

Original Sponsor: McKinnon

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Referred: Judiciary

1 IN THE HOUSE

BY THE COMMERCE COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 823

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for state chartered credit unions."

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 \* Section 1. AS 06 is amended by adding a new chapter to read:

9 CHAPTER 40. ALASKA CREDIT UNION ACT.

10 ARTICLE 1. FORMATION AND MANAGEMENT OF CREDIT UNIONS.

11 Sec. 06.40.010. FORMATION OF CREDIT UNION. (a) A credit union  
12 may be formed by seven or more residents of this state who meet the  
13 requirement of common interest contained in sec. 60 of this chapter by  
14 subscribing for shares of the credit union in the aggregate amount of  
15 \$1,000 and executing two copies of articles of incorporation and bylaws  
16 of the credit union consistent with the provisions of this chapter and  
17 regulations of the commissioner of commerce and economic development.

18 (b) The incorporators shall forward the articles of incorporation  
19 bylaws and required fees to the commissioner. If the commissioner finds  
20 that they conform to law, he shall within 30 days issue a certificate  
21 of approval and return a copy of the articles of incorporation, certi-  
22 ficate and bylaws to the incorporators to be preserved in the permanent  
23 files of the credit union. No credit union may transact business until  
24 formal approval of the charter has been received.

25 Sec. 06.40.020. ARTICLES OF INCORPORATION. (a) The articles of  
26 incorporation shall state the name of the credit union; the term of  
27 existence; the par value of its shares, which shall be in \$5 multiples,  
28 not less than \$5 nor more than \$25; the names and addresses of the in-  
29 corporators; the territory in which the proposed credit union will

1 operate; and the proposed field of membership, specified in detail.

2 (b) Amendments to the articles of incorporation shall be submitted  
3 to the commissioner and shall be effective upon written approval of the  
4 commissioner. No fee may be charged for the approval of amendments.

5 Sec. 06.40.030. BYLAWS. (a) The incorporators shall adopt the  
6 initial bylaws of the credit union. The members of the credit union may  
7 alter, amend or repeal the bylaws or adopt new bylaws. The bylaws shall  
8 prescribe the following:

9 (1) the conditions of residence or occupation which qualify  
10 persons for membership; however,

11 (A) credit unions shall be open to groups having  
12 common or related bonds of occupation or association, or to resi-  
13 dents within a well-defined neighborhood, community, or rural  
14 district, or to employees of related or vicinal industries, or to  
15 members of bona fide fraternal, religious, cooperative, labor,  
16 rural, educational, or similar organization and employees of the  
17 credit union; members of the immediate family of all qualified  
18 persons are eligible for membership; in this section "members of  
19 the immediate family" include the wife, husband, parents, and  
20 children of a member whether living together in the same household  
21 or not and any other relative of the member or spouse of a member  
22 living together in the same household as the member;

23 (B) organizations and associations composed of indivi-  
24 duals, the majority of whom are eligible for membership, may be  
25 admitted to membership in the same manner and under the same  
26 conditions as individuals;

27 (C) an individual who ceases to qualify under (a) of  
28 this paragraph may retain his full membership in the credit union  
29 at the discretion of the board of directors;

- 1 (2) the method of receipting for money paid on accounts;  
2 (3) the number of directors and the length of their terms,  
3 a credit committee or loan officer;  
4 (4) the duties of the several officers;  
5 (5) the time of the annual meeting of members, which shall  
6 be held within 90 days after the end of the calendar year;  
7 (6) the manner in which members and directors shall be noti-  
8 fied of meetings;  
9 (7) other provisions for the management of the affairs of  
10 the credit union not inconsistent with the law or the articles of in-  
11 corporation.

12 Sec. 06.40.040. NAME. (a) The name of a credit union chartered  
13 under this chapter shall include the words "credit union" and the name  
14 of the city in which the credit union is to have its principal place of  
15 business. A credit union may not adopt the same name as that of any  
16 other existing credit union.

17 (b) It is a misdemeanor for a person, except corporations formed  
18 under the provisions of this chapter or another credit union law, or  
19 an association of credit unions and its chapters, to conduct business  
20 under a name or title which contains the words "credit union" or a de-  
21 rivation of them, or to represent himself in his advertising or other-  
22 wise as conducting business as a credit union.

23 Sec. 06.40.050. INITIAL DIRECTORS AND COMMITTEES. The incorpora-  
24 tors shall select at least five persons to serve on the board of  
25 directors, three persons to serve on the supervisory committee, and  
26 persons to serve on other committees required by the articles or bylaws.  
27 The selected persons will serve in these capacities until the first  
28 annual meeting of the members and the election of their successors.

29 Sec. 06.40.060. MEMBERSHIP. (a) Except as provided in this sec-

1 tion, the membership of a credit union shall be limited to persons who  
2 have common bonds who have met the requirements stated in the articles  
3 of incorporation and the bylaws.

4 (b) Societies and co-partnerships composed primarily of indivi-  
5 duals who are eligible to membership and corporations whose stock-  
6 holders are composed primarily of these individuals may be admitted to  
7 membership in the same manner and under the same conditions as indivi-  
8 duals.

9 (c) A credit union organized under this chapter may permit mem-  
10 bership of any other credit union.

11 Sec. 06.40.070. POWERS. A credit union may

12 (1) have perpetual succession by its corporate name unless  
13 its duration is limited by its articles of incorporation;

14 (2) adopt and use a seal, which may be altered at pleasure;

15 (3) sue and be sued, complain and defend, in its corporate  
16 name;

17 (4) make contracts, purchase, hold, lease and dispose of  
18 property, either in whole or in part, necessary or incidental to its  
19 operations;

20 (5) require the payment of an entrance fee or annual member-  
21 ship fee;

22 (6) receive savings from its members in the form of shares,  
23 deposits, time certificates or special purpose thrift accounts;

24 (7) lend its funds to its members and invest surplus funds  
25 as provided in this chapter;

26 (8) borrow from any source in accordance with policy estab-  
27 lished by the board of directors and to discount or sell eligible  
28 obligations, subject to regulations prescribed by the commissioner;

29 (9) make deposits in banks chartered by this state or the

1 federal government, in trust companies and in central credit unions;

2 (10) hold membership in other credit unions organized under  
3 this chapter and in organizations composed of credit unions;

4 (11) declare dividends, pay interest on deposits and pay  
5 interest refunds to borrowers as provided in this chapter;

