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Offered: 3/5/80  
For Today's Calendar

1 IN THE HOUSE

BY THE RULES COMMITTEE

2 CS FOR HOUSE BILL NO. 452 (Rules)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to credit unions; and providing for an  
7 effective date."

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

9 \* Section 1. AS 06.01.020 is amended to read:

10 Sec. 06.01.020. GENERAL POWERS OF DEPARTMENT. The commissioner  
11 may by regulation authorize financial institutions, except licensees  
12 subject to AS 06.20, to exercise any of the powers conferred upon a  
13 federally chartered bank, trust company, savings association, federal-  
14 ly chartered credit union, or other federally chartered institution  
15 doing business in this state which is subject to the regulations of the  
16 United States Comptroller of the Currency, the Federal Reserve Board,  
17 the Federal Home Loan Bank Board, the Federal Deposit Insurance Corpora-  
18 tion, the National Credit Union Administrator, or the successor or  
19 successors of them, if the commissioner finds that the exercise of the  
20 power both:

21 (1) serves the public convenience and advantage; and

22 (2) equalizes and maintains the quality of competition be-  
23 tween state-chartered financial institutions and corresponding federally  
24 chartered financial institutions.

25 \* Sec. 2. AS 06 is amended by adding a new chapter to read:

26 CHAPTER 45. ALASKA CREDIT UNION ACT.

27 Sec. 06.45.010. RESPONSIBILITY OF COMMISSIONER. (a) The commis-  
28 sioner shall administer this chapter.

29 (b) The commissioner may adopt regulations for the administration

1 of this chapter.

2 (c) The commissioner may delegate any authority, power, or func-  
3 tion granted by this chapter.

4 (d) The records of credit unions shall be kept and reports shall  
5 be made in accordance with regulations approved by the commissioner.

6 (e) A person appointed or elected by a credit union to a position  
7 requiring the receipt, payment, or custody of money or personal property  
8 owned by a credit union or in its custody or control as collateral or  
9 otherwise shall give bond in a corporate surety company approved by the  
10 commissioner on a form approved by the commissioner and in an amount  
11 prescribed by the commissioner. The commissioner may approve the use of  
12 a form of schedule or blanket bond which covers all the officers and  
13 employees of a credit union whose duties include the receipt, payment,  
14 or custody of money or other personal property for or on behalf of the  
15 credit union. The commissioner may approve the use of a form of excess  
16 coverage bond under which a credit union may obtain coverage in excess  
17 of the basic surety coverage.

18 Sec. 06.45.020. FORMATION OF CREDIT UNION. (a) Seven or more  
19 natural persons who desire to form a credit union shall subscribe before  
20 an officer competent to administer oaths articles of incorporation in  
21 duplicate which shall state

22 (1) the name of the credit union;

23 (2) the location of the credit union and the territory in  
24 which it will operate;

25 (3) the names and addresses of the subscribers to the certi-  
26 ficate and the number of shares each subscribed;

27 (4) the par value of the shares, which shall be \$5 each;

28 (5) the proposed field of membership specified in detail;

29 (6) the term of the existence of the credit union which may

1 be perpetual; and

2 (7) the fact that the articles of incorporation are adopted  
3 to enable the persons to avail themselves of the advantages of this  
4 chapter.

5 (b) The articles of incorporation shall also include provisions  
6 required by the commissioner for the management of the business of the  
7 credit union, for the conduct of its affairs, and relating to the powers  
8 of its directors, officers, or stockholders.

9 (c) At the time of presenting the articles of incorporation to the  
10 commissioner the incorporators shall also submit proposed bylaws to the  
11 commissioner for approval.

12 (d) The commissioner may prepare form articles of incorporation  
13 and form bylaws, consistent with this chapter, which may be used by  
14 credit union incorporators and shall be supplied to them on request.

