

1 HB500
2 149442-2
3 By Representative Wren
4 RFD: Financial Services
5 First Read: 02-APR-13

2
3
4
5
6
7
8 SYNOPSIS: Under existing law, state credit unions are
9 organized and regulated by the Alabama Credit Union
10 Administration in Chapter 17 of Title 5, Code of
11 Alabama 1975.

12 This bill would extensively revise Chapter
13 17 to further provide for the regulation and
14 operation of state credit unions by the Alabama
15 Credit Union Administration.

16 The bill would, among other things, do all
17 of the following:

18 (1) Further provide for the granting of
19 charters to state credit unions by the
20 Administrator of the Alabama Credit Union
21 Administration.

22 (2) Provide civil penalties for persons or
23 entities using the term "credit union" in violation
24 of law.

25 (3) Authorize the board of directors, rather
26 than two-thirds of the members of a credit union,
27 to expel a credit union member.

1 (4) Authorize the administrator to annually
2 fix the operating assessment on credit unions to
3 fund the Credit Union Administration.

4 (5) Further provide for orders of the Credit
5 Union Administration to take possession and control
6 of a state credit union.

7 (6) Specify that directors of a credit union
8 may be reimbursed for expenses and provide limited
9 liability for directors.

10 (7) Further provide for deposits by minors.

11 (8) Further provide for the disposition of
12 accounts to a surviving spouse or guardian and for
13 adverse claims for deposits.

14 (9) Specify that insurance on accounts may
15 be by a private insurance carrier.

16 (10) Further provide for consolidation or
17 merger of credit unions in danger of insolvency.

18 (11) Further provide for the qualifications
19 of the administrator.

20 (12) Authorize the sharing of information
21 with federal agencies.

22 (13) Further specify the appointment of an
23 assistant administrator under the state Merit
24 System.

25
26 A BILL
27 TO BE ENTITLED

1 AN ACT

2
3 Relating to the Credit Union Administration and the
4 regulation of credit unions; to amend Sections 5-17-1 to
5 5-17-12, inclusive, 5-17-14 to 5-17-16, inclusive, 5-17-19,
6 5-17-22, 5-17-40, 5-17-41, 5-17-44, 5-17-45, 5-17-46, 5-17-48,
7 5-17-50 to 5-17-52, inclusive, 5-17-55 and 5-17-56, Code of
8 Alabama 1975; and to repeal Sections 5-17-25 to 5-17-28,
9 inclusive, 5-17-49, 5-17-53, and 5-2A-100 to 5-2A-103,
10 inclusive, Code of Alabama 1975, to further provide for the
11 granting of charters and for the regulation of credit unions
12 and for the operation of the Credit Union Administration.

13 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

14 Section 1. Sections 5-17-1 to 5-17-12, inclusive,
15 5-17-14 to 5-17-16, inclusive, 5-17-19, 5-17-22, 5-17-40,
16 5-17-41, 5-17-44, 5-17-45, 5-17-46, 5-17-48, 5-17-50 to
17 5-17-52, inclusive, 5-17-55 and 5-17-56, Code of Alabama 1975,
18 are amended to read as follows:

19 "§5-17-1.

20 "A credit union is a cooperative ~~society,~~
21 ~~incorporated for the twofold purpose of promoting thrift among~~
22 ~~its members and creating a source of credit for them at~~
23 ~~legitimate rates of interest, particularly among groups of~~
24 ~~industrial workers and farmers, fraternal and religious~~
25 ~~organizations, and in those communities where the citizens of~~
26 ~~the state are distantly removed from convenient centers of~~
27 ~~business or easy access to financial agencies now provided for~~

1 by laws of Alabama, not-for-profit organization, organized
2 under this chapter, for the purposes of providing provident
3 and beneficial services to its members, including, but not
4 limited to: Encouraging thrift, creating a source of credit at
5 legitimate rates of interest, and providing an opportunity for
6 its members to use and control their own money on a democratic
7 basis in order to improve their economic and social condition.

8 "§5-17-2.

9 "(a) Any seven residents of the State of Alabama may
10 apply to the Administrator of the Alabama Credit Union
11 Administration for permission to organize a credit union.

12 "(b) A credit union is organized in the following
13 manner: The applicants shall execute in duplicate a
14 certificate of organization by the terms of which they agree
15 to be bound. The certificate shall state:

16 "(1) the name and location of the proposed credit
17 union,

18 "(2) the names and addresses of the subscribers to
19 the certificate and the number of shares subscribed by each,
20 and

21 "(3) the par value of the shares of the credit
22 union. They shall next prepare and adopt bylaws for the
23 general governance of the credit union consistent with the
24 provisions of this chapter and shall execute the same in
25 duplicate.

