

1 SB33
2 195655-5
3 By Senator Shelnutt
4 RFD: Banking and Insurance
5 First Read: 05-MAR-19
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1 SB33

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4 ENROLLED, An Act,

5 To amend Sections 5-17-4, 5-17-8, 5-17-10, 5-17-11,
6 5-17-22, as amended by Act 2018-470, 2018 Regular Session, and
7 5-17-55, Code of Alabama 1975, relating to state-chartered
8 credit unions and the Alabama Credit Union Administration; to
9 clarify and codify the federal charter parity provision to
10 mean asset liability management, including regulatory net
11 worth or capital management and composition; to authorize the
12 Alabama Credit Union Administration Board to appoint the
13 National Credit Union Administration as conservator of a
14 state-chartered credit union; to provide that credit union
15 supervisory committees may consist of more than three members;
16 to permit payment or reimbursement of reasonable and proper
17 travel costs of a member of the board or any committee and one
18 guest per member traveling on official business of the
19 state-chartered credit union; to increase the meeting notice
20 period prior to the meeting to vote and approve a merger plan
21 of a merging credit union; and to expand the definition of an
22 official who may serve on the Alabama Credit Union
23 Administration Board to include a president, chief executive
24 officer, or a person elected by the membership to serve as a

1 member of the board, credit committee, or supervisory
2 committee of a state-chartered credit union.

3 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

4 Section 1. Sections 5-17-4, 5-17-8, 5-17-10,
5 5-17-11, 5-17-22, as amended by Act 2018-470, 2018 Regular
6 Session, and 5-17-55 of the Code of Alabama 1975, are amended
7 to read as follows:

8 "§5-17-4.

9 "(a) A credit union shall have all of the following
10 powers:

11 "(1) To receive the savings of its members either as
12 payment on shares or as deposits, including the right to
13 conduct Christmas clubs, vacation clubs, and other thrift
14 organizations within the membership.

15 "(2) To accept deposits of fiduciary funds if a
16 member is the beneficiary, trustee, or personal representative
17 and if the funds are part of the estate of a deceased member.

18 "(3) To make loans to members.

19 "(4) To make loans to other credit unions, including
20 credit union service organizations.

21 "(5) To purchase loans from financial institutions,
22 provided a purchased loan is of the nature and type that the
23 credit union could have originated itself.

24 "(6) To make loans to a cooperative society or other
25 organizations having membership in the credit union.

1 "(7) To deposit funds in state and national banks,
2 savings and loan associations, the accounts which are insured
3 by the Federal Deposit Insurance Corporation, and in other
4 credit unions.

5 "(8) To invest in any investment legal for federally
6 chartered credit unions in the state.

7 "(9) To borrow money from any source not prohibited
8 by applicable law and to give its note therefor; provided that
9 the borrowing, in the aggregate, shall not at any time exceed
10 the lesser of:

11 "a. ~~50~~ Fifty percent of its assets; or

12 "b. The combination of undivided earnings, regular
13 reserves, equity acquired in a merger, net income or net loss
14 not already included in undivided earnings, and shares and
15 deposits.

16 "(10) To assess each member a recurring or
17 nonrecurring membership fee.

18 "(11) To exercise incidental powers as necessary to
19 enable it to carry on effectively the purposes for which it is
20 chartered and incorporated and other powers as are expressly
21 authorized by the Administrator of the Alabama Credit Union
22 Administration.

23 "(b) In addition to any and all other powers
24 heretofore granted to credit unions, any credit union shall
25 have the power to engage in any activity in which the credit

1 union could engage were the credit union operating as a
2 federally chartered credit union, including but not by way of
3 limitation because of enumeration, the power to do any act and
4 own, possess, and carry as assets property of that character
5 including stocks, bonds, or other debentures which, at the
6 time, are authorized under federal laws or regulations for
7 transactions by federal credit unions, notwithstanding any
8 restrictions elsewhere contained in the ~~statutes of the State~~
9 ~~of Alabama~~ law of this state. No credit union can exercise any
10 power which it claims only by virtue of the power being
11 possessed by a federal credit union if the administrator
12 issues a written order prohibiting a credit union from
13 exercising that power.

14 "(c) Notwithstanding any other provision of this
15 chapter or any other state law, a credit union may offer any
16 product or service that is authorized or permitted to any
17 federal credit union as defined in 12 U.S.C. § 1752.