15 Sec. 06.45.030. APPROVAL OF ARTICLES OF INCORPORATION AND ISSUANCE  
16 OF CERTIFICATE OF AUTHORITY. (a) The articles of incorporation shall  
17 be presented to the commissioner for approval. Before the certificate  
18 of authority is issued, the commissioner shall determine

19 (1) whether the articles of incorporation and bylaws conform  
20 to the provisions of this chapter and to regulations of the commis-  
21 sioner;

22 (2) the general character and fitness of the subscribers; and

23 (3) the economic advisability of establishing the proposed  
24 credit union.

25 (b) A certificate of authority shall be delivered by the commis-  
26 sioner to the credit union if the required fee has been paid. On  
27 issuance of the certificate of authority, the credit union is a body  
28 corporate and is subject to the limitations of this chapter, and is  
29 vested with all of the powers and charged with all of the liabilities

1 conferred and imposed by this chapter upon credit unions organized under  
2 it.

3 Sec. 06.45.040. FEES. (a) The commissioner shall assess a credit  
4 union a fee for his expenses under AS 06.01.010 in processing an appli-  
5 cation

6 (1) for approval of articles of incorporation and bylaws and  
7 the issuance of a certificate of authority for a credit union;

8 (2) for the approval of a branch of a credit union;

9 (3) for a merger or conversion of a credit union; or

10 (4) for an examination under AS 06.45.050.

11 (b) Failure of a credit union to pay a fee required by (a)(2),  
12 (3), or (4) of this section within 30 days of receipt of billing from  
13 the commissioner is grounds for the revocation of the certificate of  
14 authority of the credit union.

15 Sec. 06.45.050. REPORTS AND EXAMINATIONS. A credit union or-  
16 ganized under this chapter is under the supervision of the commissioner  
17 and shall make an annual financial report to the commissioner and shall  
18 make other financial reports required by regulations adopted by the  
19 commissioner. A credit union is subject to examination by the commis-  
20 sioner.

21 Sec. 06.45.060. POWERS OF A CREDIT UNION. A credit union has  
22 succession in its corporate name during its existence and may

23 (1) enter into a contract:

24 (2) sue and be sued;

25 (3) adopt, use, and alter a common seal;

26 (4) purchase, hold, and dispose of property;

27 (5) make loans, the maturities of which may not exceed 12  
28 years except as provided in this chapter, and extend lines of credit to  
29 its members, to other credit unions, and to credit union organizations

1 and participate with other credit unions, credit union organizations, or  
2 financial organizations in making loans to credit union members in  
3 accordance with the following:

4 (A) loans to members shall be made in conformity with  
5 regulations adopted by the commissioner, except that

6 (i) a residential real estate loan which is made to  
7 finance the acquisition of a one-to-four-family dwelling for  
8 the principal residence of a credit union member which is  
9 secured by a first lien on the dwelling may have a maturity  
10 not exceeding 30 years;

11 (ii) a loan to finance the purchase of a mobile  
12 home, which is secured by a first lien on the mobile home, to  
13 be used as the residence of a credit union member, or for the  
14 repair, alteration, or improvement of a residential dwelling  
15 which is the residence of a credit union member shall have a  
16 maturity not to exceed 15 years unless the loan is insured or  
17 guaranteed under (iii) of this subparagraph;

18 (iii) a loan secured by the insurance or guarantee of  
19 the federal government, of a state government, or an agency of  
20 either may be made for the maturity and under the terms and  
21 conditions specified in the law under which the insurance or  
22 guarantee is provided;

23 (iv) a loan or aggregate of loans to a director or  
24 member of the supervisory or credit committee of the credit  
25 union making the loan which exceeds \$5,000 plus pledged shares  
26 shall be approved by the board of directors;

27 (v) loans to other members for which directors or  
28 members of the supervisory or credit committee act as guaran-  
29 tor or endorser shall be approved by the board of directors

1 when the loans standing alone or when added to an outstanding  
2 loan or loans of the guarantor or endorser exceed \$5,000;

3 (vi) the rate of interest may not exceed one percent  
4 a month on the unpaid balance inclusive of all service  
5 charges;