6 (12) assess charges to members in accordance with the bylaws  
7 for failure to meet their obligations to the credit union;

8 (13) sell travelers checks, money orders and other money-type  
9 instruments;

10 (14) act as fiscal agents for and to receive deposits from  
11 this state, the federal government or political subdivisions of either;

12 (15) perform trust services for its members upon approval  
13 by the commissioner, including the trust estates of deceased members,  
14 and to act as a custodian of qualified pension funds of self-employed  
15 individuals under the provisions of P.L. 89-809;

16 (16) sell all or a part of its assets or purchase all or a  
17 part of the assets of another credit union, subject to the approval of  
18 the commissioner;

19 (17) receive from its members or from another credit union  
20 deposits payable on demand, and honor requests for withdrawals of these  
21 deposits in any form, if the credit union maintains the reserves re-  
22 quired by the commissioner;

23 (18) contribute to, support or participate in a nonprofit  
24 service facility whose services will benefit the credit union or its  
25 membership, subject to regulations prescribed by the commissioner;

26 (19) facilitate its members' purchase of goods and services  
27 in a manner which promotes the purposes of the credit union;

28 (20) exercise the incidental powers necessary to enable it to  
29 carry out effectively the business and purposes for which it is incor-

1 porated, including the inherent powers generally implied for general  
2 corporations organized under the laws of this state.

3 Sec. 06.40.080. MEMBERS MEETINGS. The annual meeting and special  
4 meetings of the members of the credit union shall be held at the time,  
5 place and in the manner prescribed in the bylaws. At the meetings a  
6 member shall have only one vote, irrespective of his shareholdings. No  
7 member may vote by proxy, but a society, association, partnership or  
8 corporation, having membership in the credit union, may be represented  
9 and vote by one of its members or shareholders who has been legally  
10 authorized by its governing body.

11 Sec. 06.40.090. BOARD OF DIRECTORS. (a) The business affairs,  
12 funds and records of the credit union shall be directed by a board of  
13 directors, of an odd number not less than five, to be elected at the  
14 annual members meeting by and from the members. All members of the  
15 board shall hold office for the term provided in the bylaws. The board  
16 of directors shall fill vacancies occurring in the board, until succes-  
17 sors elected at the next annual members meeting have been qualified.  
18 The board shall appoint the members of the supervisory committee and  
19 other committees required by the bylaws and shall fill vacancies occur-  
20 ring in these committees.

21 (b) The board of directors shall meet as often as necessary, but  
22 not less than once each month. The board may appoint from its members  
23 an executive committee of not less than three directors who may be  
24 authorized to act for the board in all respects, subject to conditions  
25 and limitations prescribed by the board.

26 (c) No member of the board or committee of the board may be com-  
27 pensated for his service, but reasonable life, health, accident and  
28 similar insurance protection for a director is not considered compensa-  
29 tion within the meaning of this section. A member, while on official

1 business of the credit union authorized by the board of directors may  
2 be reimbursed for necessary expenses incidental to the performance of  
3 the business.

4 (d) It is the duty of the directors to

5 (1) act upon applications for membership or to appoint one  
6 or more membership officers other than the treasurer, assistant  
7 treasurer, or loan officer, to act on membership applications under  
8 procedures established by the board;

9 (2) purchase a blanket fidelity bond, in accordance with the  
10 regulations of the commissioner, covering the officers, employees,  
11 members of official committees, and agents of the credit union;

12 (3) determine the interest rate to be charged on loans and  
13 to be paid on deposits, to authorize an interest refund to members from  
14 income earned and received in proportion to the interest paid by them,  
15 and to declare dividends on shares as provided in the bylaws;

16 (4) limit the number of shares and the amount of deposits  
17 which may be owned by a member, and to fix the maximum amount which may  
18 be loaned to an individual member;

19 (5) direct the investment of surplus funds, except that the  
20 board may designate a committee of its number or a qualified individual  
21 to have charge of making investments under rules and procedures estab-  
22 lished by the board;

23 (6) authorize the employment of persons necessary to carry  
24 on the business of the credit union and to establish the compensation  
25 of employees, the treasurer and loan officers;

26 (7) designate a depository or depositories for the funds of  
27 the credit union, authorize the conveyance of property, and borrow or  
28 lend money to carry on the functions of the credit union;

29 (8) perform or authorize any action consistent with this

chapter not specifically reserved by the bylaws for the members.

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Sec. 06.40.100. EXECUTIVE OFFICERS. (a) At the organization meeting and within 30 days following each annual meeting of the members, the directors shall elect from their own number an executive officer, who may be designated as chairman of the board or president; a vice-chairman of the board or one or more vice-presidents, a treasurer, and a secretary, of whom the last two may be the same individual. The persons elected shall be the executive officers of the corporation. No executive officer, except the treasurer, may be compensated for his service. The terms of officers shall be one year or until their successors have been chosen and qualified.

(b) The board of directors may employ an officer in charge of operations whose title shall be either president or general manager or 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. The duties of the officers shall be as determined by the bylaws.

(c) Before the officer in charge of operations may enter upon his duties he shall give bond with good and sufficient surety, in an amount and character to be determined by the board in compliance with regulations prescribed by the commissioner.

Sec. 06.40.110. CREDIT COMMITTEE. (a) The board of directors shall appoint a credit committee consisting of an odd number of members of the credit union, no less than three, or, if provided in the bylaws, appoint one or more loan officers empowered to approve loans under the conditions prescribed by the board. No loan may be made unless approved by the loan officer or credit committee.

(b) If a credit committee is provided for in the bylaws, it shall hold meetings as often as the business of the credit union may require, but not less frequently than once a month. Loans must be approved by a

1 majority of the committee who are present at the meeting at which the  
2 application is considered. The credit committee may appoint one or more  
3 loan officers, and delegate to him or them the power to approve loans.  
4 Not more than one member of the credit committee may be appointed as  
5 loan officer or assistant loan officer.

6 Sec. 06.40.120. SUPERVISORY COMMITTEE. (a) The supervisory  
7 committee shall make a semiannual audit of the credit union and shall  
8 submit a report of the audit to the board of directors and a summary of  
9 that report to the members. The committee shall provide for supple-  
10 mentary audits which it considers necessary or which may be required  
11 by the commissioner, and submit reports of these supplementary audits  
12 to the board of directors. The supervisory committee shall also pro-  
13 vide for verification of the passbooks and accounts of the members with  
14 the records of the treasurer at least once every two years.