18 "(d) Notwithstanding any other provision of this
19 chapter or any other state law, the administrator may
20 condition the exercise of any power upon terms and conditions
21 intended to ensure safe and sound operation of a credit union
22 in the administrator's discretion.

23 "§5-17-8.

24 "(a) Credit unions shall report to the Administrator
25 of the Alabama Credit Union Administration at least annually

1 on or before January 31 in such manner and form as required by
2 the administrator for that purpose. Additional reports may be
3 required. Credit unions shall be examined at least every 18
4 months by employees of the administration or by other persons
5 designated by the administrator. For failure to file reports
6 when due, unless excused for cause by the administrator, the
7 credit union shall pay to the State Treasurer five dollars
8 (\$5) for each day of its delinquency.

9 "(b) If the administrator determines that the credit
10 union is violating this chapter, or is insolvent, the
11 administrator may suspend operations of the credit union by
12 issuing an order requiring that the credit union cease
13 operations pending a hearing on the revocation of the
14 certificate of approval, or the administrator may set a date
15 for a hearing on the revocation of the certificate of approval
16 without suspending operations of the credit union. If the
17 administrator suspends operations of the credit union, a
18 hearing on the revocation of the certificate of authority
19 shall be held by the administrator if requested within 90 days
20 from the date of the order requiring suspension of operations.
21 If demanded by the credit union, the hearing on revocation of
22 the certificate of authority, whether or not the administrator
23 has suspended operations of the credit union pending the
24 hearing, shall be conducted on the record by the administrator
25 who shall also make findings of fact and a written

1 determination concerning revocation of the certificate of
2 authority. The determination may contain an order requiring
3 that credit union to immediately suspend operations or
4 continue in effect a previous order requiring the suspension
5 of operations. If the determination is that the credit union
6 is violating this chapter, or is insolvent, and that the
7 certificate of authority be revoked, and if, for a period of
8 15 days after the hearing, any violation continues, the
9 administrator may revoke the certificate and take possession
10 of the business and property of the credit union and maintain
11 possession until the administrator shall permit it to continue
12 business or its affairs are finally liquidated through merger
13 or otherwise.

14 "(c) (1) The administrator may, with the approval of
15 a majority of the Credit Union Board of the Alabama Credit
16 Union Administration, issue a cease and desist order upon
17 finding that the credit union or any officer, director,
18 committee member, or employee has done any one of the
19 following:

20 "~~(1)~~a. Committed any violation of a law, rule, or
21 regulation.

22 "~~(2)~~b. Engaged or participated in any unsafe or
23 unsound practice in connection with the credit union business.

1 "~~(3)~~c. Engaged in any act, omission, or practice
2 which constitutes a breach of fiduciary duty to the credit
3 union.

4 "~~(4)~~d. Committed any fraudulent or questionable
5 practice in the conduct of the credit union's business which
6 endangers the credit union's reputation or threatens
7 insolvency.

8 "~~(5)~~e. Violated any condition imposed in writing by
9 the administrator or any written agreement made with the
10 administrator.

11 "~~(6)~~f. Concealed, destroyed, removed, falsified, or
12 perjured any book, record, paper, report, statement, or
13 account related to the business and affairs of the credit
14 union.

15 "(2) Any cease and desist order shall be effective
16 not earlier than 10 calendar days after it is delivered to the
17 credit union. The credit union or any person subject to a
18 cease and desist order shall have 10 calendar days from the
19 receipt of any cease and desist order to appeal to the Credit
20 Union Board of the Alabama Credit Union Administration by
21 serving the administrator with a written notice of appeal
22 within the 10-day period. Upon receipt of a notice of appeal
23 from the credit union, the effect of the cease and desist
24 order will be suspended pending a decision upon appeal;
25 provided that a majority of the Credit Union Board of the

1 Alabama Credit Union Administration may order that a cease and
2 desist order be in force and effect pending the decision on
3 appeal. A hearing of any appeal shall be held before the
4 Credit Union Board of the Alabama Credit Union Administration
5 within 60 calendar days of the notice of appeal and the
6 decision of the Credit Union Board shall be rendered within 30
7 calendar days after the conclusion of the hearing.

8 "(d) The Administrator of the Alabama Credit Union
9 Administration may suspend from office and prohibit further
10 participation in any manner in the conduct of the affairs of a
11 credit union, any director, officer, committee member, or
12 employee who has done any one of the following:

13 "(1) Committed any violation of a law, rule, or
14 regulation.