6 (vii) the taking, receiving, reserving, or charging  
7 of a rate of interest greater than is allowed by this sub-  
8 section, when knowingly done, is considered a forfeiture of  
9 the entire interest which the note, bill, or other evidence of  
10 debt carries with it, or which has been agreed to be paid on  
11 the note, bill, or other evidence of debt, if a greater rate  
12 of interest has been paid, the person by whom it has been paid  
13 or his legal representatives may recover back from the credit  
14 union taking or receiving it, the entire amount of interest  
15 paid, but the action must be commenced within two years from  
16 the time the usurious collection was made;

17 (viii) a borrower may repay a loan, before maturity in  
18 whole or in part on any business day without penalty;

19 (ix) loans shall be paid or amortized under regula-  
20 tions adopted by the commissioner which consider the needs or  
21 conditions of the borrowers, the amounts and duration of the  
22 loans, the interests of the members and the credit unions, and  
23 other factors established in regulations adopted by the com-  
24 missioner;

25 (x) the total dollar amount of real estate loans  
26 and mobile home loans outstanding may not exceed 25 percent of  
27 the paid-in and unimpaired capital and surplus of the credit  
28 union without the written approval of the commissioner;

29 (xi) a credit union with a paid-in and unimpaired

1 capital and surplus of less than \$3,000,000 may make real  
2 estate loans with maturities in excess of 15 years only with  
3 the approval of the commissioner;

4 (B) a self-replenishing line of credit to a borrower may  
5 be established to a stated maximum amount on terms and conditions  
6 which may be different from terms and conditions established for  
7 another borrower;

8 (C) loans to other credit unions require the approval of  
9 the board of directors of the loaning credit union;

10 (D) loans to credit union associations require the  
11 approval of the board of directors of the credit union and may not  
12 exceed one percent of the paid in and unimpaired capital and sur-  
13 plus of the credit union;

14 (E) participation loans with other credit unions, credit  
15 union associations, or financial organizations shall be made in  
16 accordance with written policies of the board of directors of the  
17 credit union, except that a credit union which originates a loan  
18 for which participation arrangements are made in accordance with  
19 this subsection shall retain an interest not less than 10 percent  
20 of the face amount of the loan;

21 (6) receive from its members and from others payments on  
22 shares which may be issued at varying dividend rates, and payments on  
23 share certificates which may be issued at varying dividend rates and  
24 maturities, subject to terms, rates, and conditions as may be estab-  
25 lished by the board of directors of the credit union, within limitations  
26 prescribed by the commissioner;

27 (7) invest its funds

28 (A) in loans exclusively to members;

29 (B) in obligations of the United States or securities

1 fully guaranteed as to principal and interest by the United States;

2 (C) in loans to other credit unions in the total amount  
3 not exceeding 25 percent of its paid-in and unimpaired capital and  
4 surplus in accordance with regulations adopted by the commissioner;

5 (D) in shares or accounts of savings and loan associa-  
6 tions or mutual savings banks which are insured by the Federal  
7 Savings and Loan Insurance Corporation or the Federal Deposit  
8 Insurance Corporation;

9 (E) in obligations issued by banks for cooperatives,  
10 federal land banks, federal intermediate credit banks, federal home  
11 loan banks, the Federal Home Loan Bank Board, or a corporation  
12 designated in 31 U.S.C., sec. 846 as a wholly owned federal govern-  
13 ment corporation; in obligations, participations, or other instru-  
14 ments of or issued by or fully guaranteed as to principal and  
15 interest by the Federal National Mortgage Association or the  
16 Government National Mortgage Association; in mortgages, obliga-  
17 tions, or other securities which are or have been sold by the  
18 Federal Home Loan Mortgage Corporation under section 305 or section  
19 306 of the Federal Home Loan Mortgage Corporation Act; or in obli-  
20 gations or other instruments or securities of the Student Loan  
21 Marketing Association;

22 (F) in participation certificates evidencing beneficial  
23 interests in obligations, or in the right to receive interest and  
24 principal collections from obligations, which have been subjected  
25 by one or more federal agencies to a trust or trusts for which an  
26 executive department, agency, or instrumentality of the United  
27 States or its head has been named to act as trustee;

