

ENGROSSED HOUSE
BILL NO. 2150

BY: KINNAMON, DUNLAP and
MAXEY of the HOUSE

and

ROBINSON of the SENATE

AN ACT RELATING TO BANKS AND TRUST COMPANIES;
AMENDING 6 O.S. 1991, SECTIONS 2001.1, 2001.2,
2001.3, 2002, 2003, 2006, 2008, 2010, 2012, 2014,
2018, 2020 AND 2022, WHICH RELATE TO CREDIT UNIONS;
AUTHORIZING CERTAIN REIMBURSEMENT OF TRAVEL
EXPENSES; PROVIDING FOR CLERICAL, TECHNICAL AND
LEGAL ASSISTANCE FOR BOARD; PROVIDING FOR POWERS
AND DUTIES OF BOARD; MODIFYING CERTAIN APPLICATION
REQUIREMENTS; AUTHORIZING BANK COMMISSIONER TO
CONDUCT CERTAIN INVESTIGATION OF CREDIT UNION
APPLICANTS; PROVIDING PROCEDURES FOR OUT-OF-STATE
CREDIT UNIONS TO CONDUCT BUSINESS IN STATE;
MODIFYING STATUTORY LANGUAGE RELATING TO THE POWERS
AND DUTIES OF CREDIT UNIONS; MODIFYING PROCEDURES
RELATING TO THE EXAMINATION OF CREDIT UNIONS;
PROHIBITING BYLAWS OF A CREDIT UNION FROM
RESTRICTING A MEMBER FROM BECOMING A DIRECTOR;
MODIFYING PROCEDURE RELATING TO THE EXPULSION OF A
MEMBER; MODIFYING MINIMUM AGE OF A DIRECTOR;
PROVIDING FOR THE INSOLVENCY OF A CREDIT UNION;
AUTHORIZING APPOINTMENT OF A CONSERVATOR UNDER
CERTAIN CIRCUMSTANCES; REQUIRING CREDIT UNIONS TO
MAINTAIN BOOKS AND RECORDS; RESTRICTING ACCRUAL OF

INTEREST ON CERTAIN ACCOUNTS; MODIFYING CERTAIN PROVISIONS OF A CERTIFICATE OF MERGER AND THE PROCEDURES RELATED THERETO; DESIGNATING CERTAIN RECORDS AS PUBLIC RECORDS; REPEALING 6 O.S. 1991, SECTIONS 2004 AND 2019, WHICH RELATE TO CREDIT UNIONS; PROVIDING FOR CODIFICATION; PROVIDING AN EFFECTIVE DATE; AND DECLARING AN EMERGENCY.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 6 O.S. 1991, Section 2001.1, is amended to read as follows:

Section 2001.1 (A) There is hereby created the Oklahoma State Credit Union Board, which shall consist of five (5) members appointed by the Governor. The State Bank Commissioner shall be one of the members, and he shall preside as Chairman of the State Credit Union Board. One of the other four members shall be a member of a credit union organized under the laws of this state, and each of the other three members shall be the officer in charge of operations or a director of a credit union organized under the laws of this state; provided, however, one of those three may be from a federal credit union. Said four members shall be selected by the Governor, with advice and consent of the Senate, from a list of not less than three names for each member to be appointed submitted by the Oklahoma Credit Union League. The members appointed by the Governor shall serve for terms of four (4), three (3), two (2) and one (1) year, respectively. Upon the expiration of the terms of the four members previously appointed by the Governor pursuant to the provisions of this section, their successors shall be appointed for terms of four (4) years. If a member of the Oklahoma State Credit Union Board ceases to hold the qualifications required for the appointment of

such member, then the remaining members shall immediately declare the office of such member vacant and such member shall cease to be a member of the Oklahoma State Credit Union Board. Any vacancy in the membership of the State Credit Union Board, caused by other than the expiration of a term, shall be filled only for the balance of the term of the member in whose position the vacancy occurs.

Appointment made to fill a vacancy shall be made by the Governor, with advice and consent of the Senate, from a list of not less than three names submitted by the Oklahoma Credit Union League. Except as otherwise provided in this section, members shall serve until their terms expire or until their successors are appointed and qualified.

(B) Each member of the State Credit Union Board shall be entitled to be reimbursed for necessary travel expenses pursuant to the State Travel Reimbursement Act.

(C) The State Banking Department shall provide such clerical, technical and legal assistance as the State Credit Union Board may require.

SECTION 2. AMENDATORY 6 O.S. 1991, Section 2001.2, is amended to read as follows:

Section 2001.2 (A) The State Credit Union Board shall exercise the powers that, prior to the passage of this act, were exercised by the Bank Commissioner, and which are by this act delegated to the State Credit Union Board. ~~It is authorized to promulgate rules and regulations to carry out the laws of this state concerning credit unions.~~ In addition to any other powers conferred by law, the State Credit Union Board shall have the power to:

(1) Adopt and promulgate reasonable and uniform rules and regulations to govern the conduct, operation and management of credit unions; and to govern the examination, evaluation of assets and the statements and reports of credit unions, and the form on which credit unions shall report their assets, liabilities and

reserves, charge off their bad debts and otherwise keep their records and accounts; and otherwise to govern the administration of the laws of this state relating to credit unions. Such regulations shall serve to foster and maintain an effective level of credit union services and the security of member accounts. The provisions of the Administrative Procedures Act of this state, as now or hereafter amended, are hereby expressly adopted and incorporated herein as though a part of this provision, and shall apply to all regulations, procedures and orders of the State Credit Union Board. Final orders of the State Credit Union Board may be appealed to the Supreme Court of Oklahoma by any party directly affected and showing aggrievement by the order;

(2) Restrict the withdrawal of share or deposit accounts or both from any credit union after having determined that circumstances make such restriction necessary for the proper protection of shareholders or depositors;

(3) Issue cease and desist orders after having determined from competent and substantial evidence that a credit union is engaged or has engaged, or when the State Credit Union Board has reasonable cause to believe the credit union is about to engage in an unsafe or unsound practice, or is violating or has violated or the State Credit Union Board has reasonable cause to believe is about to violate a material provision of any law, regulation or any condition imposed in writing by the State Credit Union Board or any written agreement made with the State Credit Union Board;

(4) Suspend from office and prohibit from further participation in any manner in the conduct of the affairs of a credit union any director, officer or committee member who has committed any violation of a law, regulation or of a cease and desist order or who has engaged or participated in any unsafe or unsound practice in connection with the credit union or who has committed or engaged in any act, omission, or practice which constitutes a breach of that

person's fiduciary duty as such director, officer or committee member, when the State Credit Union Board has determined that such action or actions have resulted or will result in substantial financial loss or other damage that seriously prejudices the interests of the members;

(5) Affirm, modify, reverse, and stay the enforcement of any order or ruling of the Bank Commissioner or Administrator relating to credit unions, their directors, officers, committee members or employees; and

(6) Subpoena witnesses, compel their attendance, require the production of evidence, administer oaths, and examine any person under oath in connection with any subject relating to a duty imposed upon or a power vested in the State Credit Union Board.

(B) The Bank Commissioner shall appoint an Administrator with the approval of the State Credit Union Board who, in addition to such duties and authority as are conferred by this act, shall have such duties and authority as the Bank Commissioner may assign him. The bond of the Administrator shall be the same as that set for the State Deputy Bank Commissioner. In addition to other powers conferred by this act, the Bank Commissioner shall have the power to:

(1) Delegate the duties of his office under this act to the Administrator;

(2) Exercise general supervision of credit unions organized under the laws of this state;

(3) Require credit unions to cease and desist from engaging in any act or transaction, or doing any act in furtherance thereof, which would constitute a violation of the provisions of this act, or a lawful regulation issued thereunder, or to cease and desist in engaging in any unsafe or unsound credit union practice; and

(4) Suspend any officer, director or employee or committee member who is found, after hearing, to be dishonest, reckless, unfit

to participate in the conduct of the affairs of the credit union, or to have engaged or participated in any unsafe or unsound practice in connection with the credit union, or to be practicing a continuing disregard or violation of laws, rules, regulations or orders which are likely to cause substantial loss to the credit union or likely to seriously weaken the condition of the credit union; provided, however, that any individual so suspended may within ten (10) days file a notice of protest for said suspension with the Administrator and as soon as possible thereafter, but in no event more than thirty (30) days, the State Credit Union Board will review the order of said Bank Commissioner and make such findings as it deems proper, and that, pending said time, the said officer, employee, director or committee member shall not perform any of the duties of his office.

(C) Upon failure of a credit union to comply with the Bank Commissioner's order or requirements, he shall report such failure to the State Credit Union Board for action with respect to suspension of such credit union's certificate of authority to transact business.

SECTION 3. AMENDATORY 6 O.S. 1991, Section 2001.3, is amended to read as follows:

Section 2001.3 The State Credit Union Board may meet as often as necessary to carry out its duties, but it shall not fail to meet at least once in any calendar year. The Bank Commissioner may call additional meetings of the State Credit Union Board upon at least twenty-four (24) hours' notice and shall do so upon request of two members. A majority of the State Credit Union Board shall constitute a quorum and action taken by a majority of those present at any meeting at which a quorum is present shall be the action of the State Credit Union Board. ~~There shall be no per diem, reimbursement or any form of compensation paid by the State of Oklahoma to the members of the State Credit Union Board for the performance of their duties.~~

SECTION 4. AMENDATORY 6 O.S. 1991, Section 2002, is amended to read as follows:

Section 2002. ~~From and after the passage of this act no~~

(A) No credit union organized under the laws of this state or any other state shall be permitted to engage in business except on certificate issued by the Bank Commissioner upon authority of the State Credit Union Board.

(B) The request to establish a credit union under the laws of this state shall be set forth in application form and filed with the Bank Commissioner. The form of such application shall be prescribed by the State Credit Union Board and furnished by the Bank Commissioner and shall contain such information as the State Credit Union Board may require. Any seven or more residents of this state who desire to form a ~~state~~ credit union under the laws of this state shall subscribe before some person, competent to administer oath, an organization certificate in triplicate, which shall specifically state: (1) the name of the credit union; (2) the location of the proposed credit union and the territory in which it will operate; (3) the purpose for which it is formed; (4) the term for which it is to exist, which may be perpetual or limited in term; (5) the number of its directors or trustees and the names and addresses of such of them as shall serve until the election of directors or trustees; (6) the par value of the shares, which shall not exceed One Hundred Dollars (\$100.00) each, and the authorized stock which shall not exceed the amount which it is contemplated to be provided for in its ~~articles~~ certificate of incorporation.