15 "(2) Engaged or participated in any unsafe or
16 unsound practice in connection with the credit union business.

17 "(3) Engaged in any act, omission, or practice which
18 constitutes a breach of fiduciary duty to the credit union.

19 "(4) Committed any fraudulent or questionable
20 practice in the conduct of the credit union's business which
21 endangers the credit union's reputation or threatens
22 insolvency.

23 "(5) Violated any condition imposed in writing by
24 the administrator or any written agreement made with the
25 administrator.

1 "(6) Concealed, destroyed, removed, falsified, or
2 perjured any book, record, paper, report, statement, or
3 account related to the business and affairs of the credit
4 union.

5 "(7) Unless the administrator directs otherwise, the
6 prohibition against participation in the conduct of the
7 affairs of a credit union shall remain effective until it is
8 rescinded by a vote of the Credit Union Board of the Alabama
9 Credit Union Administration.

10 "(e) A person subject to an order issued under
11 subsection (d) may file an appeal in writing delivered to the
12 administrator not more than 10 calendar days after the
13 issuance of the order. Not later than 60 calendar days after
14 the filing of an appeal, the Credit Union Board of the Alabama
15 Credit Union Administration shall hold a hearing and not later
16 than 30 calendar days after the conclusion of the hearing, the
17 Credit Union Board shall issue a decision. The hearing shall
18 be confidential.

19 "(f) The Administrator of the Alabama Credit Union
20 Administration, with the approval of a majority of the Credit
21 Union Board of the Alabama Credit Union Administration, ex
22 parte without notice, may appoint the Alabama Credit Union
23 Administration or the National Credit Union Administration as
24 conservator and immediately take possession and control of the

1 business and assets of any state-chartered credit union in any
2 case in which any one of the following occurs:

3 "(1) The Alabama Credit Union Administration
4 determines that the action is necessary to conserve the assets
5 of any state-chartered credit union or the interests of the
6 members of the credit union.

7 "(2) A credit union, by resolution of its board of
8 directors, consents to the action by the Alabama Credit Union
9 Administration.

10 "(3) There is a willful violation of a
11 cease-and-desist order which has become final.

12 "(4) There is concealment of books, papers, records,
13 or assets of the credit union or refusal to submit books,
14 papers, records, or affairs of the credit union for inspection
15 to any examiner or to any lawful agent of the Alabama Credit
16 Union Administration.

17 "(g) Not later than 10 calendar days after the date
18 on which the Alabama Credit Union Administration takes
19 possession and control of the business and assets of a credit
20 union pursuant to subsection (f), officials of the credit
21 union who were terminated by the conservator may apply to the
22 circuit court for the judicial circuit in which the principal
23 office of the credit union is located for an order requiring
24 the administration to show cause why it should not be enjoined
25 from continuing possession and control. Except as provided in

1 this subsection, no court may take any action, except at the
2 request of the Credit Union Board by regulation or order, to
3 restrain or affect the exercise of powers or functions of the
4 board as conservator.

5 "(h) The administrator shall report to the Credit
6 Union Board of the Alabama Credit Union Administration at
7 least semi-annually on the condition of the credit unions in
8 which the administration serves as conservator. Reports shall
9 contain the following:

10 "(1) The most recent income statement and balance
11 sheet of the credit union.

12 "(2) Actions taken since the last report by the
13 administrator in its role as conservator of the credit union.

14 "(3) A detailed report of all expenditures,
15 reimbursements, and other financial considerations paid out of
16 the assets of the credit union to the Alabama Credit Union
17 Administration or its designated agents during
18 conservatorship.

19 "(4) A business plan outlining necessary actions and
20 timetables under which the credit union would remain under
21 conservatorship.

22 "(i) The Alabama Credit Union Administration may
23 maintain possession and control of the business and assets of
24 the credit union and may operate the credit union until the
25 time as the following occurs:

1 "(1) The administrator shall permit the credit union
2 to continue business subject to the terms and conditions as
3 may be imposed by the Alabama Credit Union Administration.

4 "(2) The credit union is liquidated in accordance
5 with the provisions of Section 5-17-21.

6 "(3) The Credit Union Board of the Alabama Credit
7 Union Administration votes by a majority of voting members
8 that the Alabama Credit Union Administration shall relinquish
9 possession and control of the credit union. Such vote shall be
10 held on at least a semi-annual basis while the credit union is
11 held in conservatorship by the Alabama Credit Union
12 Administration.