28 (G) in shares or deposits of a central credit union in  
29 which such investments are authorized by the board of directors of

1 the credit union making the investment;

2 (H) in shares, share certificates, or share deposits of  
3 federally insured credit unions;

4 (I) in the shares, stocks, or obligations of another  
5 organization providing services which are associated with the  
6 routine operations of credit unions, up to one percent of the total  
7 paid-in and unimpaired capital and surplus of the credit union with  
8 the approval of the commissioner; and

9 (J) in the capital stock of the National Credit Union  
10 Central Liquidity Facility;

11 (8) make deposits in national banks and in state banks, trust  
12 companies, and mutual savings banks operating in accordance with the  
13 laws of the state;

14 (9) borrow in accordance with regulations adopted by the  
15 commissioner from any source, in an aggregate amount not exceeding 50  
16 percent of its paid-in and unimpaired capital and surplus, except that a  
17 credit union may discount with or sell to a federal intermediate credit  
18 bank an eligible obligation up to the amount of its paid-in and un-  
19 impaired capital;

20 (10) levy late charges, in accordance with the bylaws, for  
21 failure of members to meet promptly their obligations to the credit  
22 union;

23 (11) levy and enforce a lien upon the shares and dividends of  
24 a member to the extent of a loan made to, and any dues or charges pay-  
25 able by, the member;

26 (12) in accordance with regulations adopted by the commis-  
27 sioner, sell to members negotiable checks, travelers checks, and money  
28 orders, and cash checks and money orders for members, for a fee which  
29 does not exceed the direct and indirect costs incident to providing the

1 service;

2 (13) in accordance with regulations adopted by the commis-  
3 sioner, purchase, sell, pledge, discount, or otherwise receive or dis-  
4 pose of, in whole or in part, eligible obligations of its members and  
5 purchase from a liquidating credit union notes made by individual mem-  
6 bers of the liquidating credit union at prices agreed upon by the board  
7 of directors of the liquidating credit union and the board of directors  
8 of the purchasing credit union; a purchase may not be made under autho-  
9 rity of this paragraph if, upon the making of the purchase, the aggre-  
10 gate of the unpaid balances of notes purchased under authority of this  
11 paragraph exceeds five percent of the unimpaired capital and surplus of  
12 the credit union;

13 (14) sell all or a part of its assets to another credit union,  
14 purchase all or part of the assets of another credit union, and assume  
15 the liabilities of the selling credit union and those of its members  
16 subject to regulations of the commissioner; and

17 (15) exercise incidental powers as are necessary or required  
18 to enable it to carry on effectively the business for which it is incor-  
19 porated.

20 Sec. 06.45.070. MEMBERSHIP. Credit union membership consists of  
21 the incorporators and other persons and incorporated and unincorporated  
22 organizations, to the extent permitted by regulations adopted by the  
23 commissioner, elected to membership. Each member shall subscribe to at  
24 least one share of the stock of the credit union and pay the initial  
25 installment on the stock and a uniform entrance fee if required by the  
26 board of directors of the credit union. Credit union membership is  
27 limited to groups having a common bond of occupation or association, or  
28 to groups within a well-defined neighborhood, community, or rural dis-  
29 trict. Shares may be issued in joint tenancy with right of survivorship

1 with a person designated by the credit union member. A joint tenant may  
2 not be permitted to vote, obtain loans, or hold office, unless the joint  
3 tenant is within the field of membership and is qualified for member-  
4 ship.

5 Sec. 06.45.080. MEETINGS OF MEMBERS. The fiscal year of a credit  
6 union ends December 31. The annual meeting of a credit union shall be  
7 held within three months after the end of the fiscal year at a place its  
8 bylaws prescribe. Special meetings may be held under the bylaws. A  
9 member may not vote by proxy, but a member other than a natural person  
10 may vote through an agent designated for the purpose. A member may not  
11 have more than one vote.