15 (b) The supervisory committee may by a unanimous vote suspend an  
16 officer of the credit union or a member of the credit committee or of  
17 the board of directors, until the next meeting, which shall be held not  
18 less than 7 nor more than 14 days after the suspension, at which meet-  
19 ing the suspension shall be acted on by the members of the credit union.

20 (c) The supervisory committee may by a majority vote call a spe-  
21 cial meeting of the members to consider a violation of this chapter, the  
22 chapter or the bylaws, or a practice of the credit union considered by  
23 the supervisory committee to be unsafe or unauthorized.

24 (d) A member of the supervisory committee may be suspended by a  
25 majority vote of the board of directors. The members of the credit  
26 union shall decide, at a meeting held not less than 7 nor more than  
27 14 days after the suspension, whether the suspended committee member  
28 shall be removed from or restored to the supervisory committee.

29 Sec. 06.40.125. CONFLICTS OF INTEREST. No director, committee

1 member, officer, agent or employee of the credit union may in any  
2 manner, directly or indirectly, participate in the deliberation upon or  
3 the determination of any question affecting his pecuniary interest or  
4 the pecuniary interest of any corporation, partnership or association,  
5 other than the credit union, in which he is directly or indirectly  
6 interested.

7 ARTICLE 2. SUPERVISION AND REGULATION OF CREDIT UNIONS.

8 Sec. 06.40.130. SUPERVISION AND FEES. (a) The commissioner of  
9 commerce and economic development has general supervision of credit  
10 unions, subject to the provisions of this chapter.

11 (b) The commissioner shall promulgate regulations for the admin-  
12 istration of this chapter, and prescribe the minimum amount of surety  
13 bond coverage required of credit unions in relation to their assets,  
14 and may establish application and examination fees. The commissioner  
15 shall prepare and supply without charge a form of articles of incorpor-  
16 ation and of bylaws which may be used by credit union incorporators.

17 (c) The commissioner may authorize a credit union chartered  
18 under this chapter to engage in any activity in which a federally  
19 chartered credit union may engage.

20 (d) For the purpose of paying the costs incident to the ascertain-  
21 ment of whether an organization certificate should be approved, the  
22 subscribers to any such certificate shall pay, at the time of filing  
23 their organization certificate, the amount prescribed by the commission-  
24 er, which shall not exceed \$20 in any case. Not later than January 31  
25 of each calendar year, each credit union shall pay to the Department of  
26 Commerce and Economic Development for the preceding calendar year, a  
27 supervision fee in accordance with a graduated scale prescribed by this  
28 section on the basis of assets as of December 31 of the preceding year,  
29 but the fee shall in no event be less than \$100, as follows:

Total Assets	Maximum Fee
\$500,000 or less.....	30 cents per \$1,000
Over \$500,000 and not over \$1,000,000....	\$150 plus 25 cents per \$1,000 in excess of \$500,000
Over \$1,000,000 and not over \$2,000,000..	\$275 plus 20 cents per \$1,000 in excess of \$1,000,000
Over \$2,000,000 and not over \$5,000,000..	\$475 plus 15 cents per \$1,000 in excess of \$2,000,000
Over \$5,000,000.....	\$925 plus 10 cents per \$1,000 in excess of \$5,000,000

(e) No annual supervision fee shall be payable by the credit union for the year in which its charter is issued except in cases of conversion from a credit union chartered under the provisions of the Federal Credit Union Act to a credit union chartered under this chapter, or in which final distribution is made in its liquidation or the charter is otherwise canceled.

(f) Failure of any credit union to pay any amount provided in this section is grounds for the revocation of the charter of the credit union failing to make the payment.

(g) Fees collected under this section shall be deposited in the general fund.

Sec. 06.40.140. EXAMINATIONS. (a) The commissioner or his representative shall conduct an annual examination of each credit union established under this chapter. A report of the examination will be forwarded to the credit union within 30 days after completion of the examination. The report shall contain comments on the general condition of the assets and the management of the credit union. A general meeting of the directors and committeemen shall be called within 30 days after receipt to consider the report, and copies of the report shall be

1 made available to all members of the credit union.

2 (b) A credit union, its officers and agents are required to give  
3 the commissioner full access to all books, papers, securities, records  
4 and other sources of information under their control. For purposes of  
5 examination, the commissioner shall have the power to subpoena wit-  
6 nesses, administer oaths, compel the giving of testimony and require  
7 the submission of documents.

8 (c) The commissioner may accept, in lieu of examination by his  
9 agency, the audit of a registered public accountant licensed in this  
10 state, provided the cost of the audit is borne by the credit union  
11 and the scope of the audit is equivalent to the examination made by the  
12 commissioner.

13 Sec. 06.40.150. ANNUAL REPORTS. Credit unions organized under  
14 this chapter shall submit annual reports to the commissioner on forms  
15 supplied by him for that purpose, which reports shall be due on or be-  
16 fore February 1. A credit union failing to file by February 15 shall  
17 be levied a fine of \$5 per day until the report is filed.

18 ARTICLE 3. FINANCIAL PRACTICES.

19 Sec. 06.40.160. SHARES. (a) Shares may be subscribed to, paid  
20 for and transferred in the manner prescribed in the bylaws. No certi-  
21 ficate may be issued to denote ownership of a share in a credit union.

22 (b) The credit union shall have and may impress a lien on the  
23 shares, deposits and accumulated dividends or interest of a member in  
24 his individual, joint or trust account for any sum due the credit  
25 union from the member or for any loan endorsed by him.

26 (c) When the losses of a credit union, resulting from a depreci-  
27 ation in value of its loans or investments or otherwise, exceed its  
28 undivided earnings and reserve fund so that the estimated value of its  
29 assets is less than the total amount due the shareholders, the credit

1 union may by a majority vote of the entire membership order a reduction  
2 in the shares of each of its shareholders to divide the loss propor-  
3 tionately among its members. If the credit union realizes from the  
4 assets a greater amount than was fixed by the order of reduction, the  
5 excess shall be divided among the shareholders whose assets were re-  
6 duced, but only to the extent of the reduction.

7 Sec. 06.40.170. DEPOSITS. A credit union may receive savings  
8 deposits from and issue time certificates to its members, subject to the  
9 conditions and the returns established by the board of directors.  
10 Deposits, including time certificates, differ from shares in that a  
11 predeclared rate of return may be established on deposits and they have  
12 a prior claim on the assets of the credit union. Christmas clubs,  
13 vacation clubs, and other thrift accounts may be operated in accordance  
14 with the provisions of the bylaws.

