or convenience to its members and
 6 charge a reasonable fee for such services, ~~but not including~~
 7 ~~checking-account-services;~~

8 (17) perform such tasks and missions as are requested
 9 by the federal government or this state or any agency or
 10 political subdivision thereof, when approved by the board of
 11 directors and not inconsistent with this chapter;

12 (18) contribute to, support, or participate in any
 13 nonprofit service facility whose services will benefit the
 14 credit union or its membership, subject to such regulations
 15 as are prescribed by the director;

16 (19) make donations or contributions to any civic,
 17 charitable, or community organizations as authorized by the
 18 board of directors, subject to regulations as are prescribed
 19 by the director; or

20 (20) purchase or make available insurance for its
 21 directors, officers, agents, employees, and members;

22 (21) act as custodian or trustee of individual
 23 retirement accounts, as custodian or trustee of pension
 24 funds of self-employed individuals or of the sponsor of the
 25 credit union, or as custodian or trustee under any other

1 pension or profit-sharing plan if the funds of such accounts
 2 are invested in shares of the credit union; or

3 (22) act as fiscal agent for and receive deposits from
 4 the federal government, this state, or any agency or
 5 political subdivision thereof."

6 Section 4. Section 32-3-403, MCA, is amended to read:

7 "32-3-403. Election or appointment of officials. (1)
 8 The credit union shall be directed by a board consisting of
 9 an odd number of directors, at least five in number, to be
 10 elected at the annual membership meeting by and from the
 11 members. All members of the board shall hold office for
 12 such terms as the bylaws provide.

13 (2) The board of directors shall appoint a supervisory
 14 committee of not less than three members at the organization
 15 meeting and within 30 days following each annual meeting of
 16 the members for such terms as the bylaws provide. However,
 17 the bylaws of the credit union may provide that the
 18 supervisory committee members are elected for 1-year-terms
 19 SUCH TERMS AS THE BYLAWS PROVIDE by the members of the
 20 credit union at the annual meeting of the members or provide
 21 that the credit union may not have a supervisory committee.
 22 If the bylaws provide that the credit union may not have a
 23 supervisory committee, the duties and powers of the
 24 supervisory committee, as described in 32-3-417, are the
 25 responsibility of the board of directors.

1 (3) The board of directors shall appoint a credit
2 committee consisting of an odd number, not less than three,
3 for such terms as the bylaws provide or, in lieu of a credit
4 committee, a credit manager."

5 Section 5. Section 32-3-412, MCA, is amended to read:

6 "32-3-412. Duties of directors. The directors shall:

7 (1) act upon applications for membership or appoint
8 one or more membership officers to approve applications for
9 membership under such conditions as the board prescribes. A
10 record of a membership officer's approval or denial of
11 membership shall be available to the board of directors for
12 inspection. A person denied membership by a membership
13 officer may appeal the denial to the board.

14 (2) purchase a blanket fidelity bond, in accordance
15 with any rules of the director, to protect the credit union
16 against losses caused by occurrences covered therein such as
17 fraud, dishonesty, forgery, theft, misappropriation,
18 misapplication, or unfaithful performance of duty by a
19 director, officer, employee, member of an official
20 committee, ~~attorney-at-law~~, or other agent. However, the
21 directors have the option of providing coverage under this
22 subsection for only the treasurer elected by the board.

23 (3) determine from time to time the interest rate or
24 rates consistent with this chapter to be charged on loans
25 and authorize interest refunds, if any, to members from

1 income earned and received in proportion to the interest
2 paid by them on such classes of loans and under such
3 conditions as the board prescribes;

4 (4) fix from time to time the maximum amount which may
5 be loaned to any one member;

6 (5) declare dividends on shares in the manner and form
7 provided in the bylaws;

8 (6) limit the number of shares which may be owned by a
9 member, such limitations to apply alike to all members;

10 (7) have charge of the investment of surplus funds,
11 except that the board of directors may designate an
12 investment committee or any qualified individual to have
13 charge of making investments under controls established by
14 the board of directors;

15 (8) authorize the employment of such persons necessary
16 to carry on the business of the credit union, including the
17 credit manager, loan officers, and auditing assistants
18 requested by the supervisory committee, and fix the
19 compensation, if any, of the treasurer and the general
20 manager and provide for compensation for other employees
21 within guidelines predetermined by the board of directors;

22 (9) authorize the conveyance of property;

23 (10) borrow or lend money to carry on the functions of
24 the credit union;

25 (11) designate a depository or depositories for the

1 funds of the credit union;

2 (12) suspend any or all members of the credit or
3 supervisory committee for failure to perform their duties;

4 (13) appoint any special committees considered
5 necessary; and

6 (14) perform such other duties as the members from time
7 to time direct and perform or authorize any action not
8 inconsistent with this chapter and not specifically reserved
9 by the bylaws for the members."

10 Section 6. Section 32-3-417, MCA, is amended to read:

11 "32-3-417. Duties of supervisory committee or board.

12 (1) The board of directors or supervisory committee shall
13 make or cause to be made a comprehensive annual audit of the
14 books and affairs of the credit union and shall submit a
15 report of that audit to the board of directors and a summary
16 of that report to the members at the next annual meeting of
17 the credit union. It shall make or cause to be made such
18 supplementary audits or examinations as it deems necessary
19 or as are required by the director or by the board of
20 directors and submit reports of these supplementary audits
21 to the board of directors.

22 (2) The board of directors or supervisory committee
23 shall cause the accounts of the members to be verified with
24 the records of the credit union from time to time and not
25 less frequently than every 2 years."

1 Section 7. Section 32-3-611, MCA, is amended to read:

2 "32-3-611. Share insurance. (1) Each credit union
3 shall maintain insurance on its share accounts under the
4 provisions of Title II of the Federal Credit Union Act or
5 through a legally constituted share-guarantor-or insurance
6 plan approved by the commissioner of insurance and the
7 director of the department.

8 (2) No credit union may begin operation or transact
9 any business until proof that it has obtained insurance
10 under the provisions of Title II of the Federal Credit Union
11 Act or under an approved share-guarantor-or insurance plan
12 has been furnished to the director of the department of
13 commerce.

14 (3) A credit union operating in violation of this
15 section is subject to an order of suspension as provided for
16 in 32-3-205.

17 (4) The director of the department of commerce shall
18 make available reports of condition and examination reports
19 to the administrator of the national credit union
20 administration or any official of a-share-guarantor-or AN
21 insurance plan and may accept any report of examination made
22 on behalf of such administrators or officials. The director
23 may appoint the administrator of the national credit union
24 administration or any official of a-share-guarantor-or AN
25 insurance plan as liquidating agent of an insured credit

1 union."

2 NEW SECTION. Section 8. Withdrawals. Shares may be
3 withdrawn for payment to the account holder or to third
4 parties in such manner and in accordance with such
5 procedures as may be established by the board of directors.

6 NEW SECTION. Section 9. Extension of authority. Any
7 existing authority of the department of commerce to make
8 rules on the subject of the provisions of this act is
9 extended to the provisions of this act.

10 NEW SECTION. Section 10. Codification instruction.
11 Section 8 is intended to be codified as an integral part of
12 Title 32, chapter 3, and the provisions of Title 32, chapter
13 3, apply to section 8.

-End-