12 Sec. 06.45.090. MANAGEMENT OF CREDIT UNION. (a) The business  
13 affairs of a credit union are managed by (1) a board of not less than  
14 five directors; (2) a credit committee of not less than three members;  
15 and (3) a supervisory committee of not less than three members or more  
16 than five members. The members of the board of directors and the mem-  
17 bers of the credit committee shall be elected at the annual members  
18 meeting by and from the members. The supervisory committee shall be  
19 appointed by the board of directors, and a vacancy in the supervisory  
20 committee shall be filled by the board of directors. One of the members  
21 of the supervisory committee may be a member of the board of directors,  
22 other than the treasurer. Members of the board of directors and of the  
23 credit and supervisory committees hold office for terms as the bylaws  
24 may provide.

25 (b) A record of the names and addresses of the members of the  
26 board, the committees, and the officers of the credit union shall be  
27 filed with the commissioner within 10 days after election or appoint-  
28 ment.

29 Sec. 06.45.100. COMPENSATION. A member of the board of directors

1 or of the credit or supervisory committees may not be compensated for  
2 service on the board of directors or credit or supervisory committees.  
3 Reasonable health, accident, and similar insurance protection is not  
4 compensation under this section and may be provided under regulations  
5 adopted by the commissioner.

6 Sec. 06.45.110. EXECUTIVE OFFICERS. (a) At its first meeting  
7 after the annual meeting of the members, the board of directors shall  
8 elect from its membership a president, one or more vice-presidents, a  
9 secretary, and a treasurer, who are the executive officers of the credit  
10 union.

11 (b) An executive officer, other than the treasurer, may not be  
12 compensated as an officer.

13 (c) The offices of secretary and treasurer may be held by the same  
14 person.

15 (d) The duties of the officers are determined by the bylaws.

16 (e) The treasurer shall give bond with good and sufficient surety,  
17 in an amount and character to be determined by the board of directors in  
18 compliance with regulations adopted by the commissioner.

19 Sec. 06.45.120. BOARD OF DIRECTORS. (a) The board of directors  
20 shall meet at least once a month and shall have the general direction  
21 and control of the business affairs of the credit union. Minutes of all  
22 meetings shall be kept.

23 (b) The board of directors shall

24 (1) act upon applications for membership;

25 (2) require an officer or employee having custody of or  
26 handling funds to give bond with good and sufficient surety in an amount  
27 and character to be determined by the board of directors in compliance  
28 with regulations adopted by the commissioner and authorize the payment  
29 of the premium by the credit union;

1 (3) fill vacancies in the board of directors and in the  
2 credit committee until successors elected at the next annual meeting  
3 have qualified;

4 (4) have charge of investments other than loans to members;  
5 the board of directors may designate a committee of not less than two to  
6 act as an investment committee which has charge of making investments  
7 under rules and procedures established by the board of directors;

8 (5) determine the maximum number of shares and share certi-  
9 ficates and the classes of shares and share certificates that may be  
10 held;

11 (6) subject to the limitations of this chapter, determine the  
12 interest rates on loans, the security, and the maximum amount which may  
13 be loaned or provided in lines of credit;

14 (7) subject to regulations adopted by the commissioner,  
15 authorize an interest refund to members of record at the close of busi-  
16 ness on the last day of any dividend period in proportion to the in-  
17 terest paid by the members during the dividend period; and

18 (8) provide for compensation of officers and employees.

19 (c) The board of directors may appoint an executive committee of  
20 not less than three directors to exercise authority delegated to it  
21 under the conditions and limitations prescribed by the board of direc-  
22 tors.

23 Sec. 06.45.130. APPLICATIONS FOR MEMBERSHIP. (a) The board of  
24 directors shall establish procedures for the review and approval of  
25 applications for membership in the credit union.

26 (b) Each month the board of directors shall review a list of  
27 applications for membership acted on during the preceding month.

28 (c) If an application for membership is denied, the reasons for  
29 the denial shall be furnished to the applicant on request.