15 Sec. 06.40.180. MULTIPLE PARTY ACCOUNTS. (a) A credit union may  
16 enter into multiple party accounts to the same extent that they may  
17 enter into single party accounts. A multiple party account is an  
18 account in the name of two or more persons, one or more of whom may make  
19 withdrawals. At least one party to a multiple party account must be a  
20 member of the credit union in which the account is established. The  
21 account may be created with any person designated by the credit union  
22 member, but a nonmember shall not be permitted to vote, obtain loans, or  
23 hold office.

24 (b) Accounts established for deposit of funds of a partnership,  
25 joint venture or other association or accounts controlled by two or more  
26 persons as the duly authorized agents or trustees for a corporation,  
27 unincorporated association, charitable or civic organization or any  
28 trust, except trusts of deposits evidenced only by the form of the  
29 deposit, are excluded from the meaning of the term and from the pro-

1 visions of this chapter relating to multiple party accounts.

2 (c) Unless the terms of the account expressly stipulate that joint  
3 signatures are required, a multiple party account may be paid on demand  
4 to any one or more of the parties to the account, without regard to  
5 whether any other party is incompetent or deceased at the time the  
6 payment is demanded. If the account is one presumed to be a survivor-  
7 ship account, payment may not be made to the personal representative or  
8 heirs of a deceased party unless proofs of death are presented to the  
9 credit union showing that the decedent was the last surviving party. A  
10 credit union is not required to inquire as to the source of funds re-  
11 ceived for deposit or the proposed application of any sum withdrawn from  
12 the account.

13 (d) During the lifetime of all parties, a multiple party account  
14 which provides that the sums on deposit or in shares may be paid on  
15 demand of either of two or more parties is presumed to belong to the  
16 parties in proportion to the net contributions by each party to the sums  
17 on deposit. In the absence of satisfactory proof of net contributions,  
18 the parties shall be presumed to own a multiple party account in equal  
19 undivided interests.

20 (e) The death of a party to a multiple party account shall have no  
21 effect on the beneficial ownership of the account, other than to trans-  
22 fer the decedent's right to his estate, unless the account is a survivor-  
23 ship account or trust account, as provided in secs. 190 - 200 of this  
24 chapter.

25 (f) Without qualifying any other statutory right to set-off or  
26 lien and subject to any contractual provision, when a party to a  
27 multiple party account is indebted to a credit union, the credit union  
28 has a right to set-off against the entire amount of the account.

29 Sec. 06.40.190. SURVIVORSHIP ACCOUNTS. A multiple party account

1 payable to two or more persons, jointly or severally, which does not  
2 expressly provide that there is no right of survivorship, is presumed  
3 to be a survivorship account. At the death of a party, sums on deposit  
4 in a survivorship account belong to the surviving party or parties as  
5 against the estate of the decedent. Where there are two or more sur-  
6 vivors, their respective ownership shall be in proportion to their  
7 previous net contributions augmented by an equal share for each sur-  
8 vivor of any interest the decedent may have owned in the account  
9 immediately before his death, plus the proceeds of insurance on  
10 decedent's life paid to the account. The right of survivorship contin-  
11 ues between survivors.

12 Sec. 06.40.200. TRUST ACCOUNTS. (a) An account which states  
13 that a party is a trustee for one or more other identified persons, in-  
14 cluding but not limited to minors, is a trust account. Except where  
15 there is evidence of a trust other than as provided by the form of the  
16 account, the account and any sums withdrawn from it are presumed to  
17 belong beneficially to the trustee until his death. At the death of  
18 the trustee or surviving trustee any sums remaining on deposit are pre-  
19 sumed to belong to the person or persons named as beneficiaries, if  
20 living, or the survivor of them if one or more died before the trustee.  
21 The subsequent death of a beneficiary has no effect on the equal owner-  
22 ship of all who survived the trustee, as no right of survivorship is  
23 presumed to attend the relationship of beneficiaries who survive a  
24 trustee. If no beneficiary survives the trustee, the sums are presumed  
25 to belong to the estate of the last trustee to die. If two or more  
26 parties are named as trustees on the account, and there is no evidence  
27 of trust except as provided by the form of the account, the account is  
28 presumed to be a survivorship account as between the trustees.

29 (b) An account payable to a trustee for another person may be

1 paid on demand to the trustee. Unless the credit union has received  
2 written notice of the terms of a trust other than the form of the  
3 account, payment may be made to the personal representative or heirs of  
4 a deceased trustee if proof of death is presented to the credit union  
5 showing that his decedent was the survivor of all other persons named  
6 on the account either as trustee or beneficiary; and payment may be  
7 made, on demand, to the beneficiary upon presentation to the credit  
8 union of proof of death showing that the beneficiary or beneficiaries  
9 survived all persons named as trustees.

10 Sec. 06.40.210. PRESUMPTIONS REBUTTABLE. The presumptions created  
11 by secs. 180 - 200 of this chapter concerning beneficial ownership as  
12 between parties, or as between parties and beneficiaries, of multiple  
13 party accounts are relevant only to controversies between these persons  
14 or their creditors or other successors, and shall have no bearing on the  
15 rights of withdrawal of these persons as determined by the terms of the  
16 account contracts. These presumptions are based upon inferences of the  
17 intention of parties to multiple party accounts and the usual expecta-  
18 tions of persons using these accounts and are rebuttable by clear and  
19 convincing evidence of a different intention. The presumptions of  
20 survivorship are not subject to change by will, but may be rebutted by  
21 a written order received by the credit union to change the form of the  
22 account or directing that payment not be made in accordance with the  
23 account which is signed by a party and is received by the credit union  
24 during the party's lifetime. If not rebutted by contrary evidence, the  
25 presumptions provided in this chapter are effective to establish  
26 beneficial ownership. Transfers resulting from the application of  
27 these presumptions are effective by reason of the account contracts and  
28 are not to be considered as testamentary.