26 "The certificate and bylaws, both executed in
27 duplicate, shall be forwarded to the Administrator of the

1 Alabama Credit Union Administration. The administrator ~~shall,~~
2 within ~~30~~ 180 days of the receipt of ~~said the~~ certificate and
3 bylaws, shall determine whether they conform with the
4 provisions of this chapter and whether or not the organization
5 of the credit union in question would benefit the members of
6 it and be consistent with the purpose of this chapter.
7 ~~Thereupon~~ Upon the issuance of a certificate of insurance by
8 the National Credit Union Administration or an approved
9 private insurance carrier, the Administrator of the Alabama
10 Credit Union Administration shall notify the applicants of his
11 or her decision. If it is favorable, ~~he~~ the administrator
12 shall issue a certificate of ~~approval~~ charter, attached to the
13 duplicate certificate of organization, and return the same,
14 together with the duplicate bylaws, to the applicants. The
15 applicants shall thereupon file the ~~said~~ duplicate of the
16 certificate of organization, with the certificate of ~~approval~~
17 charter attached thereto, with the judge of probate of the
18 county within which the corporate headquarters of the credit
19 union is to do business, who shall make a record of ~~said the~~
20 certificate and return it, along with ~~his~~ the certificate of
21 ~~record~~ charter attached thereto, to the Administrator of the
22 Alabama Credit Union Administration for permanent record.
23 Thereupon, the applicants shall become and be a credit union,
24 incorporated in accordance with the provisions of this
25 chapter. ~~In order to simplify the organization of credit~~
26 ~~unions, the Administrator of the Alabama Credit Union~~
27 ~~Administration shall cause to be prepared an approved form of~~

1 ~~certificate of organization and a form of bylaws, consistent~~
2 ~~with this chapter, which may be used by credit union~~
3 ~~incorporators for their guidance, and on written application~~
4 ~~of any seven residents of the state, shall supply them without~~
5 ~~charge a blank certificate of organization and a copy of said~~
6 ~~form of suggested bylaws.~~

7 "§5-17-3.

8 "It shall be a misdemeanor for any person,
9 association, copartnership, or corporation, except
10 corporations organized in accordance with the provisions of
11 this chapter, credit unions incorporated under the laws of the
12 United States, and the Alabama Credit Union League trade
13 associations of credit unions doing business in this state,
14 and other organizations as approved by the administrator, to
15 use the words "credit union" in their name or, title, or in
16 advertising. A ~~corporation~~ credit union organized under the
17 provisions of this chapter shall include in its corporate name
18 or title the words "credit union." Any violation of this
19 prohibition shall subject the party chargeable therewith to a
20 penalty of five hundred dollars (\$500) for each day, with a
21 maximum amount of fifty thousand dollars (\$50,000), during
22 which the violation is committed or repeated. The penalty may
23 be recovered by the administrator by an action instituted for
24 that purpose, and, in addition to the penalty, the violation
25 may be enjoined and the injunction enforced as in other cases.
26 If the directors, officers, or those persons performing
27 similar functions as corporate directors or officers of any

1 entity shall knowingly and willfully violate or knowingly and
2 willfully permit any of the officers, agents, employees, or
3 those persons performing similar functions of the entity to
4 violate any of the provisions of this section, each director,
5 officer, or other person engaging in the violation shall be
6 liable in his or her personal and individual capacity for all
7 damages which the entity or any other person shall have
8 sustained in consequence of the violation. Provided, however,
9 that a credit union organized in another state may conduct
10 business as a credit union in this state with the prior
11 approval of the Administrator of the Alabama Credit Union
12 Administration provided all of the following criteria are met:

13 "(1) It is organized under laws similar to Alabama
14 credit union laws~~;~~.

15 "(2) It is financially solvent~~;~~.

16 "(3) Alabama credit unions are allowed to do
17 business in the other state under conditions similar to these
18 provisions~~;~~.

19 "(4) It ~~has~~ maintains member account insurance
20 comparable to that required for Alabama credit unions~~;~~.

21 "(5) It agrees to submit to the administrator an
22 annual examination report from its supervising agency~~;~~.

23 "(6) The interest rate on loans made in Alabama does
24 not exceed that allowed by Alabama law~~;~~.

25 "(7) It complies with the same consumer protection
26 provisions that are applicable to Alabama credit unions ~~must~~
27 ~~obey;~~ and.

1 "(8) It designates and maintains an agent for the
2 service of process in Alabama.

3 "§5-17-4.

4 "A credit union shall have all of the following
5 powers:

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

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

13 "(3) To make loans to members.

14 "(4) To make loans to other credit unions.

15 "(5) To make loans to a cooperative society or other
16 organizations having membership in the credit union.

17 "(6) To deposit in state and national banks, ~~savings~~
18 ~~and loan associations~~ and thrifts or savings banks, the
19 accounts which are insured by the ~~Federal Savings and Loan~~
20 ~~Insurance Corporation or the~~ Federal Deposit Insurance
21 Corporation, and ~~of~~ insured accounts in other credit unions.