(C) With the application, applicants shall file a proposed certificate of incorporation with the Bank Commissioner prepared in accordance with the provisions of the Oklahoma General Corporation Act.

(D) In addition said applicants shall prepare and adopt bylaws consistent with the provisions of this act and shall certify to the

same in triplicate. The bylaws of the credit union may provide for the amendment of the ~~articles~~ certificate of incorporation of the credit union upon a vote of two-thirds (2/3) of the members of the board of directors and the approval of the State Credit Union Board.

(E) The request of a credit union organized under the laws of a state other than this state to do business in Oklahoma shall be made in accordance with the provisions of Section 6 of this act.

SECTION 5. AMENDATORY 6 O.S. 1991, Section 2003, is amended to read as follows:

Section 2003. ~~The Bank Commissioner shall, within thirty (30) days after~~ After receipt of an application such as referred to in Section 2002 of this title, the Bank Commissioner shall cause an appropriate investigation to be made for the purpose of determining whether the ~~articles~~ application, the certificate of incorporation and the bylaws conform to the provisions of the laws of the State of Oklahoma. ~~The Bank Commissioner shall then advise the State Credit Union Board whose members shall then meet to consider the application.~~ If the ~~copies of the articles~~ application, the certificate of incorporation and the bylaws conform to the provisions of this act, ~~the~~ and the Bank Commissioner is satisfied that:

(1) the characteristics of the common bond of the field of membership are favorable to the economic viability of the proposed credit union and will not materially and substantially overlap the field of membership of existing credit unions in the territory in which it will operate; and

(2) the reputation, character, financial responsibility and business experience of the initial board of directors and supervisory committee provide assurance that the credit union's affairs will be properly administered,
the Bank Commissioner shall, within forty-five (45) days after receipt of the application, submit a report of his investigation to

the State Credit Union Board, together with his recommendation to the State Credit Union Board that the application be approved or disapproved. The State Credit Union Board shall, within sixty (60) days after the receipt of the ~~same,~~ report and recommendation of the Bank Commissioner, cause a certificate of approval to be issued or cause written notice to applicants of disapproval, ~~and thereafter said articles.~~ Thereafter, the certificate of incorporation with ~~said the certificate of approval of the State Credit Union Board~~ attached shall be filed in the office of the Secretary of State and a copy thereof, duly certified to by the Secretary of State, shall be filed with the State Credit Union Board. A copy of the ~~articles~~ certificate of incorporation and bylaws as approved shall be returned to the incorporators. The Secretary of State shall issue a certificate in the form provided by law for other corporations, and the existence of said credit union as a corporation shall date from the issuance of the certificate of incorporation by the Secretary of State, from which time it shall have and may exercise the powers conferred upon corporations generally, except as limited or modified by the ~~law~~ laws of the State of Oklahoma ~~by this act, covering the organization, operation, and supervision of credit unions.~~

SECTION 6. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2004.1 of Title 6, unless there is created a duplication in numbering, reads as follows:

(A) A credit union not organized under the laws of this state or of the United States may conduct business as a credit union in this state only with the approval of the State Credit Union Board and upon receiving a certificate from the Secretary of State in compliance with Section 1130 of Title 18 of the Oklahoma Statutes, provided credit unions incorporated under the laws of this state are allowed to conduct business in another state under conditions similar to these provisions. Before granting the approval, the

State Credit Union Board must find that the out-of-state credit union:

(1) Is a credit union organized under laws similar to the laws of this state;

(2) Is financially solvent;

(3) Has share and deposit account insurance with the National Credit Union Administration to the extent provided by federal law;

(4) Is examined and supervised by a regulatory agency of the state in which it is organized;

(5) Needs to conduct business in this state to adequately serve its members in this state; and

(6) Does not have a field of membership that will materially and substantially overlap the field of membership of a credit union organized under the laws of this state or permitted to conduct business in this state.

(B) No credit union organized under the laws of a state other than this state may conduct business in this state unless:

(1) Such credit union charges interest in compliance with the laws of this state when making loans in this state;

(2) Such credit union complies with the consumer protection statutes and rules applicable to credit unions incorporated or organized under the laws of this state; and

(3) Such credit union's most recent report of examination by its regulatory agency is furnished to the Administrator or such credit union agrees to submit to an examination by the Bank Commissioner or Administrator.

(C) The State Credit Union Board may revoke the approval of a credit union to conduct business in this state if it finds that:

(1) The credit union no longer meets the requirements of subsection (A) of this section;

(2) The credit union has violated the laws of this state or lawful rules or orders issued by the State Credit Union Board or the Bank Commissioner;

(3) The credit union has engaged in a pattern of unsafe or unsound credit union practices; or

(4) Continued operation by the credit union is likely to have a substantially adverse impact on the financial, economic or other interests of residents of this state.

(D) In the event of revocation as provided in subsection (C) of this section, the Secretary of State shall cancel the certificate of domestication of the credit union.