13 "(j) The Alabama Credit Union Administration may
14 appoint special agents as it considers necessary in order to
15 assist the administration in carrying out its duties as a
16 conservator under this section.

17 "(k) All costs incurred by the administration in
18 exercising its authority under this section and Section
19 5-17-8.1, including, without limitation, all expenses and
20 legal fees incurred in exercising its authority or defending
21 any action taken pursuant to its exercise of authority, and
22 any appeal by any credit union or by any director, officer,
23 committee member, or employee thereof shall be paid out of the
24 assets of the credit union.

1 "(l) The conservator shall have all powers of the
2 members, the directors, the officers, and the committees of
3 the credit union and shall be authorized to operate the credit
4 union in its own name or to conserve its assets in the manner
5 and extent authorized by the administration.

6 "(m) After taking possession of the property and
7 business of a credit union through conservatorship, the
8 conservator may terminate or adopt any executory contract to
9 which the credit union may be a party. The termination of any
10 contracts shall be made within six months after the
11 conservator has obtained knowledge of the existence of the
12 contract or lease. Any provision in the contract or lease
13 which provides for damages or cancellation fees upon
14 termination shall not be binding on the conservator or credit
15 union. The directors, the conservator, and the credit union
16 are not liable for damages arising from or relating to such
17 executory contracts.

18 "(n) The administrator may appoint a temporary board
19 of directors to any credit union subject to conservatorship.

20 "(o) (1) Notwithstanding any other provision of state
21 law, if the administrator determines that an emergency
22 requiring expeditious action exists with respect to a credit
23 union, that other alternatives are not reasonably available
24 consistent with National Credit Union Administration
25 precedent, and that the public interest, including the

1 interests of the members of the credit union, would best be
2 served by such action, the administrator may do either of the
3 following:

4 "a. Initiate the involuntary merger of a credit
5 union that is insolvent or is in danger of insolvency with any
6 other credit union or may authorize a credit union to purchase
7 any of the assets of, or assume any of the liabilities of, any
8 other credit union that is insolvent or in danger of
9 insolvency.

10 "b. Authorize a financial institution whose deposits
11 or accounts are insured to purchase any of the assets of, or
12 assume any of the liabilities of, a credit union that is
13 insolvent or in danger of insolvency, except that prior to
14 exercising this authority the administrator shall attempt to
15 effect a merger with, or purchase and assumption by, another
16 credit union as provided in paragraph a.

17 "(2) For purposes of the authority contained in this
18 subsection, insured share and deposit accounts of the credit
19 union, upon consummation of the purchase and assumption, may
20 be converted to insured deposits or other comparable accounts
21 in the acquiring institution, and the administrator and the
22 insuring organization shall be relieved of any liability to
23 the credit union's members with respect to those accounts.

24 "§5-17-10.

1 "At the annual meeting (the organization meeting
2 shall be the first annual meeting), members of the credit
3 union shall elect a board of directors of not less than five
4 members, may elect a credit committee of not less than three
5 members, and shall elect a supervisory committee of not less
6 than three members, all to hold office for such terms
7 respectively as the bylaws provide and until successors
8 qualify. A record of the names and addresses of the members of
9 the board and committees and the officers shall be filed with
10 the Administrator of the Alabama Credit Union Administration
11 not later than 10 calendar days after their election. If,
12 however, the bylaws so provide, the board of directors shall
13 carry out the functions and duties of the credit committee or
14 may appoint a credit committee, in which case the credit union
15 shall not elect a credit committee.

16 "§5-17-11.

17 "(a) At the first meeting and at subsequent times
18 prescribed in the bylaws, the directors shall elect a
19 president. The president must be either a member of the board
20 of directors or an employee of the credit union who is not a
21 member of the board of directors. If the credit union elects a
22 president who is not a member of the board of directors, the
23 board of directors shall elect from their own number a
24 ~~chairman~~ chair and one or more ~~vice-chairmen~~ vice chairs of
25 the board of directors. The board of directors shall have the

1 power, in accordance with the bylaws, to remove any officer
2 who is not a member of the board of directors. At the first
3 meeting and at subsequent annual meetings prescribed in the
4 bylaws, the directors shall elect from their own number, a
5 secretary and treasurer, who may be the same individual. To
6 nominate a candidate by petition, the petition should conform
7 to the requirements as specified in the bylaws. The bylaws
8 will state the number of members required to sign a petition
9 which can be as few as three members or more as stated in the
10 bylaws. For natural person credit unions, the maximum number
11 cannot exceed the lesser of one percent of the membership or
12 500 members. For corporate credit unions, the maximum number
13 cannot exceed the lesser of five percent of the membership or
14 25 members. Candidates shall be given a minimum of 35 days
15 from the postmark date to present a petition.