1 (d) The board of directors may appoint a membership officer from  
2 the members of the credit union or the executive committee of the board  
3 of directors to review applications for membership. A treasurer, assis-  
4 tant treasurer or loan officer may not review applications for member-  
5 ship.

6 Sec. 06.45.140. POWERS AND DUTIES OF CREDIT COMMITTEE. (a) The  
7 credit committee shall hold meetings to consider applications for loans  
8 and lines of credit as the business of the credit union may require but  
9 not less frequently than once a month. Reasonable notice of the  
10 meetings shall be given to members of the credit committee.

11 (b) Except for the loans or lines of credit required to be ap-  
12 proved by the board of directors under AS 06.45.060(5), a majority of  
13 the entire credit committee may approve an application.

14 (c) The credit committee may delegate to a loan officer the power  
15 to approve loans and lines of credit. Only one member of the credit  
16 committee may be appointed as loan officer. A loan officer shall fur-  
17 nish to the credit committee a record of each approved or unapproved  
18 application within seven days of the filing of the application.

19 (d) An application not approved by a loan officer shall be acted  
20 on by the credit committee.

21 (e) An individual may not disburse funds of a credit union for a  
22 loan, line of credit, or application which he approved in the capacity  
23 of loan officer.

24 (f) Applications for loans and lines of credit shall be made on  
25 forms prepared by the credit committee.

26 Sec. 06.45.150. LOAN RESTRICTION. A loan may not be made to a  
27 member if, on the making of the loan, the member would be indebted to  
28 the credit union on loans from the credit union in an amount exceeding  
29 10 percent of the unimpaired capital and surplus of the credit union.

1           Sec. 06.45.160. SECURITY. For the purposes of loans made under  
2 this chapter, an assignment of shares or the endorsement of a note  
3 constitutes security, and, subject to regulations adopted by the com-  
4 missioner, insurance obtained under Title 1 of the National Housing Act  
5 is adequate security.

6           Sec. 06.45.170. POWERS AND DUTIES OF SUPERVISORY COMMITTEE. (a)  
7 The supervisory committee shall conduct an annual audit of the accounts  
8 of the credit union and submit a report of the audit to the board of  
9 directors and a summary of the audit to the members at the next annual  
10 members meeting of the credit union. The supervisory committee may  
11 conduct supplementary audits as it considers necessary or as ordered by  
12 the commissioner, and submit reports of the supplementary audits to the  
13 board of directors.

14           (b) The supervisory committee shall verify the passbooks and  
15 accounts of the members with the records of the treasurer from time to  
16 time, but not less frequently than once every two years. As used in  
17 this subsection, "passbook" includes a book, statement of account, or  
18 other record approved by the commissioner for use by credit unions.

19           (c) The supervisory committee may by a unanimous vote suspend an  
20 officer of the credit union or a member of the credit committee or the  
21 board of directors until the next meeting of the members which shall be  
22 held not less than seven or more than 14 days after the suspension under  
23 this subsection. A suspension shall be acted upon by the members.

24           (d) The supervisory committee may call by a majority vote a  
25 special meeting of the members to consider a violation of this chapter,  
26 the articles of incorporation or bylaws, or a practice of the credit  
27 union considered unsafe or unauthorized by the supervisory committee.

28           (e) The board of directors may by a majority vote suspend a member  
29 of the supervisory committee until the next meeting of the members which

1 shall be held not less than seven or more than 14 days after the suspen-  
2 sion. A suspension shall be acted upon by the members.

3 Sec. 06.45.180. RESERVES. (a) At the end of each accounting  
4 period the gross income of the credit union shall be determined. From  
5 this amount, there shall be set aside as a regular reserve against  
6 losses on loans and against other losses specified in regulations  
7 adopted by the commissioner under this chapter sums in accordance with  
8 the following schedule:

9 (1) A credit union in operation for more than four years and  
10 having assets of \$500,000 or more shall set aside

11 (A) 10 percent of gross income until the regular reserve  
12 equals four percent of the total of outstanding loans and risk  
13 assets; then

14 (B) five percent of gross income until the regular  
15 reserve equals six percent of the total of outstanding loans and  
16 risk assets.