SECTION 7. AMENDATORY 6 O.S. 1991, Section 2006, is amended to read as follows:

Section 2006. A credit union shall have succession in its corporate name during its existence and shall have power:

(1) To make contracts.

(2) To sue and be sued.

(3) To adopt and use a common seal and alter the same at pleasure.

(4) To purchase, hold, and dispose of property necessary and incidental to its operation.

(5) To make loans to its members for provident or productive purposes as the credit committee may approve. Any director, credit committee member, or supervisory committee member may borrow from the credit union in excess of his shareholdings as long as the terms of the loan are not more favorable than the terms of the loans to other members, and as long as the conditions of the loan meet the requirements of the law, the credit union's bylaws, and the official policies established by the credit union's board of directors; and further provided that the aggregate amount of such loans not exceed twenty percent (20%) of the unimpaired capital and surplus of the credit union, and that the loan, if it exceeds the shares and/or

deposits of the officer, be approved by both the credit committee and the board of directors, and that the applicant not attend any board or committee meeting while his application is under consideration. No director, officer or committee member may endorse for borrowers. A borrower may repay his loan prior to maturity, in whole or in part, on any business day.

(6) To receive from its members, and other credit unions, state and federal, doing business in this state, payments on shares and deposits, and to require such notice for withdrawal of shares and deposits as the bylaws may provide.

(7) To amend its bylaws in the manner provided by the bylaws, but all amendments to the bylaws must be submitted to and approved by the State Credit Union Board before they become operative.

(8) To invest its funds

(a) in loans exclusively to its members;

(b) in obligations of the United States of America, or securities fully guaranteed as to principal and interest thereby;

(c) in accordance with rules and regulations prescribed by the State Credit Union Board, in the shares, deposits or loans to other credit unions in total amount in either case not exceeding twenty-five percent (25%) of its paid-in or unimpaired capital and surplus;

(d) in such other investments legal for savings or trust funds in the State of Oklahoma; and

(e) in shares or accounts of banks and savings and loan associations the accounts which are insured by ~~the Federal Savings and Loan Insurance Corporation,~~ located within the State of Oklahoma an agency of the federal government.

(9) To make deposits in national banks and in state banks, trust companies, savings and loan associations, and credit unions

organized under the laws of this state, any other state, or the United States, operating in accordance with the laws of the State of Oklahoma, or of the laws of the United States and approved by State Credit Union Board as depositories.

(10) To borrow, from any source, in an aggregate amount not exceeding fifty percent (50%) of its shares, deposits and undivided earnings; such borrowed money may be borrowed either by means of bills payable or through rediscounts of its negotiable instruments, and credit unions may pledge their assets as collateral securities therefor.

(11) To fine members, in accordance with the bylaws, for failure to meet their obligations promptly to their credit union.

(12) To impress and enforce a lien upon the shares, deposits, dividends, and interest of any member to the extent of any loan made to him or endorsed by him and any interest or fines payable by him.

(13) To charge an entrance fee as provided in the bylaws.

(14) To hire clerical help.

(15) To exercise such incidental powers as shall be necessary or requisite to enable it to carry on effectively the business for which it is incorporated.

SECTION 8. AMENDATORY 6 O.S. 1991, Section 2008, is amended to read as follows:

Section 2008. (A) A regular examination of credit unions organized under the laws of this state shall be made by or under the supervision of the ~~Credit Union~~ Administrator appointed by the Bank Commissioner. Credit unions shall report to the ~~Credit Union~~ Administrator at least annually or upon request by the ~~Credit Union~~ Administrator on forms supplied for that purpose. The ~~Credit Union~~ Administrator shall annually, or more often if the ~~Credit Union~~ Administrator and the State Credit Union Board deem it necessary, investigate and examine credit unions organized under this act, and for the purpose of making such examinations shall have ~~all rights~~

~~and powers to do and perform all things necessary to the same extent as is now given to the Bank Commissioner in the examination of state banks. For failure to file reports when due, unless excused for cause by the Credit Union Administrator, the credit union shall become liable to a penalty fixed by the Credit Union Administrator which shall not exceed Five Dollars (\$5.00) for each day of its delinquency, which shall be a lien upon all property and assets of such credit union, and may be recovered at the suit of the state on the relation of the Attorney General by direction of the Governor in any court of competent jurisdiction in the county where any property or assets of such credit union are located. Each credit union organized under this act shall pay the expenses of supervision and investigation by the Credit Union Administrator in such amounts and under such rules and regulations as he shall prescribe, and such funds collected for this purpose shall be deposited to the General Revenue Fund of the State Treasury. Effective July 1, 1959, any funds on hand that were collected for this purpose shall be transferred to the General Revenue Fund of the State Treasury full access to all books, papers, securities, records and other sources of information under the control of credit unions.~~

~~(B) If the Credit Union Administrator determines that a credit union is violating the provisions of this act or is insolvent, he shall serve written notice on said credit union of his intention to revoke the certificate of incorporation, and if said credit union shall fail, within fifteen (15) days after the receipt of said notice, to comply with the requirements of the Credit Union Administrator, he shall report such failure to the Board for action with respect to suspension of such credit union's certificate to transact business or he may, with consent of the Board, take possession of all the business, property, and assets thereof, until such time as he shall return same, or for the purpose of winding up its affairs and paying the creditors thereof and in connection with~~

~~the liquidation of credit unions he shall have the same powers as are conferred upon the Bank Commissioner by law in the liquidation of state banks.~~ In lieu of making an examination of a credit union, an examination or audit report of the condition of the credit union made by the National Credit Union Administration may be accepted by the Administrator.