22 "(7) To invest in any investment legal for ~~savings~~
23 ~~banks or for trust funds in the state~~, federal credit unions,
24 trust funds in the state, or other investments as approved by
25 the administrator.

1 "(8) To borrow money from any source and to give its
2 note therefor; provided, that the borrowing shall not at any
3 time exceed 50 percent of its assets.

4 "(9) To assess each member a recurring or
5 nonrecurring membership fee.

6 "(10) To exercise incidental powers as necessary to
7 enable it to carry on effectively the purposes for which it is
8 ~~incorporated~~ chartered and other powers as are expressly
9 authorized by the Administrator of the Alabama Credit Union
10 Administration.

11 "(11) In addition to any and all other powers
12 heretofore granted to credit unions, any credit union shall
13 have the power to engage in any activity in which the credit
14 union could engage were the credit union operating as a
15 federally chartered credit union, including but not by way of
16 limitation because of enumeration, the power to do any act and
17 own, possess, and carry as assets property of that character
18 including stocks, bonds, or other debentures which, at the
19 time, are authorized under federal laws or regulations for
20 transactions by federal credit unions, notwithstanding any
21 restrictions elsewhere contained in the statutes of the State
22 of Alabama. No state chartered credit union can exercise any
23 power which it claims only by virtue of the power being
24 possessed by a federal credit union if the administrator
25 issues a written order prohibiting a credit union from
26 exercising that power.

27 "§5-17-5.

1 "Credit union membership shall consist of the
2 incorporators and such other persons as may be ~~elected to~~
3 eligible for membership and who subscribe to at least one
4 share and pay the initial installment thereon and the entrance
5 fee. Organizations, incorporated or otherwise, composed for
6 the most part of the same general group as the credit union
7 membership may be members. Credit union organization shall be
8 limited to groups, of both large and small membership, having
9 a common bond of occupation or association or to groups within
10 a well- defined neighborhood, community or rural district.

11 "§5-17-6.

12 ~~"A member may be expelled by a two-thirds vote of~~
13 ~~the members present at a special meeting called to consider~~
14 ~~the matter, but only after a hearing. (a) Any member may~~
15 withdraw from the credit union at any time, but notice of
16 withdrawal may be required. All amounts paid on shares or as
17 deposits of an expelled or withdrawing member, with any
18 dividends or interest accredited thereto to the date thereof
19 shall, as funds become available and after deducting all
20 amounts due from the member to the credit union, be paid to
21 ~~him~~ the individual. The credit union may require 60 days'
22 notice of intention to withdraw shares and 30 days' notice of
23 intention to withdraw deposits. Withdrawing or expelled
24 members shall have no further rights in the credit union but
25 are not, by such expulsion or withdrawal, released from any
26 remaining liability to the credit union. A credit union may
27 reserve in its bylaws the right to pay out not more than one

1 half of its monthly receipts to withdrawing members and
2 depositors.

3 "(b) The board of directors may expel a member for
4 cause by a majority vote of a quorum of directors, pursuant to
5 a written policy adopted by the board. For the purposes of
6 this section, cause includes a loss to the credit union, a
7 violation of the membership agreement or any policy or
8 procedure adopted by the board, or inappropriate behavior such
9 as physical or verbal abuse of credit union members or staff.
10 All members shall be given written notice of such policies.
11 Any person expelled by the board shall have the right to file
12 a written appeal to the board to reconsider the expulsion.

13 "(c) A credit union may terminate the membership of
14 any member who withdraws his or her shares to less than one
15 par share.

16 "(d) Persons whose membership has been terminated,
17 whether by withdrawal or expulsion, shall have no further
18 rights in the credit union, but are not released from any
19 obligation owed to the credit union.

20 "(e) A member who has been expelled may not be
21 readmitted to membership except upon approval by a majority
22 vote of the board after application and proof that the
23 applicant remains within the credit union's field of
24 membership, has adequately explained, addressed, or remedied
25 the conditions leading to expulsion, and will abide by the
26 terms and conditions of membership. Not more than one such

1 application for readmission may be made within any 12-month
2 calendar period.

3 "§5-17-7.

4 "(a) ~~During 1986 and each year thereafter, all~~ All
5 state chartered credit unions shall pay an annual operating
6 fee or assessment, the exact amount of which shall be fixed
7 from time to time by the Administrator of the Alabama Credit
8 Union Administration. ~~During 1985, credit unions shall~~
9 ~~continue to be charged and be liable to the Alabama Credit~~
10 ~~Union Administration for the examination fee presently fixed~~
11 ~~by the Supervisor of the Bureau of Credit Unions.~~

12 "(b) Except as hereinafter provided, the annual
13 operating fee set by the administrator shall not exceed the
14 fee calculated by use of the following scale:

15 "(1) Credit unions having total assets of less than
16 \$500,000.00 shall pay a fee not in excess of \$.12 for each
17 \$100.00 of assets, subject to a minimum of \$200.00.