17 (2) A credit union in operation less than four years or  
18 having assets of less than \$500,000 shall set aside

19 (A) 10 percent of gross income until the regular reserve  
20 equals seven and one-half percent of the total of outstanding loans  
21 and risk assets; then

22 (B) five percent of gross income until the regular  
23 reserve equals 10 percent of the total of outstanding loans and  
24 risk assets.

25 (3) When the regular reserve falls below the stated percent  
26 of the total of outstanding loans and risk assets, it shall be replen-  
27 ished by regular contributions in amounts as may be needed to maintain  
28 the stated reserve goals.

29 (b) The commissioner may decrease the reserve requirement in (a)

1 of this section when the decrease is necessary or desirable. The com-  
2 missioner may also require special reserves to protect the interests of  
3 members either by general regulation or for an individual credit union.

4 Sec. 06.45.190. DIVIDENDS. At intervals as the board of directors  
5 may authorize and after provision for required reserves, the board may  
6 declare, under regulations adopted by the commissioner, a dividend to be  
7 paid at different rates on different types of shares and at different  
8 rates and maturity dates in the case of share certificates. Dividend  
9 credit may be accrued on various types of shares and share certificates  
10 as authorized by the board of directors.

11 Sec. 06.45.200. EXPULSION AND WITHDRAWAL. A member may be ex-  
12 pelled by a two-thirds vote of the members of a credit union present at  
13 a special meeting called for the purpose, but only after the member has  
14 been given an opportunity to be heard. Withdrawal or expulsion of a  
15 member does not discharge the liability of the member to the credit  
16 union. The amount to be paid a withdrawing or expelled member by a  
17 credit union shall be determined and paid in the manner specified in the  
18 bylaws.

19 Sec. 06.45.210. MINORS OR TRUSTS. Shares of a credit union may be  
20 issued in the name of a minor or in trust, subject to conditions pre-  
21 scribed by the bylaws. When shares are issued in trust, the name of the  
22 beneficiary shall be disclosed to the credit union.

23 Sec. 06.45.220. SUSPENSION. (a) The commissioner may on his  
24 finding that the credit union is bankrupt, insolvent, or is operating in  
25 an unsafe or unsound manner or that the credit union has violated the  
26 provisions of its articles of incorporation or bylaws, this chapter, or  
27 regulations adopted by the commissioner, exercise the powers granted to  
28 him in AS 06.01.030 and temporarily suspend the operations of the credit  
29 union.

1 (b) The commissioner, under the regulations adopted by him, may  
2 permit operations to continue under conditions and procedures estab-  
3 lished by him or he may direct the credit union to cease operations and  
4 appoint a liquidating agent to liquidate the credit union.

5 Sec. 06.45.230. EXEMPTION FROM TAXATION. A credit union organized  
6 under this chapter, its property, franchises, capital, reserves, sur-  
7 pluses, and other funds, and its income are exempt from taxation by the  
8 state or a political subdivision of the state, except that real property  
9 and tangible personal property owned by a credit union is subject to  
10 taxation to the same extent that similar property is taxed. This sec-  
11 tion does not prevent holdings in a credit union organized under this  
12 chapter from being included in the valuation of the personal property of  
13 the owners or holders under taxes imposed by the state or a political  
14 subdivision of the state.

15 Sec. 06.45.240. ALLOTMENT OF SPACE IN STATE OFFICE BUILDINGS. On  
16 application by a credit union organized under this chapter, if at least  
17 95 percent of the membership is composed of persons who either are  
18 presently state employees or were state employees at the time of ad-  
19 mission into the credit union and members of their families, the De-  
20 partment of Transportation and Public Facilities may in its discretion  
21 allot space to the credit union without charge for rent or services if  
22 space is available.

23 Sec. 06.45.250. CONVERSIONS. (a) A federal credit union may  
24 convert into a credit union organized under this chapter by complying  
25 with applicable federal law and by qualifying under this chapter.