(C) Every credit union which fails to make and transmit or to publish any report required within the discretion of the Administrator shall be liable for an administrative violation and subject to a fine not to exceed Five Dollars (\$5.00) for each day, after the period respectively therein mentioned, that the credit union delays to make and transmit its report or its proof of publication. Whenever any credit union delays or refuses to pay the fine herein imposed for a failure to make and transmit or to publish a report, the Bank Commissioner is hereby authorized to maintain an action in the name of the state against the delinquent credit union for the recovery of such fine, and all sums collected by such action shall be paid into the State Treasury to be credited to the General Revenue Fund.

~~(C)~~ (D) In order to simplify the organization of credit unions the ~~Credit Union~~ Administrator shall cause to be prepared a form of organization certificate which shall be used by credit unions organized hereunder and a form of bylaws consistent with this act, which may be used by credit union incorporators and shall be supplied upon request.

~~(D)~~ (E) The ~~Credit Union~~ Administrator shall issue each year as of December 31 a report showing the financial condition of all credit unions under his supervision. ~~The Bank Commissioner may appoint a Credit Union Administrator who shall have such duties and authority as the Bank Commissioner may assign him. The bond of the Credit Union Administrator shall be the same as that set for the Deputy Bank Commissioner.~~

SECTION 9. AMENDATORY 6 O.S. 1991, Section 2010, is amended to read as follows:

Section 2010. (A) The business affairs of a credit union shall be managed by a board of not less than seven (7) members, elected by the members of the credit union, from their number, at their annual meeting, the organizational meeting being the first annual meeting, and to hold office for such terms as the bylaws may provide. The bylaws of a credit union shall not prevent or restrict a member from serving as a director unless such member has been or is later convicted of a crime involving dishonesty or breach of trust. A credit committee of not less than three (3) members shall be either elected by the members or appointed by the board of directors, from the membership of the credit union, at the annual meeting of the members or at the first meeting of the board of directors after the annual meeting of the members, as the bylaws may provide. Members of the credit committee shall hold office for such terms as specified in the bylaws. The supervisory committee shall be appointed by the board of directors unless otherwise provided in the bylaws. One director may be appointed or elected to the supervisory committee, but not the treasurer. A record of names and addresses of the board of directors and the respective committees and officers shall be filed with the Bank Commissioner within ten (10) days after their election. No member of the board of directors shall, as such, be compensated, but the officers elected by the board of directors and the members of the credit and supervisory committees may receive such compensation for services performed as the board shall, by resolution, authorize.

(B) At their first meeting after the annual meeting of the members, the directors shall elect from their number an executive officer, who may be designated as chairman of the board or president, a vice-chairman of the board or a vice-president, a secretary and a treasurer, who shall be the executive officers of

the corporation. The secretary and the treasurer may be the same person. The duties of the officers shall be determined by the bylaws. The board of directors may employ an officer in charge of operations whose title shall be either president and/or general manager; or, in lieu thereof, the board of directors may designate the treasurer or an assistant treasurer to act as general manager and be in active charge of the affairs of the credit union. Each active officer and employee of a credit union shall, before he enters upon his duties, make and give a bond to the said credit union executed by a surety company in an amount fixed by the State Credit Union Board for the protection of said credit union against the fraud or dishonesty of each active officer or employee of said credit union. When said bond has been executed it shall be filed with the Bank Commissioner ~~of the State of Oklahoma~~.

(C) The board of directors shall meet at least once a month, unless permitted by the Bank Commissioner to meet less often, and shall have the general direction and control of the affairs of the corporation. The minutes of all such meetings shall be kept. Among other things they shall act upon applications for membership. The board of directors may appoint a membership officer and delegate to him the power to approve or disapprove all membership applications; however, the membership officer may not be the treasurer or assistant treasurer. Once appointed, the membership officer shall submit to the board of directors a list of approved or pending applications for membership at each regular meeting of the board of directors. The board shall also declare dividends and determine rates of interest on deposits; fill vacancies in the board and in the credit committee until successors elected at the next annual meeting have qualified; authorize investment of credit union funds other than loans to members; determine from time to time the maximum number of shares and deposits that may be held by any member and the maximum number of shares and deposits that will be accepted from a

member in any calendar month not inconsistent with the bylaws; subject to limitations of this act, determine the interest rates on loans and the maximum amount that may be loaned with and without security to any member; and determine the rate of interest refund, if any, to be made to members. A majority of the board may, however, agree to exclude loans made at rates of interest lower than the credit union's basic rate and may also exclude loans where payments are in arrears from participation in such interest rebates; all other loans shall participate at the same rate of rebate.