29 Sec. 06.40.220. PAYMENTS BY CREDIT UNION. Payment made in

1 accordance with secs. 180 - 200 of this chapter discharges the credit  
2 union from all claims for amounts so paid whether or not the payment is  
3 consistent with the beneficial ownership of the account as between  
4 parties, or beneficiaries or their successors. The protection given  
5 does not extend to payments made after a credit union has received  
6 written notice from a party who has a present right of withdrawal that  
7 withdrawals in accordance with the terms of the account should not be  
8 permitted. Unless the notice is withdrawn by the person giving it, the  
9 death of any party after notice has no effect on withdrawal rights, and  
10 the personal representative or heirs of the decedent must concur in any  
11 demand for withdrawal if the credit union is to be protected under this  
12 section. No other notice or information shown to have been available to  
13 a credit union shall affect its right to the protection provided here.  
14 This protection shall have no bearing on the rights of parties in  
15 disputes between themselves or their successors concerning the bene-  
16 ficial ownership of funds in, or withdrawn from, multiple party accounts.

17 Sec. 06.40.230. MINORS. Shares may be issued to and deposits  
18 received from a minor who may withdraw the shares and deposits, includ-  
19 ing dividends and interest. Deposits and share investments made by a  
20 minor and withdrawals of them by the minor shall be valid in all  
21 respects. For these purposes a minor is considered of full age.

22 Sec. 06.40.240. INACTIVE ACCOUNTS. If a credit union is unable  
23 to contact a member, beneficiary or other person by first class mail  
24 at the last address shown on the records of the credit union, and if  
25 this inability continues for a period of more than five years, all  
26 shares, deposits, accounts, dividends, interest and other sums due to  
27 or standing in the name of that person, may, by the action of the board  
28 of directors, be credited to the reserve fund of the credit union, and  
29 no further dividends or interest will accrue on them. The member shall

1 have the right to claim these sums by proper judicial proceedings com-  
2 menced within an additional 10 years after the action of the board of  
3 directors. This provision shall not apply to sums due to or standing in  
4 the name of two or more persons unless the credit union is unable to  
5 contact any of these persons in the manner and during the period speci-  
6 fied in this section.

7 Sec. 06.40.250. DIVIDENDS. After provision for the required re-  
8 serves, the board of directors may, at intervals determined by them,  
9 declare a dividend to be paid on the classes of shares determined by  
10 them from the remaining net earning at a rate not to exceed the rate  
11 established by the National Credit Union Administrator. The dividends  
12 shall be paid on all paid-up shares outstanding at the close of the  
13 period for which the dividend is declared. Shares which become fully  
14 paid up during a dividend period are entitled to a proportional part  
15 of the dividend. Dividend credit for a month may be accrued on shares  
16 which are or become fully paid up during the first 15 days of that  
17 month.

18 Sec. 06.40.260. LOANS. (a) A credit union may make loans to its  
19 members upon the terms and conditions provided in the bylaws and approv-  
20 ed by the credit committee or loan officer. The rate of interest may  
21 not exceed one and one-half per cent per month on the unpaid balance,  
22 inclusive of all charges incident to making the loan. Every application  
23 for a loan shall be made in writing upon a form approved by the board of  
24 directors, and shall state the purpose for which the loan is desired,  
25 and the security, if any, offered. Every loan shall be evidenced by a  
26 written statement. In addition to generally accepted types of security,  
27 the endorsement of a note by a guarantor or assignment of shares or  
28 wages, in a manner consistent with the laws of this state, shall be  
29 considered security within the meaning of this chapter. The adequacy

1 of all securities shall be within the determination of the credit com-  
2 mittee or loan officer, subject to the provisions of this chapter and  
3 the bylaws.

4 (b) The credit committee or loan officer may approve in advance  
5 upon their own motion or upon application by a member, an extension of  
6 credit, and loans may be granted to the member within the limit of the  
7 extension of credit. When an extension of credit has been approved,  
8 applications for loans need no further consideration as long as the  
9 aggregate obligation does not exceed the limit of the extension of  
10 credit. The credit committee or loan officer shall, at least once a  
11 year, review all extensions of credit and an extension of credit shall  
12 expire if the member becomes more than 90 days delinquent in his obli-  
13 gations to the credit union.

14 (c) No loan or extension of credit may be made to a member in an  
15 aggregate in excess of \$200 or 10 per cent of the credit union's unim-  
16 paired capital and surplus, whichever is greater.

17 (d) A credit union may make loans to its own directors or to  
18 members of its supervisory or credit committee, provided that the aggre-  
19 gate of loans to an individual director or committee member which  
20 exceeds \$2,500 plus pledged shares must be approved by the board of  
21 directors. A credit union may permit directors and committee members  
22 to act as guarantor or endorser of loans to other members, except that  
23 when the loan standing alone or when added to any outstanding loans of  
24 the guarantor exceeds \$2,500, approval of the board of directors is  
25 required.

26 (e) A credit union may participate with other credit unions, cor-  
27 porations or financial institutions in making loans to credit union  
28 members.

29 (f) A credit union may participate in guaranteed loan programs of

1 the federal and state government.

2 (g) A credit union may purchase the conditional sales contracts of  
3 its members.

4 Sec. 06.40.270. INSURANCE. (a) A credit union may purchase in-  
5 surance on the lives of its members in an amount equal to their respec-  
6 tive shares, deposits and loan balances, and may enter into cooperative  
7 marketing arrangements for its members covering group life insurance,  
8 temporary disability coverage, health and accident plans and other  
9 programs which are demonstrated to be in the interest of improving the  
10 economic and social conditions of the credit union members.

11 (b) All credit unions chartered under this chapter, or credit  
12 unions in operation at the time of issuance of a charter under this  
13 chapter must submit evidence of share insurance coverage from the Alaska  
14 Credit Union Share Insurance Corporation, the administrator of the  
15 National Credit Union Administration, other governmental agency, or a  
16 commercial corporation especially organized to provide share insurance  
17 coverage. The amounts of loss to be protected or guaranteed shall be  
18 established by the commissioner. Whenever a credit union attempts to  
19 secure share insurance coverage from a governmental agency or a commer-  
20 cial corporation other than from the administrator of the National  
21 Credit Union Administration, the board of directors of the credit union  
22 must first obtain approval from the commissioner that the governmental  
23 agency or commercial corporation is acceptable as an organization  
24 capable of providing share insurance for credit unions chartered under  
25 this chapter. The commissioner shall make available reports of condi-  
26 tion and examination reports to the administrator of the National Credit  
27 Union Administration or other organization from which a credit union  
28 attempts to secure share insurance coverage and may accept any report of  
29 examination made on behalf of the administrator. Should a credit union

1 be closed because of bankruptcy or insolvency, the commissioner may  
2 appoint the National Credit Union Administrator as the liquidating  
3 agent.