18 "(2) Credit unions with assets of \$500,000.00 or
19 more shall pay a fee of \$600.00 plus \$.05 per \$100.00 of
20 assets over \$500,000.00 but not in excess of \$1,000,000.00
21 plus three and one-half cents per \$100.00 of assets of
22 \$1,000,000.00 but not in excess of \$5,000,000.00 plus \$.02 per
23 \$100.00 of assets over \$5,000,000 but not in excess of
24 \$10,000,000 plus one and eight-tenths per \$100.00 on assets
25 over \$10,000,000.00 but not in excess of \$20,000,000.00 plus
26 one and six-tenths cents per \$100.00 on assets over
27 \$20,000,000.00 but not in excess of \$50,000,000.00, plus one

1 and two-tenths cents per \$100.00 on assets over \$50,000,000.00
2 but not in excess of \$100,000,000.00 plus \$.01 per \$100.00 on
3 all assets over \$100,000,000.00.

4 "(c) ~~On one occasion~~ Annually, the administrator may
5 fix an annual operating fee which is not more than 10 percent
6 greater than the above fee scale if the Credit Union Board
7 approves such fee, if said fee is not in effect for more than
8 one year, and if the administrator establishes that such fee
9 is necessary in order that the Alabama Credit Union
10 Administration not be operated at a deficit and that the
11 Alabama Credit Union Administration operated at a deficit
12 during the preceding year assessment to ensure that the
13 Alabama Credit Union Administration does not continue to
14 operate in a deficit for any given year. The assessment shall
15 be approved by the Credit Union Board of the Alabama Credit
16 Union Administration.

17 "(d) The annual operating fee shall be paid on or
18 before the last day of January of each year, based upon the
19 assets of the credit union as of the end of the previous year.
20 Any credit union failing to pay said operating fee may be
21 charged a penalty assessment not to exceed \$50.00 for each day
22 that said fee remains unpaid.

23 "(e) Whenever application is made to the
24 Administrator of the Alabama Credit Union Administration for
25 permission to organize a credit union, the applicant shall at
26 the time of filing the certificate of organization with the
27 Administrator of the Alabama Credit Union Administration pay a

1 fee not to exceed ~~\$100.00~~ one thousand dollars (\$1,000) for
2 the purpose of paying the costs incidental to the
3 determination by the Administrator of the Alabama Credit Union
4 Administration whether such certificate of organization shall
5 be approved. The Administrator of the Alabama Credit Union
6 Administration shall from time to time fix the exact charge to
7 be made, but in no event shall the charge exceed ~~\$100.00~~ one
8 thousand dollars (\$1,000). ~~The provisions of this subsection~~
9 ~~shall not apply to any existing credit union seeking charter~~
10 ~~conversion.~~

11 "(f) All fees collected under this section shall be
12 paid into the special fund set up by the State Treasurer. This
13 special fund shall be used to pay the salaries of the
14 officials and employees and the expenses of the Alabama Credit
15 Union Administration including the purchase of equipment,
16 vehicles and supplies necessary for the examination and
17 supervision of credit unions and may be spent by the
18 Administrator of the Alabama Credit Union Administration for
19 the uses and purposes specified herein. No taxes, fees,
20 assessments, penalties or other revenues collected by the
21 Alabama Credit Union Administration shall be used for any
22 purpose other than the expenses of operating the Alabama
23 Credit Union Administration.

24 "(g) The administrator may set other fees from time
25 to time as approved by the Credit Union Board of the Alabama
26 Credit Union Administration.

1 ~~"(g) All the jurisdiction, authority, powers and~~
2 ~~duties now conferred upon and imposed by law upon the~~
3 ~~Superintendent of Banks and the Supervisor of the Credit Union~~
4 ~~Bureau in relation to the management, control, regulation and~~
5 ~~general supervision of credit unions are hereby transferred~~
6 ~~to, conferred upon and imposed upon the Alabama Credit Union~~
7 ~~Administration and administrator.~~

8 ~~"(h) All assets primarily used by the Bureau of~~
9 ~~Credit Unions, including books, records, documents, furniture,~~
10 ~~equipment and supplies are hereby transferred to the Alabama~~
11 ~~Credit Union Administration. All funds in the special fund~~
12 ~~previously maintained by the State Treasurer for the Bureau of~~
13 ~~Credit Unions are hereby transferred to the Alabama Credit~~
14 ~~Union Administration. All taxes, fees, assessments, penalties~~
15 ~~or other revenues owed to or collected by the Bureau of Credit~~
16 ~~Unions are hereby transferred to the Alabama Credit Union~~
17 ~~Administration. Any employee presently employed by the~~
18 ~~Superintendent of Banks who is presently primarily involved~~
19 ~~with the Bureau of Credit Unions shall be employed by the~~
20 ~~Alabama Credit Union Administration.~~

21 ~~"§5-17-8.~~

22 ~~"(a) Credit unions shall report to the Administrator~~
23 ~~of the Alabama Credit Union Administration at least annually~~
24 ~~on or before January 31 on blanks supplied by the~~
25 ~~administrator for that purpose. Additional reports may be~~
26 ~~required. Credit unions shall be examined at least annually by~~
27 ~~employees of the administrator or by other persons designated~~

1 by the administrator. For failure to file reports when due,
2 unless excused for cause by the administrator, the credit
3 union shall pay to the State Treasurer ~~of the State~~ five
4 dollars (\$5) for each day of its delinquency.