(D) The credit committee shall have the general supervision of all loans to members. It shall be the duty of the credit committee to provide for the review of all applications for loans, to ascertain whether or not such loan would benefit the applicant, and to determine whether or not the security offered, in its judgment, is sufficient and the terms proper. The credit committee shall meet as often as may be required after due notice has been given to each member thereof, but not less than once a month, shall keep a record of all meetings, and shall make a report to the members at the annual meeting. To facilitate the work of the credit committee, it may appoint one or more loan officers and such assistants as may be necessary. Loan officers shall act under the direction of the credit committee and may approve or disapprove loans without a special meeting of the committee but only within written rules and regulations established by action of the committee. A record of loans approved by each loan officer shall be made available to the credit committee upon request by it. An application for a loan disapproved by a loan officer shall be reviewed by the credit committee.

(E) The supervisory committee shall make a semiannual examination of the affairs of the credit union, including an audit of its books; and shall make an annual audit and a report to be submitted at the annual meeting of the corporation. However, if the

supervisory committee, with the approval of the board of directors, employs an auditor approved by the ~~Oklahoma~~ State Credit Union Board, a licensed public accountant or a certified public accountant to perform an annual audit of the affairs and books of the credit union, such annual audit by said outside auditor shall constitute full compliance with this section. The supervisory committee shall make a report of any audit it causes to be conducted of the credit union at the annual meeting of the ~~corporation~~ credit union. By a unanimous vote, the supervisory committee may suspend any officer of the corporation, or any member of the credit committee or of the board of directors until the next members' meeting, which said meeting, however, shall be held within seven (7) days of said suspension and at which meeting said suspension shall be acted upon by the members; and, by a majority vote, may call a special meeting of the shareholders to consider any violation of this law, the charter, or of the bylaws, or any practice of the corporation deemed by the committee to be unsafe or unauthorized. The board of directors shall fill vacancies on the supervisory committee. The supervisory committee shall in such manner as it deems advisable cause the accounts of the members to be verified with the records of the treasurer from time to time and not less frequently than once every two (2) years.

SECTION 10. AMENDATORY 6 O.S. 1991, Section 2012, is amended to read as follows:

Section 2012. (A) A member may be expelled by a two-thirds (2/3) vote of the members present at the annual or a special meeting called to consider the matter, but only after ~~a hearing~~ an opportunity has been given to the member to be heard at said meeting. Any member may withdraw from the credit union at any time but notice of withdrawal may be required.

(B) The board of directors may expel a member pursuant to a written policy adopted by it. All members shall be given written

notice of the terms of any such policy. Any person expelled by the board shall have the right to request a hearing before it to reconsider the expulsion.

(C) All amounts paid on shares and deposits on an expelled or withdrawing member shall, as funds become available and after deducting all amounts due from the member to the credit union, be paid to him. Withdrawing or expelled members shall have no further rights in the credit union but are not, by such expulsion or withdrawal, released from any remaining liability to the credit union.

SECTION 11. AMENDATORY 6 O.S. 1991, Section 2014, is amended to read as follows:

Section 2014. When any shares shall be purchased by or deposits made in the name of any minor, the same shall be held for the exclusive right and benefit of such minor, and free from the control or lien of all other persons, except creditors, and shall be paid, together with dividends or interest thereof, if any, to the person in whose name the shares or deposits were issued, and the receipt or acquittance of such shares and deposits shall be a valid and sufficient release and discharge to such credit union for such share or deposit liability or any part thereof. No such minor, owning shares in a credit union, under sixteen (16) years of age shall be entitled to vote in the meeting of the members either personally or through his parent or guardian, nor may he become a director until he shall have reached his ~~twenty-first~~ eighteenth birthday. The shares of credit unions shall not be subject to any stock transfer tax, either when issued or when transferred from one member to another.

SECTION 12. AMENDATORY 6 O.S. 1991, Section 2018, is amended to read as follows:

Section 2018. A credit union may elect to dissolve voluntarily and liquidate its affairs. The process of voluntary dissolution shall be as follows:

(A) The board of directors shall adopt a resolution recommending the credit union be dissolved voluntarily, and directing that the question of dissolution be submitted to the members. For a credit union to enter voluntary dissolution, approval by a majority of the members in writing or by a simple majority vote of the members at a regular or special meeting of the members is required. Where authorization for dissolution is to be obtained at a meeting of the members, notice in writing shall be given to each member, by first-class mail, at least ten (10) days prior to such meeting.

(B) Within ten (10) days after the board of directors decides to submit the question of dissolution to the members, the president shall notify the Bank Commissioner and any government agency or other organization insuring member accounts thereof in writing, setting forth the reasons for the proposed dissolution. Within ten (10) days after the members act on the question of dissolution, the president shall file with the Bank Commissioner a statement of their consent to dissolution, attested by a majority of the officers and including the names and addresses of the officers and directors, and shall notify any government agency or other organization insuring member accounts in writing as to the action of the members on the proposal. As soon as the board of directors decides to submit the question of dissolution to the members, payments on shares or deposits, withdrawal of shares or deposits, making any transfer of shares or deposits to loans and interest, making investments of any kind and granting loans ~~shall~~ may be suspended, only with the approval of the Bank Commissioner, pending action by members on the proposal to dissolve. On approval by the members of such proposal, all such business transactions shall be permanently discontinued.

Necessary expenses of operation shall, however, continue to be paid on authorization of the board of directors or liquidating agent during the period of dissolution.