16 "(b) The duties of the officers shall be as
17 determined in the bylaws. It shall be the duty of the
18 directors to have general management of the affairs of the
19 credit union, particularly:

20 "(1) To act on application for membership.

21 "(2) To determine interest rates on loans and on
22 deposits; provided, that such loans shall be at reasonable
23 rates of interest.

1 "(3) To fix the amount of the surety bond which
2 shall be required of all officers and employees handling
3 money.

4 "(4) To declare dividends, and to transmit to the
5 members recommended amendments to the bylaws.

6 "(5) To fill vacancies in the board and in the
7 credit committee in accordance with the bylaws of the credit
8 union.

9 "(6) To determine the maximum individual share
10 holdings and the maximum individual loan which can be made
11 with and without security.

12 "(7) To have charge of investments other than loans
13 to members.

14 "(8) To establish the par value of the share.

15 "(9) In the absence of a credit committee, and upon
16 the written request of a member, review a loan application
17 denied by a loan officer.

18 "(c) No member of the board or any committee shall,
19 as such, be compensated. Notwithstanding the foregoing, for
20 ~~their~~ his or her services to the credit union, providing
21 reasonable life, accident, and similar insurance protection
22 shall not be considered compensation. Directors, officers, and
23 committee members may be reimbursed for necessary expenses
24 incidental to the performance of the official business of the
25 credit union. Expenses may include the payment or

1 reimbursement of travel costs for members of the board or any
2 committee and one guest per member of the board or any
3 committee that were reasonable, proper, and incurred on
4 official business of the credit union, in accordance with
5 written policies and procedures of the credit union.

6 "(d) Liability and indemnification of officers,
7 directors, trustees, and members of the governing body of a
8 credit union shall be the same as provided for a nonprofit
9 corporation in Title 10A, the Alabama Business and Nonprofit
10 Entity Code; provided, however, a credit union may not
11 indemnify officers, directors, and members of the governing
12 body of a credit union against actions brought in connection
13 with willful violations of this title.

14 "§5-17-22.

15 "Any credit union, with the approval of the
16 Administrator of the Alabama Credit Union Administration, may
17 merge with another credit union, under the existing
18 certificate of organization of the other credit union,
19 pursuant to any plan agreed upon by the majority of each board
20 of directors of each credit union joining in the merger. In
21 addition to approval by the administrator and each board of
22 directors, the membership of the merging credit union must
23 also approve the merger plan in the following manner:

24 "(1) At a meeting called for that purpose, notice of
25 which purpose must be contained in the call, two thirds of

1 those voting may vote to approve the merger plan. Voting must
2 be conducted in accordance with the bylaws of the credit
3 union. The notice must be provided to the members at least ~~15~~
4 days 45 calendar days, but no more than 90 calendar days,
5 prior to the date of the meeting.

6 "(2) After agreement by the directors and approval
7 by the members of the merging credit union, the president and
8 secretary of the credit union shall execute a certificate of
9 merger which shall set forth all of the following:

10 "a. The time and place of the meeting of the board
11 of directors at which the plan was agreed upon.

12 "b. The vote in favor of the adoption of the plan.

13 "c. A copy of the resolution or other action by
14 which the plan was agreed upon.

15 "d. The time and place of the meeting of the members
16 at which the plan agreed upon was approved.

17 "e. The vote by which the plan was approved by the
18 members.

19 "(3) Such certificate and a copy of the plan of
20 merger agreed upon shall be forwarded to the administrator,
21 certified by the administrator, and returned to both credit
22 unions within 30 days.

23 "(4) Upon return of the certificate from the
24 administrator, all property, property rights and members'
25 interest of the deed, endorsement, or other instrument of

1 transfer, and all debts, obligations, and liabilities of the
2 merged credit union shall be deemed to have been assumed by
3 the surviving credit union under whose charter the merger was
4 effected. The rights and privileges of the members of the
5 merged credit union shall remain intact.