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

1 authority be revoked, and if, for a period of 15 days after
2 the hearing, any violation continues, the administrator may
3 revoke the certificate and take possession of the business and
4 property of the credit union and maintain possession until the
5 administrator shall permit it to continue business or its
6 affairs are finally liquidated.

7 "(c) The administrator may, with the approval of a
8 majority of the Credit Union Board of the Alabama Credit Union
9 Administration, issue a cease and desist order upon finding
10 that the credit union or any officer, director, committee
11 member, or employee has done any one of the following:

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

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

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

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

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

25 "(6) Concealed, destroyed, removed, falsified, or
26 perjured any book, record, paper, report, statement, or

1 account related to the business and affairs of the credit
2 union.

3 "Any cease and desist order shall be effective not
4 earlier than 10 days after it is delivered to the credit
5 union. The credit union shall have 10 days from the receipt of
6 any cease and desist order to appeal to the Credit Union Board
7 of the Alabama Credit Union Administration by serving the
8 administrator with a written notice of appeal within the
9 10-day period. Upon receipt of a notice of appeal from the
10 credit union, the effect of the cease and desist order will be
11 suspended pending a decision upon appeal; provided that a
12 majority of the Credit Union Board of the Alabama Credit Union
13 Administration may order that a cease and desist order be in
14 force and effect pending the decision on appeal. A hearing of
15 any appeal shall be held before the Credit Union Board of the
16 Alabama Credit Union Administration within ~~30~~ 60 days of the
17 notice of appeal and the decision of the Credit Union Board
18 shall be rendered within ~~15~~ 30 days after the hearing.

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

24 "(1) Committed any violation of a law, rule or
25 regulation.

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

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

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

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

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

14 "(7) Unless the administrator directs otherwise, the
15 prohibition against participation in the conduct of the
16 affairs of a credit union shall remain effective until it is
17 rescinded by a vote of the Credit Union Board of the Alabama
18 Credit Union Administration.

19 "(e) The Administrator of the Alabama Credit Union
20 Administration, ~~with the concurrence of a two-thirds majority~~
21 ~~of voting members of the Credit Union Board of the Alabama~~
22 ~~Credit Union Administration may~~ with the approval of a
23 majority of the Credit Union Board of the Alabama Credit Union
24 Administration, ex parte without notice, may appoint the
25 Alabama Credit Union Administration as conservator and
26 immediately take possession and control of the business and

1 assets of any state-chartered credit union in any case in
2 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 "(f) Not later than 10 days after the date on which
18 the Alabama Credit Union Administration takes possession and
19 control of the business and assets of a credit union pursuant
20 to subsection (e), the credit union may apply to the circuit
21 court for the judicial circuit in which the principal office
22 of the credit union is located for an order requiring the
23 administration to show cause why it should not be enjoined
24 from continuing possession and control. Except as provided in
25 this subsection, no court may take any action, except at the
26 request of the Credit Union Board by regulation or order, to

1 restrain or affect the exercise of powers or functions of the
2 board as conservator.

3 "(g) The administrator shall report to the Credit
4 Union Board of the Alabama Credit Union Administration at
5 least ~~quarterly~~ semi-annually on the condition of the credit
6 unions in which the administration serves as conservator.

7 Reports shall contain the following:

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

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

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

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

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

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

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

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

10 "(i) The Alabama Credit Union Administration may
11 appoint agents as it considers necessary in order to assist
12 the administration in carrying out its duties as a conservator
13 under this section.

14 "(j) All expenses incurred by the administration in
15 exercising its authority under this section with respect to
16 any credit union shall be paid out of the assets of the credit
17 union.

18 "(k) The conservator shall have all powers of the
19 members, the directors, the officers, and the committees of
20 the credit union and shall be authorized to operate the credit
21 union in its own name or to conserve its assets in the manner
22 and extent authorized by the administration.

23 "(l) After taking possession of the property and
24 business of a credit union through conservatorship, the
25 conservator may terminate or adopt any executory contract to
26 which the credit union may be a party, including leases of
27 real or personal property. The termination of any contracts

1 shall be made within six months after obtaining knowledge of
2 the existence of the contract or lease. Any provision in the
3 contract or lease which provides for damages or cancellation
4 fees upon termination shall not be binding on the conservator
5 or credit union. The conservator and credit union are not
6 liable for damages.

