

ENROLLED HOUSE
BILL NO. 1327

By: Weaver of the House

and

Dickerson of the Senate

An Act relating to banks, trust companies, and credit unions; amending 6 O.S. 1991, Section 2010, as last amended by Section 1, Chapter 103, O.S.L. 1997 (6 O.S. Supp. 1998, Section 2010), which relates to credit union board of directors; requiring certain supervisory committee to meet at certain times; requiring minutes to be kept; prohibiting certain committee members from being excluded from certain meetings; amending 6 O.S. 1991, Section 2013, which relates to credit union dividends; modifying accounts from which dividends may be paid; and declaring an emergency.

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

SECTION 1. AMENDATORY 6 O.S. 1991, Section 2010, as last amended by Section 1, Chapter 103, O.S.L. 1997 (6 O.S. Supp. 1998, 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. In lieu of a credit committee, a credit manager may be appointed by the board of directors if the bylaws so provide. The credit manager shall be an officer of the credit union. 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 entering upon their duties, make and give a bond to the credit union executed by a surety company in an amount fixed by the State Credit Union Board for the protection of the credit union against the fraud or dishonesty of each active officer or employee of the credit union. When the bond has been executed it shall be filed with the Bank Commissioner.

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 the officer the power to approve or disapprove all membership applications. 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. The State Credit Union Board may, by approval of implementing amendments to the bylaws of a credit union, authorize the delegation of specific powers by the board of directors of the credit union to an executive committee of the board or designated officers of the credit union. However, the delegation of any power by the board of directors, as authorized, shall not relieve the board of any existing duty or obligation for the proper exercise of the delegated power.

D. A credit committee, or if the bylaws so provide, a credit manager, shall have the general supervision of all loans to members. It shall be the duty of the credit committee, or if applicable, the credit manager, 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 the judgment of the credit committee or the credit manager, is sufficient and the terms proper. If the loans of the credit union are supervised by a credit committee, 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, and shall keep a record of all meetings. The credit committee or the credit manager shall make a report to the members at the annual meeting. To facilitate the work of the credit committee or the credit manager, the credit committee or the credit manager, whichever is applicable, 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 or the credit manager and may approve or disapprove loans but only within written rules and regulations established by the credit committee or the credit manager. A record of loans approved by each loan officer shall be made available upon request to the credit committee or the credit manager.

E. 1. 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 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 the outside auditor shall constitute full compliance with this ~~section~~ subsection.

2. 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 credit union.

3. By a unanimous vote, the supervisory committee may suspend any officer of the corporation, including the credit manager, or any member of the credit committee or of the board of directors until the next members' meeting, which meeting, however, shall be held within fourteen (14) days of the suspension and at which meeting the 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.

4. 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.

5. The supervisory committee shall meet as often as necessary to conduct the business of the supervisory committee and at such other times as the Commissioner may prescribe. Minutes of all such meetings shall be kept.

6. No member of the supervisory committee may be excluded from attending the meetings of the board of directors of the credit union.

SECTION 2. AMENDATORY 6 O.S. 1991, Section 2013, is amended to read as follows:

Section 2013. As the bylaws may provide and, pursuant to such regulations as may be issued by the Oklahoma State Credit Union Board, the board of directors of a credit union may declare a dividend to be paid at different rates on different types of accounts from ~~net~~ current income, after providing for required transfers to the statutory reserve, plus any available balances in undivided earnings.

SECTION 3. 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 17th day of February,
1999.

Speaker of the House of
Representatives

Passed the Senate the 29th day of March, 1999.

President of the Senate