(C) The Bank Commissioner shall determine whether or not the credit union is solvent. If ~~such is the fact, he~~ the credit union is solvent, the Bank Commissioner shall issue in duplicate a certificate to the effect that this section has been complied with.

(D) The certificate shall be filed with the Secretary of State, and a certified copy thereof filed in the office of the county clerk of the county in which the credit union is located, whereupon said credit union shall cease to carry on business, except for the purpose of liquidation and distribution of its assets.

(E) The credit union shall continue in existence for the purpose of discharging its debts, collecting and distributing its assets, and doing all other acts required in order to wind up its business, and may sue and be sued for the purpose of enforcing such debts and obligations until its affairs are fully adjusted. The board of directors or, in the case of involuntary dissolution, the liquidating agent shall use the assets of the credit union to pay; first, expenses incidental to liquidation including any surety bond that may be required; and second, any liability due nonmembers. Assets then remaining, if any, shall be distributed to the members proportionately to the combined shares and deposits held by each member as of the date dissolution was voted, unless otherwise provided in the bylaws.

SECTION 13. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2018.1 of Title 6, unless there is created a duplication in numbering, reads as follows:

(A) If it appears that any credit union organized under the laws of this state is bankrupt or insolvent, or that it has willfully violated the laws of this state relating to credit unions, or is operating in an unsafe or unsound manner, the Bank

Commissioner, upon approval of the State Credit Union Board, may issue an order temporarily suspending all or part of a credit union's operations for not more than sixty (60) days. The board of directors shall be given notice by registered mail of such suspension, which notice shall include a list of the reasons for such suspension, and shall include a list of the specific violations of law, if any, and the operations suspended. The Bank Commissioner shall also notify the insuring organization of any suspension.

(B) Upon receipt of such suspension notice, the credit union shall cease those operations identified by the Bank Commissioner in the notice. The board of directors shall then file with the Bank Commissioner a reply to the suspension notice, and may request a hearing to present a plan of corrective actions proposed if the board desires to continue operations. The board may request that the credit union be declared insolvent and a liquidating agent be appointed.

(C) Upon receipt from the suspended credit union of evidence that the conditions causing the order of suspension have been corrected, the Bank Commissioner may revoke the suspension notice, permit the credit union to resume normal operations, and notify the insuring organization and the State Credit Union Board of such actions.

(D) If the Bank Commissioner, after issuing notice of suspension and providing an opportunity for a hearing, rejects the credit union's plan to continue operations, the Bank Commissioner may issue a notice of involuntary liquidation and appoint a liquidating agent. The credit union may request the appropriate court to stay execution of such action. Involuntary liquidation may not be ordered prior to the conclusion of suspension procedures outlined in this section.

(E) If, within the suspension period, the credit union fails to answer the suspension notice or request a hearing, the Bank

Commissioner may then revoke the credit union's certificate, appoint a liquidating agent and liquidate the credit union.

(F) In the event of liquidation, the assets of the credit union or the proceeds from any disposition of the assets shall be applied and distributed in the following sequence:

(1) Secured creditors up to the value of their collateral;

(2) Costs and expenses of liquidation;

(3) Wages due the employees of the credit union;

(4) Costs and expenses incurred by creditors in successfully opposing the release of the credit union from certain debts as allowed by the Bank Commissioner;

(5) Taxes owed to the United States or any other governmental unit;

(6) Debts owed to the United States;

(7) General creditors, secured creditors to the extent their claims exceed the value of their collateral and owners of deposit accounts to the extent such accounts are uninsured;

(8) Members, to the extent of uninsured share accounts and the organization that insured the accounts of the credit union; and

(9) Members, to the extent of membership shares.

SECTION 14. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2018.2 of Title 6, unless there is created a duplication in numbering, reads as follows:

(A) The Bank Commissioner may, with the approval of the State Credit Union Board and without advance notice, self-appoint or appoint an insuring organization or any other person as conservator to immediately take possession and control of the business and assets of any credit union organized under the laws of this state in any case in which the Bank Commissioner determines that such action is necessary to conserve the assets of the credit union or to protect the interests of the members of such credit union. Any

credit union may, by a resolution of its board of directors, consent to such an action by the Bank Commissioner.

(B) Not later than fifteen (15) days after the date on which the Bank Commissioner or a designee takes possession and control of the business and assets of a credit union pursuant to subsection (A) of this section, such credit union may apply to the appropriate court for the judicial district in which the principal office of the credit union is located for an order requiring the Bank Commissioner to show cause why the Bank Commissioner or the designee should not be enjoined from continuing such possession and control.

(C) Except as provided in subsection (B) of this section, the Bank Commissioner or a designee may maintain possession and control of the business and assets of such credit union and may operate such credit union until such time:

(1) As the Bank Commissioner shall permit such credit union to continue business subject to such terms and conditions as the Bank Commissioner imposes; or

(2) As such credit union is liquidated in accordance with Section 13 of this act.

(D) The Bank Commissioner may appoint such agents as considered necessary in order to assist in carrying out the duties of the conservator under this section.

(E) All expenses incurred by the Bank Commissioner in exercising the authority of that office under this section with respect to any credit union shall be paid out of the assets of such credit union, except that the Bank Commissioner may waive the charging of all or a part of such expenses.

(F) The authority granted by this section is in addition to all other authority granted to the Bank Commissioner under the laws of this state.