7 "(m) The credit union or any person affected by an
8 order may appeal by written appeal delivered to the
9 administrator within 10 days after the issuance of an order.
10 In the event of an appeal, a hearing shall be held before the
11 Credit Union Board of the Alabama Credit Union Administration
12 within ~~30~~ 60 days of the filing of an appeal and the decision
13 shall be rendered by the Credit Union Board within ~~15~~ 30 days
14 after the hearing. ~~Unless the administrator directs otherwise,~~
15 ~~the prohibition against participation in the conduct of the~~
16 ~~affairs of a credit union will remain effective until the time~~
17 ~~it is rescinded by a vote of the Credit Union Board of the~~
18 ~~Alabama Credit Union Administration to rescind the prohibition~~
19 ~~against participation in the affairs of a credit union.~~

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

22 "§5-17-9.

23 "The fiscal year of all credit unions shall end
24 December 31. Special meetings may be held in the manner
25 indicated in the bylaws. At all meetings a member shall have
26 but a single vote whatever his or her share holdings. The
27 bylaws may be amended as provided in the bylaws. Amendments to

1 the bylaws shall be submitted to the administrator who shall
2 approve or disapprove the amendments within 60 days ~~provided~~
3 ~~that the administrator shall not disapprove an amendment which~~
4 ~~corresponds with the form of bylaws which the administrator~~
5 ~~furnishes for the guidance of the incorporators of a credit~~
6 union. There shall be no voting by proxy, a member other than
7 a natural person casting a single vote through a delegated
8 agent.

9 "§5-17-10.

10 "At the annual meeting (the organization meeting
11 shall be the first annual meeting), the credit union shall
12 elect a board of directors of not less than five members, a
13 credit committee of not less than three members and a
14 supervisory committee of three members, all to hold office for
15 such terms respectively as the bylaws provide and until
16 successors qualify. A record of the names and addresses of the
17 members of the board and committees and the officers and all
18 branches shall be filed with the Administrator of the Alabama
19 Credit Union Administration within 10 days of their election.
20 If, however, the bylaws so provide, the board of directors
21 shall carry out the functions and duties of the credit
22 committee and the credit union shall not elect a credit
23 committee.

24 "§5-17-11.

25 "(a) At the first meeting and at subsequent times
26 prescribed in the bylaws, the directors shall elect a
27 president. The president must be either a member of the board

1 of directors or an employee of the credit union who is not a
2 member of the board of directors. If the credit union elects a
3 president who is not a member of the board of directors, the
4 board of directors shall elect from their own number a
5 chairman and one or more vice-chairmen of the board of
6 directors. The board of directors shall have the power, in
7 accordance with the bylaws, to remove any officer who is not a
8 member of the board of directors. At the first meeting and at
9 subsequent annual meetings prescribed in the bylaws, the
10 directors shall elect from their own number, a secretary and
11 treasurer, who may be the same individual. To nominate a
12 candidate by petition, the petition shall conform to the
13 requirements as specified in the bylaws. Candidates shall have
14 a petition signed by not less than one percent of the
15 membership or 100 members, whichever is less.

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 ~~which shall not exceed one percent per month~~
24 ~~on unpaid balances.~~

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

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

3 "(5) To fill vacancies in the board and in the
4 credit committee until successors are chosen and qualify.

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

8 "(7) To have charge of investments other than loans
9 to members.

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

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

14 "(c) No member of the board or either committee
15 shall, as such, be compensated; however, for their services to
16 the credit union, providing reasonable life, accident, and
17 similar insurance protection shall not be considered
18 compensation. Directors, officers, and committee members may
19 be reimbursed for necessary expenses incidental to the
20 performance of the official business of the credit union.

21 "(d) (1) No director or officer of a credit union
22 shall be liable, and no cause of action may be brought for any
23 of the following:

24 "a. For damages resulting from the exercise of
25 judgment or discretion in connection with the duties or
26 responsibilities of such director or officer unless the act or
27 omission involved willful or wanton conduct.

1 "b. For damages resulting from an act or omission in
2 rendering such service, unless the act or omission involved
3 willful or wanton conduct.

4 "(2) As used in this section, "willful or wanton
5 conduct" means a course of action which shows an actual or
6 deliberate intention to cause harm or violate a statute, or
7 which, if not intentional, shows an utter indifference to or
8 conscious disregard for the safety of others or their
9 property.

10 "(3) Nothing in this section is intended to bar any
11 cause of action against the credit union or change the
12 liability of the credit union arising out of an act or
13 omission of any director, officer, or person exempt from
14 liability for negligence under this section.