4 (c) Credit unions that do not maintain share insurance coverage as  
5 specified in this section shall be liquidated by the commissioner in  
6 accordance with sec. 330 of this chapter.

7 Sec. 06.40.280. INVESTMENTS. Funds not used in making loans to  
8 members may be invested in

9 (1) securities, obligations, participations, or other instru-  
10 ments issued by or fully guaranteed as to principal and interest by the  
11 federal government or one of its agencies or in a trust established for  
12 the purpose of investing in these;

13 (2) obligations of a state of the United States, the District  
14 of Columbia, the Commonwealth of Puerto Rico, and the several territor-  
15 ies organized by Congress or any political subdivision of one of  
16 these;

17 (3) certificates of deposit or passbook accounts issued by  
18 a state or national bank, savings and loan association or mutual savings  
19 bank domiciled in this state;

20 (4) loans to or shares or deposits of other credit unions  
21 if they do not, in the aggregate, exceed 10 per cent of the paid-in  
22 capital;

23 (5) the capital shares, obligations, or preferred stock  
24 issues of any association or corporation whose members, stockholders,  
25 patrons or owners are confined to credit unions and which is organized  
26 to service or assist credit unions in accomplishing their purposes;

27 (6) deposits in the United States Central Credit Union;

28 (7) stocks and bonds of corporations organized in a state of  
29 the United States, the District of Columbia, the Commonwealth of Puerto

1 Rico and the several territories organized by Congress to a maximum of  
2 five per cent of members' shares, if investment is limited to income  
3 stocks or bonds which appear on a list approved by the commissioner and  
4 published quarterly or annually, the list to include not less than 30  
5 corporations;

6 (8) loans to a credit union association or corporation,  
7 national or state, of which the credit union is a member, except that  
8 these investments shall be limited to two per cent of the assets of the  
9 credit union.

10 Sec. 06.40.290. RESERVE ALLOCATIONS. (a) Immediately before the  
11 payment of each dividend, the gross earnings of the credit union shall  
12 be determined. From this amount there shall be set aside, as a regular  
13 reserve for contingencies and against losses on loans and against other  
14 losses specified in the regulations, the following amount: 10 per cent  
15 of gross income until the regular reserve equals 5 per cent of the  
16 total outstanding loans and risk assets; then 7 per cent of gross  
17 income until the regular reserve equals 6 per cent of the total out-  
18 standing loans and risk assets; then 5 per cent of gross income until  
19 the regular reserve equals 7 per cent of the total of outstanding loans  
20 and risk assets. When the regular reserve falls below 7 per cent, 6  
21 per cent, or 5 per cent of the total outstanding loans and risk assets,  
22 it shall be replenished in the manner described in this subsection.

23 (b) In addition to the regular reserve, special reserves shall be  
24 established to protect the interests of the members when required by  
25 regulation or when found by the commissioner, in any special case, to  
26 be necessary.

27 (c) For the purpose of establishing the reserves required by this  
28 section, all assets shall be considered risk assets except the follow-  
29 ing:

- 1 (1) cash on hand;
- 2 (2) deposits or shares in banks, savings and loan associa-
- 3 tions, mutual savings banks, and credit unions;
- 4 (3) loans to other credit unions;
- 5 (4) assets which are insured by, fully guaranteed as to
- 6 principal and interest, or due from the federal government, its agen-
- 7 cies, the Federal National Mortgage Association, or the Government
- 8 National Mortgage Association;
- 9 (5) real or personal property owned by the credit union;
- 10 (6) loans to students insured under the provisions of Title
- 11 IV, part B of the Higher Education Act of 1965 (20 U.S.C. 1071 et. seq.)
- 12 or similar state insurance programs;
- 13 (7) loans insured under Title I of the National Housing Act
- 14 (12 U.S.C. 1703) by the Federal Housing Administration;
- 15 (8) common trust investments in government securities
- 16 authorized by this chapter; or
- 17 (9) accrued interest on nonrisk investments.

18 ARTICLE 4. MERGER, CONVERSION AND LIQUIDATION.

19 Sec. 06.40.300. MERGER. (a) A credit union may, with the

20 approval of the commissioner, merge with another credit union under the

21 existing charter of the other credit union, under a plan agreed upon

22 by a majority of the board of directors of each credit union joining in

23 the merger, and approved by the affirmative vote of a majority of the

24 members of each credit union present at meetings of the members legally

25 called for this purpose.

26 (b) After agreement by the directors and approval by the members

27 of both credit unions, the president and secretary of each credit union

28 shall execute a certificate of merger, which shall set out the time and

29 place of the meeting of the board of directors at which the plan was

1 agreed upon, the vote in favor or adoption of the plan, a copy of the  
2 resolution or other action by which the plan was agreed upon, the time  
3 and place of the meeting of the members at which the plan agreed upon  
4 was approved, and the vote by which the plan was approved by the  
5 members.

6 (c) These certificates and a copy of the plan of merger shall be  
7 forwarded to the commissioner, certified by him, and returned to the  
8 merging credit union within 30 days.

9 (d) Upon the merger, all property, property rights, and interest  
10 of the merged credit union shall vest in the surviving credit union  
11 without deed, endorsement, or other instrument.

12 Sec. 06.40.310. CONVERSION OF CHARTER. A credit union chartered  
13 under the laws of this state may be converted to a credit union under  
14 the laws of any other state or of the United States either within or  
15 outside of this state. A credit union chartered under the laws of the  
16 United States or any other state may convert to a credit union charter-  
17 ed under the laws of this state. To effect the conversion, a credit  
18 union must comply with all the requirements of the authority under which  
19 it was originally chartered and the requirements of the commissioner,  
20 and file proof of compliance with the commissioner.

21 Sec. 06.40.320. SUSPENSION. (a) If it appears that a credit  
22 union is bankrupt or insolvent, or has wilfully violated the provisions  
23 of this chapter, or is operating in an unsafe or unsound manner, the  
24 commissioner may issue an order temporarily suspending the credit  
25 union's operations for not less than 30 nor more than 60 days. The  
26 board of directors shall be given notice by registered mail of the sus-  
27 pension, which notice shall include a list of the reasons for the  
28 suspension and a list of specific violations of this chapter.

29 (b) Upon receipt of the suspension notice, the credit union shall

1 immediately cease all operations. The directors of the credit union  
2 shall then file with the commissioner a reply to the suspension notice,  
3 and request a hearing to present a plan of corrective actions proposed  
4 if they desire to continue operations or request that the credit union  
5 be declared insolvent and a liquidating agent appointed.