6 "(5) A copy of the certificate approved by the
7 Administrator of the Alabama Credit Union Administration shall
8 be filed with the judge of probate of the county in which each
9 credit union's certificate of organization is recorded.

10 "(6) This section applies to credit unions organized
11 under the laws of the State of Alabama. Federally chartered
12 credit unions may be merged into Alabama organized credit
13 unions, under the same conditions as Alabama credit unions;
14 provided, that the merger plan is approved by the National
15 Credit Union Administration or private insurance program or
16 carrier.

17 "(7) Credit unions organized under the laws of the
18 State of Alabama may be merged into federally chartered credit
19 unions under the same conditions as provided in this section;
20 provided, that the merger plan is approved by the National
21 Credit Union Administration or private insurance program or
22 carrier.

23 "(8) Credit unions organized under the laws of the
24 State of Alabama may merge a state or federally chartered bank
25 or thrift into the credit union under the same conditions as

1 provided in this section, provided that the merger plan is
2 approved, if required, by the appropriate state or federal
3 regulator of the bank or thrift and federal insurer, the
4 Federal Deposit Insurance Corporation.

5 "(9) Credit unions organized under the laws of the
6 State of Alabama may merge into a state or federally chartered
7 bank or thrift under the same conditions as provided in this
8 section, provided that the merger plan is approved by the
9 resultant institution's chartering regulator and the federal
10 insurer, the Federal Deposit Insurance Corporation.

11 "(10) A federal credit union may be converted to a
12 credit union chartered under the laws of Alabama and a state
13 credit union may be converted to a federal credit union by
14 adhering to the requirements for the conversion of a federal
15 credit union to a state credit union as specified by the
16 Federal Credit Union Act, presently 12 U.S.C. §1771(a) (1).

17 "(11) A credit union chartered under the laws of
18 another state may be converted to an Alabama state chartered
19 credit union under state law and regulation. Conversion to an
20 Alabama state chartered credit union shall be effective upon
21 the written approval of the administrator. Notice of
22 conversion shall be filed with the Secretary of State and the
23 judge of probate of the county in which the credit union
24 maintains its principal office.

25 "§5-17-55.

1 "(a) There shall be a Credit Union Board of the
2 Alabama Credit Union Administration which shall consist of the
3 administrator, who shall be an ex officio member and ~~chairman~~
4 chair of the board, and seven other persons, appointed by the
5 Governor, by and with the consent of the Senate. Four of these
6 persons shall be appointed from a list of nominees submitted
7 by the Credit Union Board of the Alabama Credit Union
8 Administration, in consultation with the League of
9 Southeastern Credit Union or its successor organization, which
10 shall submit not less than three nominees for any vacancy.
11 Should the Governor determine that none of the first three
12 nominees submitted by the Credit Union Board for a vacancy on
13 the Credit Union Board are acceptable, the Governor may reject
14 the three nominees and the Credit Union Board shall submit an
15 alternative list of three nominees to the Governor from which
16 the Governor shall make the appointment. The remaining three
17 appointments to the Credit Union Board shall be made by the
18 Governor from a list of nominees submitted by credit unions at
19 large. No person is eligible to be nominated or appointed to
20 the Credit Union Board unless at the time of nomination or
21 appointment, the person is an ~~officer, director, or manager~~
22 official of a state-chartered credit union and has at least
23 five years' experience in the 10 years next preceding
24 appointment as an ~~officer, director, or manager~~ official of a
25 credit union. The position of any member of the Credit Union

1 Board shall be declared vacant by the Administrator of the
2 Alabama Credit Union Administration if the member of the
3 Credit Union Board ceases to serve as an ~~officer, director, or~~
4 ~~manager~~ official of a credit union chartered under the laws of
5 the State of Alabama. For the purposes of this subsection, an
6 official of a state-chartered credit union includes the
7 president, chief executive officer, or a person elected by the
8 membership to serve as a board member, credit committee
9 member, or supervisory committee member of the state-chartered
10 credit union.