SECTION 15. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2019.1 of Title 6, unless there is created a duplication in numbering, reads as follows:

(A) A credit union shall maintain all books, records, accounting systems, and procedures in accordance with such regulations as the State Credit Union Board from time to time prescribes. In prescribing such regulations, the State Credit Union Board shall consider the relative size of a credit union and its reasonable capability of compliance.

(B) A credit union is not liable for destroying records after the expiration of the record retention time prescribed by regulation, except for any records involved in an official investigation or examination about which the credit union has received notice.

(C) Reproduction of any credit union records shall be admissible as evidence of transactions with the credit union as provided by the laws of the State of Oklahoma.

SECTION 16. AMENDATORY 6 O.S. 1991, Section 2020, is amended to read as follows:

Section 2020. Any money deposited to a member's account which has not matured to at least an amount equal to the par value of shares as established by the credit union's certificate of incorporation within a three-year period may be transferred to a Special Reserve for Dormant Accounts if the owner of such an account, after reasonable effort, cannot be located, and thereafter, no dividends or interest will accrue to these accounts. Any money so transferred shall be subject to a service charge to be set by the State Credit Union Board. If, however, the member at a later date requests a withdrawal of these funds, the money less any applicable service charge will be transferred out of the Special Reserve for Dormant Accounts, and the request for withdrawal be honored.

SECTION 17. AMENDATORY 6 O.S. 1991, Section 2022, is amended to read as follows:

Section 2022. Any credit union may, with the approval of the State Credit Union Board, merge with another credit union under the existing charter of the other credit union, pursuant to any plan agreed upon by the majority of the board of directors of each credit union joining in the merger, and approved by the affirmative vote of a majority of the members of the merging credit union present at a meeting of the members duly called for such purpose. After agreement by the directors and approval by the members of the merging credit union, the president and secretary of each credit union shall execute a certificate of merger, which shall set forth all of the following:

(a) The time and place of the meeting of the board of directors at which the plan was agreed upon;

(b) The vote in favor of adoption of the plan; and

(c) A copy of the resolution or other action by which the plan was agreed upon.

The certificate executed by the officers of the merging credit union shall also set forth:

(d) The time and place of the meeting of the members at which the plan agreed upon was approved; ~~and~~

(e) The vote by which the plan was approved by the members; and

(f) The effective date of the merger.

Such certificates and a copy of the plan of merger agreed upon shall be forwarded to the Bank Commissioner who shall, upon approval of the State Credit Union Board, certify and return them to the merging credit union and the surviving credit union within sixty (60) days. The merging credit union shall cause a copy of the certificate of merger, duly certified to by the Bank Commissioner, to be filed in the office of the Secretary of State forthwith. ~~The~~ Unless otherwise provided in the certificate of merger, the merger

shall be deemed effected upon such filing of the certificate and the merging credit union shall cease to exist.

Upon any such merger so effected, all property, property rights, field of membership and interest of the merged credit union shall vest in the surviving credit union without deed, endorsement or other instrument of transfer, and all debts, obligations and liabilities of the merged credit union shall be deemed to have been assumed by the surviving credit union under whose charter the merger was effected.

This section shall be construed, whenever possible, to permit a credit union chartered under any other act to merge with one chartered under this act, or to permit one chartered under this act to merge with one chartered under any other act.

SECTION 18. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2027 of Title 6, unless there is created a duplication in numbering, reads as follows:

(A) The following records of the State Credit Union Board, the Bank Commissioner, Administrator and State Banking Department are designated as public records:

(1) All applications for credit union charters and supporting information with the exception of personal financial records of individual applicants;

(2) All records introduced at public hearings on credit union charter applications;

(3) Information disclosing the failure of a credit union and the reasons therefor;

(4) Reports of completed investigations which uncover a shortage of funds in a credit union, after the reporting of the shortage to proper authorities by the Bank Commissioner; and

(5) All items filed in the office of the Secretary of State.

(B) All other credit union records in the State Banking Department including but not limited to records of the State Credit

Union Board, the Bank Commissioner, the Deputy Commissioner and the Administrator shall be confidential and not subject to public inspection; provided, however, that the State Credit Union Board, Bank Commissioner, Administrator, or Deputy Commissioner may divulge such confidential information with the written approval of the Bank Commissioner after receipt of a written request which shall:

(1) Specify the record or records to which access is requested; and

(2) Give the reasons for the request. Such records may also be produced pursuant to a valid judicial subpoena or other legal process requiring production, if the Bank Commissioner determines that the records are relevant to the hearing or proceeding and that production is in the best interests of justice. The records may be disclosed only after a determination that good cause exists for the disclosure. Either prior to or at the time of any disclosure, the Bank Commissioner shall impose such terms and conditions as he deems necessary to protect the confidential nature of the record, the financial integrity of any institution to which the record relates, and the legitimate privacy interests of any individual named in such records.

SECTION 19. REPEALER 6 O.S. 1991, Sections 2004 and 2019, are hereby repealed.

SECTION 20. This act shall become effective July 1, 1992.

SECTION 21. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

Passed the House of Representatives the 24th day of February, 1992.

Speaker of the House of
Representatives

Passed the Senate the ____ day of _____, 1992.

President of the Senate