6 (c) If the credit union fails to answer the suspension notice or  
7 request a hearing with the commissioner, he may then revoke the credit  
8 union's charter, appoint a liquidating agent and liquidate the credit  
9 union in accordance with sec. 360 of this chapter.

10 Sec. 06.40.330. LIQUIDATION. (a) At a meeting called to consider  
11 the matter, a majority of the entire membership may vote to dissolve  
12 the credit union, provided a copy of the notice was mailed to the mem-  
13 bers of the credit union at least 10 days before the meeting. A member  
14 not present at the meeting may, within the next 20 days, vote in favor  
15 of the dissolution by signing a form approved by the commissioner and  
16 his vote shall have the same force and effect as if cast at the meeting.  
17 The credit union shall immediately cease to do business except for the  
18 purposes of liquidation, and the president and secretary shall, within  
19 five days following the meeting, notify the commissioner of intention  
20 to liquidate and shall include a list of the names and addresses of the  
21 directors and officers of the credit union.

22 (b) If, after issuing notice of suspension and following the pro-  
23 cedures set out in sec. 310 of this chapter, the commissioner rejects  
24 the credit union's plan to continue operations, he may issue a notice  
25 of involuntary liquidation and appoint a liquidating agent. The credit  
26 union may request a stay of execution of this action by appealing to  
27 the appropriate court of the jurisdiction in which the credit union is  
28 located.

29 (c) A liquidating credit union shall continue in existence for

1 the purpose of discharging its debts, collecting and distributing its  
2 assets, and doing the acts required in order to wind up its business,  
3 and may sue and be sued for the purpose of enforcing debts and obliga-  
4 tions until its affairs are fully adjusted. The board of directors, or  
5 in the case of involuntary liquidation, the liquidating agent, shall use  
6 the assets of the credit union to pay, in the following order, (1)  
7 expenses incidental to the liquidation, including any surety bond that  
8 may be required; (2) any liability due nonmembers; (3) deposits  
9 and savings club accounts as provided in this chapter. Assets then  
10 remaining shall be distributed to the members proportionately to the  
11 shares held on the date dissolution was voted.

12 (d) As soon as the board or the liquidating agent determines that  
13 all assets from which there is a reasonable expectancy of realization  
14 have been liquidated and distributed as set out in this section, they  
15 shall execute a certificate of dissolution on a form prescribed by the  
16 commissioner and file the certificate with the appropriate recording  
17 agency within the jurisdiction of this state in which the credit union  
18 has its principal place of business. After filing or recording and  
19 indexing, the certificate shall be forwarded to the commissioner, at  
20 which time the credit union is dissolved.

21 ARTICLE 5. CREDIT UNION SHARE

22 INSURANCE CORPORATION.

23 Sec. 06.40.340. CREATION. (a) There is created the Alaska  
24 Credit Union Share Insurance Corporation, a nonprofit membership corpor-  
25 ation.

26 (b) When the commissioner determines that there is a need and  
27 notifies credit unions chartered under this chapter, not less than three  
28 legally authorized represenatatives of credit unions chartered and  
29 existing under the laws of this state may adopt and file with the

1 commissioner articles of incorporation, subject to the approval of the  
2 commissioner.

3 Sec. 06.40.350. AMENDMENTS TO ARTICLES. Amendments to the  
4 articles, adopted by a vote of two-thirds of the member credit unions  
5 present at an annual meeting or a special meeting called for that pur-  
6 pose, shall be filed with the commissioner and become effective upon  
7 his approval.

8 Sec. 06.40.360. BYLAWS. (a) The credit unions which adopt the  
9 articles of incorporation under sec. 340 of this chapter shall, at the  
10 same time the articles are filed, also subscribe and submit to the  
11 commissioner for approval, the initial bylaws under which the corpora-  
12 tion shall operate.

13 (b) The bylaws may be amended at a regular or special meeting of  
14 the directors by a vote of two-thirds of the entire board.

15 Sec. 06.40.370. USE OF NAME EXCLUSIVE. This corporation shall  
16 have the sole right to the use of the name "Alaska Credit Union Share  
17 Insurance Corporation."

18 Sec. 06.40.380. PURPOSES. The general purposes of the corpora-  
19 tion are to

20 (1) aid and assist a member credit union which is in liqui-  
21 dation or incurs financial difficulty, such as insolvency or lack of  
22 liquidity, in order that the shareholdings and deposits of an indivi-  
23 dual member of a member credit union is protected or guaranteed against  
24 loss; the amounts of loss to be protected or guaranteed shall be estab-  
25 lished from time to time by the corporation with the approval of the  
26 commissioner;

27 (2) cooperate with its member credit unions and the depart-  
28 ment for the purpose of advancing the general welfare of credit unions  
29 in this state.

1           Sec. 06.40.390. POWERS. The corporation may

2           (1) enter into contracts of any nature including contracts  
3 for reinsurance;

4           (2) sue and be sued;

5           (3) adopt, use and display a corporate seal;

6           (4) advance funds in accordance with agreed terms and condi-  
7 tions to aid member credit unions to operate and to meet liquidity  
8 requirements;

9           (5) upon the written direction of the commissioner assume  
10 control of the property and business of any member credit union and  
11 operate the credit union in accordance with recommendations he may  
12 offer;

13           (6) assist in the merger, consolidation or liquidation of  
14 credit unions;

15           (7) receive money or other property from its member credit  
16 unions, or any corporation, association or person;

17           (8) invest its funds in bonds, notes or securities of the  
18 federal government or its agencies, and other investments other than  
19 investments in credit unions or central credit unions which are members  
20 of the corporation that are considered prudent by the directors; but  
21 these other investments may not exceed 25 per cent of the funds of the  
22 corporation;

23           (9) borrow money from any source, upon such terms and con-  
24 ditions as the directors determine, for the purpose of this section;

25           (10) purchase in its own name, hold and convey property of  
26 any nature;

27           (11) receive by assignment or purchase from its member credit  
28 unions property of any nature owned by those member credit unions;

29           (12) sell, assign, mortgage, encumber or transfer property of

1 any nature;

2 (13) adopt and amend bylaws, rules and regulations for  
3 carrying out the purposes of this section.

4 Sec. 06.40.400. MEMBERSHIP. (a) A legally chartered credit  
5 union may become a member of the corporation upon application by the  
6 credit union's directors and approval of the directors of the corpora-  
7 tion.