26 (b) A credit union organized under this chapter may convert into a  
27 federal credit union by complying with this chapter and by qualifying  
28 under federal law.

29 Sec. 06.45.260. INSURANCE OF MEMBER ACCOUNTS. A credit union

1 organized under this chapter shall, under regulations adopted by the  
2 commissioner, participate in insurance of member accounts under programs  
3 offered by the National Credit Union Administration Board.

4 Sec. 06.45.270. LIQUIDITY FACILITY PARTICIPATION. A credit union  
5 organized under this chapter may, under regulations adopted by the  
6 commissioner, participate in the programs offered by the National Credit  
7 Union Central Liquidity Facility.

8 Sec. 06.45.280. CONFLICT OF INTEREST. (a) A member of the board  
9 of directors or a member of the credit committee or supervisory commit-  
10 tee or an employee of a credit union may not participate in the deli-  
11 beration or the determination of a question affecting his own pecuniary  
12 interest or the pecuniary interest of a corporation, partnership, or  
13 association in which he is interested.

14 (b) A person who violates (a) of this section may not thereafter  
15 serve as an officer, agent, or employee of a credit union.

16 Sec. 06.45.290. MERGER. (a) A credit union may merge with  
17 another credit union under a plan agreed upon by a majority of the board  
18 of directors of each credit union and approved by a majority of the  
19 members of each credit union present at meetings called to approve the  
20 plan.

21 (b) The commissioner may by regulation establish further proce-  
22 dures governing mergers.

23 Sec. 06.45.300. BRANCH OFFICES. A credit union may establish a  
24 branch office under regulations of the commissioner.

25 Sec. 06.45.310. UNAUTHORIZED CONDUCT OF CREDIT UNION BUSINESS. It  
26 is a class A misdemeanor for a natural person to conduct business under  
27 a name or title which contains the words "credit union" or a derivation  
28 of them or to represent himself as conducting business as a credit  
29 union.

1           Sec. 06.45.320. TRANSFER OF CREDIT UNION'S PROPERTY TO PREFERRED  
2 CREDITOR IS VOID. The transfer of property, money, or assets by a  
3 credit union after it becomes insolvent, to prefer one creditor over  
4 another, or to prevent the equal distribution of its property and assets  
5 among its creditors is void.

6           Sec. 06.45.330. UNLAWFUL DECEIT OF COMMISSIONER OR EXAMINERS. A  
7 person is guilty of a class C felony who, with intent to deceive the  
8 commissioner or a person authorized to examine the affairs of a credit  
9 union, wilfully and knowingly,

10                   (1) makes or causes to be made a false statement;

11                   (2) enters a false figure, statement, or entry in the books  
12 of a credit union; or

13                   (3) makes or circulates a false report or statement about the  
14 condition of a credit union in the state.

15           Sec. 06.45.340. RECEIPT OF DEPOSITS WHILE INSOLVENT. A member of  
16 the board of directors, an officer, or an employee of a credit union who  
17 fraudulently receives a deposit, knowing that the credit union is in-  
18 solvent, is guilty of a class A felony.

19           Sec. 06.45.350. LIMITATIONS ON CREDIT UNIONS. A credit union may  
20 not acquire control directly or indirectly of another financial institu-  
21 tion or invest in shares, stocks or obligations of an insurance company,  
22 trade association, liquidity facility or any other similar organization,  
23 corporation, or association except as expressly provided by this chapter.

24           Sec. 06.45.400. DEFINITIONS. In this chapter

25                   (1) "commissioner" means the commissioner of commerce and  
26 economic development;

27                   (2) "credit union" means a cooperative association organized  
28 in accordance with the provisions of this chapter for the purpose of  
29 promoting thrift among its members and creating a source of credit for

1           provident or productive purposes;

2                       (3) "credit union association" means an organization estab-  
3           lished primarily to serve the needs of its member credit unions under  
4           regulations adopted by the commissioner.

5           \* Sec. 3. This Act takes effect July 1, 1980.  
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