15 "(4) In discharging the duties of a director, a
16 director is entitled to rely on information, opinions,
17 reports, or statements, including financial statements and
18 other financial data, if prepared or presented by:

19 "a. One or more officers or employees of the credit
20 union whom the director reasonably believes to be reliable and
21 competent in the matters presented.

22 "b. Legal counsel, public accountants, or other
23 persons as to matters the director reasonably believes are
24 within the person's professional or expert competence.

25 "c. A committee of the board of directors of which
26 the director is not a member if the director reasonably
27 believes the committee merits confidence.

1 "(5) A director is not liable for any action taken
2 as a director or any failure to take any action if the
3 director performed the duties of the director's office in
4 compliance with this section.

5 "§5-17-12.

6 "The credit committee shall have the general
7 supervision of all loans to members. Applications for loans
8 shall ~~be on a form prepared by the credit committee and all~~
9 ~~applications shall~~ set forth the purpose for which the loan is
10 desired, the security, if any offered, and such other data as
11 may be required. Within the meaning of this section, an
12 assignment of shares or deposits or the endorsement of a note
13 may be deemed security. At least a majority of the members of
14 the credit committee shall pass on all loans, and approval
15 must be unanimous; except, that the credit committee may
16 appoint one or more loan officers and delegate to him or them
17 the power to approve loans. Each loan officer shall furnish to
18 the credit committee a record of each loan approved or not
19 approved ~~by him~~ within seven days of the date of the filing of
20 the application ~~thereon~~. Upon written request of a member, the
21 credit committee shall review a loan application denied by a
22 loan officer.

23 "§5-17-14.

24 "The capital of a credit union shall consist of the
25 payments that have been made to it by the several members
26 thereof on shares. The credit union shall have a lien on the
27 shares and deposits of a member for any sum due to the credit

1 union from said member or for any loan endorsed by ~~him~~ the
2 member. A credit union may charge an entrance fee as may be
3 fixed by the bylaws; ~~provided, that such entrance fee shall~~
4 ~~not exceed \$1.00.~~

5 "§5-17-15.

6 "(a) A minor, in his or her own name, may make a
7 general or special deposit in any credit union. The deposit
8 shall be paid only to the minor, or upon his or her order, and
9 not to the parents or guardians of the minor, and the payment
10 shall be valid as against the minor child and his or her
11 parents or guardian.

12 "~~(a)~~ (b) Shares may be issued and withdrawn and
13 deposits received and paid out in the name of a minor or in
14 trust in such manner as the bylaws may provide. The name of
15 the beneficiary must be disclosed to the credit union. If no
16 other notice of the existence and terms of such trust has been
17 given in writing to the corporation, such shares or deposits
18 may, upon the death of the trustee, be transferred to or
19 withdrawn by the person who was named by the trustee as the
20 beneficiary or by his legal representative, and such transfer
21 or withdrawal shall release the corporation from liability to
22 any other claimant upon such shares or deposit.

23 "~~(b)~~ (c) Any deposit heretofore or hereafter made in
24 any credit union in the names of two or more persons payable
25 to any such persons, upon the death of either of said persons,
26 may be paid by the credit union to the survivors jointly,
27 irrespective of whether or not:

1 "(1) The form of the deposit or deposit contract
2 contains any provision for survivorship;

3 "(2) The funds deposited were the property of only
4 one said person;

5 "(3) There was at the time of making such deposits
6 any intention on the part of the person making such deposit to
7 vest the other with a present interest therein;

8 "(4) Only one of said persons during their joint
9 lives had the right to withdraw such deposits;

10 "(5) There was any delivery of any passbook,
11 certificate of deposit or other writing by the person making
12 such deposit to the other of such persons; or

13 "(6) Any other circumstances.

14 "The credit union in which such deposit is made may
15 pay such deposit, or any part thereof or interest thereon, to
16 either of said persons, or if one is dead, to the surviving of
17 them, and such payment shall fully release and discharge the
18 credit union from all liability for any payment so made.

19 "~~(c)~~ (d) The provisions of this section shall apply
20 to share accounts, deposit accounts and certificates of
21 deposits and shall also apply to any deposit made in the names
22 of more than two persons where there is an expressed written
23 provision for survivorship in the deposit contract.

24 "~~(d)~~ (e) Nothing contained in this section shall be
25 construed to prohibit the person making such deposit from
26 withdrawing or collecting the same during his lifetime; nor
27 shall anything contained in this section prohibit any person

1 or persons making a deposit in the names of more than one
2 person from providing for disposition of such deposit and
3 interest thereon in a manner different from that provided
4 above in this section, provided such different manner of
5 disposition is expressly provided for in writing in the
6 deposit contract.

7 "§5-17-16.