11 " (b) The seven appointees by the Governor, with the
12 consent of the Senate, shall serve for the terms designated by
13 the Governor for each person upon appointment of the persons.
14 Of the seven persons appointed by the Governor, with the
15 consent of the Senate, three persons shall serve terms
16 expiring on February 1 of the first year following passage
17 hereof, two persons shall serve terms expiring on February 1
18 of the second year following passage hereof and two persons
19 shall serve terms expiring on February 1 of the third year
20 following passage hereof. Successors shall be appointed by the
21 Governor, with the consent of the Senate, for terms of three
22 years each, so that the terms of two or three of the seven
23 appointed members will expire on February 1 of each year. An
24 allowance for correction of terms may be permitted from time
25 to time or as necessary. Upon the expiration of their terms of

1 office, members of the board shall continue to serve until
2 their successors are appointed and have qualified.

3 "(c) (1) If a member of the Credit Union Board of the
4 Alabama Credit Union Administration fails to attend regular
5 meetings of the board for three consecutive meetings, or
6 otherwise fails to perform the duties devolving upon him or
7 her as a member of the Credit Union Board of the Alabama
8 Credit Union Administration, is convicted of a felony or any
9 other crime involving moral turpitude, or ceases to be an
10 ~~officer, director, or manager~~ official of a credit union, the
11 office of the member shall be declared vacant by the
12 administrator. The office of the board member shall be deemed
13 to be vacated on the thirty-first day after mailing of a
14 notice to the board member that his or her position is being
15 vacated unless the board member files an appeal with the
16 Credit Union Board prior to the thirty-first day after mailing
17 of notice. Except that no appeal is authorized if the member's
18 position is declared vacant by reason of conviction of a
19 felony or a crime involving moral turpitude.

20 "(2) Any person who is notified that his or her
21 position on the board has been declared vacant by the
22 administrator, ~~may~~, within 30 days after mailing of the notice
23 that the position has been declared vacant, may appeal to the
24 other members of the Credit Union Board by written notice of
25 appeal received by the administrator within the time period.

1 "(3) Upon a finding of good cause for the failure to
2 attend meetings or otherwise perform duties, or upon a finding
3 that there is a compelling reason for reinstating the member,
4 a majority of board members may reinstate the person to the
5 position. When the member appeals to the Credit Union Board,
6 unless reinstated by the board within 30 calendar days after
7 appeal, the position on the board shall be deemed to be vacant
8 on the thirty-first day after receipt by the administrator of
9 the member's written notice of the appeal. The administrator
10 shall call a meeting to hear the appeal within 30 calendar
11 days after receipt of the notice of appeal. The board member
12 who has received notice that the position will be declared
13 vacant shall have the right to present at any hearing dealing
14 with the position being declared vacant, but shall not have
15 the right to vote on any issue until he or she is reinstated
16 by the Credit Union Board.

17 "(d) If by reason of death, resignation, removal
18 from office, or otherwise a vacancy occurs on the Credit Union
19 Board, the vacancy shall be filled by appointment of the
20 Governor and the appointee shall hold office until the Senate
21 meets and passes on the appointment. If the appointment is
22 disapproved by the Senate, another appointment shall be made
23 by the Governor, and appointments must be made in like manner
24 until an appointment is confirmed by the Senate. Any person so
25 appointed shall serve the balance of the unexpired term for

1 which the appointment is made. The seven appointed members of
2 the Credit Union Board shall be persons of good character.
3 Five of the seven shall have at least five years' experience
4 in the 10 years next preceding appointment to the Credit Union
5 Board ~~either as an officer, director, or manager~~ official of a
6 credit union organized under the laws of the State of Alabama.

7 "(e) An appeal may be taken to the Credit Union
8 Board from any finding, ruling, order, decision, or the final
9 action of the administrator by any credit union which feels
10 aggrieved thereby. Notice of appeal shall be filed with the
11 administrator within 30 calendar days after the findings,
12 ruling, order, decision, or other action. The notice shall
13 contain a brief statement of the pertinent facts upon which
14 the appeal is grounded. The Credit Union Board shall fix a
15 date, time, and place for hearing the appeal, within 60
16 calendar days after it is filed, and shall notify the credit
17 union or its attorney of record thereof at least 30 calendar
18 days prior to the date of the hearing. The finding of the
19 Credit Union Board shall be strictly advisory in nature."

20 Section 2. This act shall become effective on the
21 first day of the third month following its passage and
22 approval by the Governor, or its otherwise becoming law.

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President and Presiding Officer of the Senate

Speaker of the House of Representatives

SB33
Senate 02-APR-19
I hereby certify that the within Act originated in and passed
the Senate, as amended.

Patrick Harris,
Secretary.

House of Representatives
Passed: 02-MAY-19

By: Senator Shelnut