8 (b) Before a credit union which is not chartered under the laws  
9 of this state may be admitted to membership, written authorization from  
10 its supervisory agency shall be submitted. In the authorization, the  
11 supervisory agency shall agree to cooperate with the commissioner in  
12 fulfilling the share insurance laws of this state with respect to the  
13 credit union.

14 Sec. 06.40.410. MEMBERSHIP FEE. (a) The corporation shall bill  
15 and collect from all credit unions accepted for membership a fee of one  
16 per cent of the share and deposit capital of the credit union. The  
17 corporation shall annually declare and collect additions to the fee so  
18 that the fee of a member credit union never is less than one per cent  
19 of its share and deposit capital, except to the extent that refunds  
20 have been paid under (b) of this section.

21 (b) The membership fee of each member credit union may be refunded  
22 to each member credit union when the unencumbered funds of the corpora-  
23 tion reach two per cent of the aggregate total share and deposit capital  
24 of the member credit unions, as determined by the annual report of the  
25 commissioner. These refunds shall be paid to the then existing member  
26 credit unions in proportion to their membership fee.

27 Sec. 06.40.420. ANNUAL AND SPECIAL ASSESSMENT. (a) A regular  
28 annual assessment, not to exceed one-twelfth of one per cent of the  
29 member credit unions' share and deposit capital, shall be levied by the

1 directors. The directors may raise, lower or waive the annual assess-  
2 ment when the directors and the commissioner agree that the total funds  
3 in this corporation justify or require the change.

4 (b) In the event of potential impairment of the corporation's  
5 capital funds, special assessments may be levied by the directors with  
6 the approval of the commissioner.

7 (c) The member credit union's share and deposits capital as of  
8 December 31 shall be the basis for calculating the assessment due the  
9 ensuing year. The directors shall determine the date the annual assess-  
10 ment is due and payable.

11 (d) The membership fee and the annual assessment shall also be  
12 levied on credit union shareholdings in a central credit union on a  
13 similar basis as stated in this section; however, the guaranty on the  
14 credit union shareholdings shall extend to their full amount and shall  
15 not be limited by the maximum protection against loss afforded an indi-  
16 vidual member under sec. 270 or 380 of this chapter.

17 (e) In case of liquidation of this corporation, the funds shall  
18 be paid to the then existing member credit unions in proportion to  
19 membership fees and assessments paid.

20 Sec. 06.40.430. DIRECTORS. The corporation's business shall be  
21 conducted by the incorporators who shall serve until the organizational  
22 meeting of the corporation at which time directors shall be elected by  
23 the members of the corporation in accordance with the bylaws. There-  
24 after, the corporation's business shall be conducted by the directors.

25 Sec. 06.40.440. SUPERVISION OF CORPORATION. The corporation is  
26 subject to supervision and an annual examination by the department. The  
27 cost of each examination shall be paid by the corporation.

28 Sec. 06.40.450. EXAMINATION OF CREDIT UNIONS. (a) The commis-  
29 sioner shall promptly forward to the corporation copies of all examina-

1 tion reports of all member credit unions. The cost of furnishing these  
2 copies shall be paid by the corporation.

3 (b) The corporation, in addition, may require independent audits  
4 and investigations of a member credit union in order to learn of the  
5 financial condition of the credit union as it relates to share insurance.

6 (c) If the directors of the corporation ascertain evidence of  
7 carelessness, unsound practices or mismanagement of a member credit  
8 union which appears to adversely affect the solvency or liquidity of the  
9 credit union or threaten undue loss to the corporation, the directors  
10 may order that corrective action be taken or, after due notice and hear-  
11 ing, as provided in the bylaws, revoke the credit union's membership in  
12 the corporation. The directors may also recommend to the department  
13 that the credit union be liquidated.

14 Sec. 06.40.460. TAX EXEMPTION. The Alaska Credit Union Share  
15 Insurance Corporation is exempt from all state and local taxes except  
16 real property taxes.

17 ARTICLE 6. GENERAL PROVISIONS.

18 Sec. 06.40.470. FISCAL YEAR. The fiscal year of all credit unions  
19 organized under this chapter shall be the calendar year.

20 Sec. 06.40.480. RECORDS. Records of a credit union chartered  
21 under this chapter shall be kept for a period of six years from the date  
22 of making them or from the date of the last entry on them. No credit  
23 union may be required to receipt for payment except as provided in the  
24 bylaws, nor shall it be necessary to endorse a note showing date of  
25 payments or balance due.

26 Sec. 06.40.490. LIABILITY OF MEMBERS. The members of a credit  
27 union are not personally or individually liable for the debts of the  
28 credit union.

29 Sec. 06.40.500. OFFICE FACILITIES. A credit union may maintain,

1 with the approval of the commissioner, offices at locations other than  
2 its main office if additional offices are reasonably necessary to fur-  
3 nish service to its members. A credit union may share office space with  
4 one or more credit unions and may contract with a corporation to pro-  
5 vide facilities or personnel.

6 Sec. 06.40.510. TAXATION. (a) A credit union organized under  
7 this chapter or other credit union law and shares and deposits in them  
8 shall be exempt from taxation imposed by this state or any taxing  
9 authority within this jurisdiction, and laws which tax corporations in  
10 any form, or deposits of them, or the accumulations on them, do not  
11 apply to a credit union, except that real property and tangible person-  
12 al property owned by a credit union shall be subject to taxation to  
13 the same extent that other similar property is taxed, provided that  
14 this exception does not permit the imposition of a sales or use tax on  
15 a credit union. The shares of a credit union are not subject to trans-  
16 fer taxes, either when issued or when transferred from one member to  
17 another.

18 (b) Participation by a credit union in a government program pro-  
19 viding unemployment, social security, old age pension or other benefits,  
20 is not considered a waiver of the taxation exemption granted in this  
21 section.

22 Sec. 06.40.520. GROUP PURCHASING. A credit union may enter into  
23 cooperative marketing arrangements to facilitate its members' voluntary  
24 purchase of goods and services that are in the interest of improving  
25 economic and social conditions of the members.

26 Sec. 06.40.530. DEFINITIONS. In this chapter, unless the context  
27 otherwise requires,

28 (1) "commissioner" means the commissioner of commerce and  
29 economic development;

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(2) "department" means the Department of Commerce and Economic Development;

(3) "corporation", in secs. 340 - 450, means the Alaska Credit Union Share Insurance Corporation.

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