8 "(a) Whenever a person shall die leaving a share or
9 deposit account in a credit union not exceeding ~~\$5,000.00~~ ten
10 thousand dollars (\$10,000), the credit union having the share
11 or deposit account may discharge itself from liability
12 thereafter by paying the funds in the share or deposit account
13 to the widow or surviving husband of the deceased or, if there
14 is no widow or surviving husband, to the persons having the
15 actual custody or control of the minor child or children of
16 the deceased; provided, that such person, if not the legal
17 guardian, shall execute to the probate judge of the county a
18 bond in the penal sum of double the amount of such deposit for
19 the faithful accounting of the money so received, which shall
20 be approved by said probate judge, or, if there is no minor
21 child or children, to the person or persons who under the laws
22 of Alabama are the heirs and inherit the personal property of
23 the deceased. No such payment is to be made before the lapse
24 of 60 days from the date of the death of the deceased, and no
25 such payment must be made by the credit union under this
26 section if letters testamentary or of administration have been
27 issued to a personal representative or a proceeding is pending

1 to probate a will of the deceased, or if a petition of letters
2 of administration on the estate of the deceased is pending in
3 the court in this state which would have jurisdiction of the
4 administration of the estate. The amount or amounts of the
5 share or deposit account, together with the other personal
6 property of the deceased, shall not exceed the amount of
7 exemption allowed by law, and the credit union shall be fully
8 protected and discharged from further liability by paying such
9 funds to the person or persons set forth above if the credit
10 union obtains an affidavit of some reputable citizen as to
11 such facts.

12 "(b) Notice to any credit union of an adverse claim
13 to a deposit standing on its books to the credit of any person
14 does not require the credit union to recognize the adverse
15 claimant unless the adverse claimant either: (i) procures a
16 restraining order, injunction, or other appropriate process
17 against the credit union from a court of competent
18 jurisdiction in a civil action therein instituted by the
19 claimant wherein the person to whose credit the deposit stands
20 is made a party and served with summons; or (ii) executes to
21 the credit union, in a form and with sureties acceptable to
22 it, a bond indemnifying the credit union from any and all
23 liability, loss, damage, cost, and expense for and on account
24 of the payment or recognition of such adverse claim or the
25 dishonor of or failure to pay the check or failure to comply
26 with other order of the person to whose credit the deposit
27 stands on the books of the credit union. Notwithstanding the

1 foregoing, this section does not apply in any instance where
2 the person to whose credit the deposit stands is a fiduciary
3 for the adverse claimant and the facts constituting the
4 relationship, as well as the facts showing reasonable cause of
5 belief on the part of the claimant that the fiduciary is about
6 to misappropriate the deposit, are made to appear by the
7 affidavit of the claimant.

8 "§5-17-19.

9 "(a) Every credit union shall set aside such regular
10 reserves as are required to be set aside by the credit union
11 in order to maintain insurance of member accounts under the
12 provisions of Title II of the Federal Credit Union Act.

13 Additionally, any credit union ~~may~~ shall be required by the
14 Administrator of the Alabama Credit Union Administration to
15 maintain any special reserves which the administrator finds
16 are necessary under the particular circumstances to protect
17 the interests of the members.

18 "(b) Any credit union hereafter organized under this
19 chapter shall be prohibited by the Administrator of the
20 Alabama Credit Union Administration from beginning the active
21 conduct of business until such time as such credit union has
22 obtained insurance of member accounts either under the
23 provisions of Title II of the Federal Credit Union Act or has
24 obtained approval for private insurance under a private
25 insurance program.

26 "(c) Any credit union which has had insurance of its
27 accounts under Title II of the Federal Credit Union Act or a

1 private insurance program or carrier withdrawn or cancelled
2 must apply for such insurance within 30 days of such
3 cancellation or withdrawal. If such credit union has not
4 obtained such insurance within 90 days after such cancellation
5 or withdrawal, the credit union shall either dissolve or merge
6 with another credit union which is insured under Title II of
7 the Federal Credit Union Act or such privately insured credit
8 union insured under a private insurance program.

9 "(d) The Administrator of the Alabama Credit Union
10 Administration shall be vested with authority to extend the
11 period of time within which a credit union must obtain
12 insurance of its accounts under Title II of the Federal Credit
13 Union Act, to permit other acceptable insurance coverage of
14 its accounts to be utilized by a credit union and to designate
15 into what credit union a credit union not having such
16 insurance coverage shall be merged.

17 "(e) The Administrator of the Alabama Credit Union
18 Administration shall make reports of condition and examination
19 reports available to the ~~Administrator of the~~ National Credit
20 Union Administration and, in his discretion, the Administrator
21 of the Alabama Credit Union Administration may accept any
22 report or examination made on behalf of the ~~Administrator of~~
23 ~~the~~ National Credit Union Administration in lieu of an
24 examination by the Administrator of the Alabama Credit Union
25 Administration.

26 "§5-17-22.

1 "Any credit union may, with the approval of the
2 Administrator of the Alabama Credit Union Administration,
3 merge with another credit union, under the existing
4 certificate of organization of the other credit union,
5 pursuant to any plan agreed upon by the majority of each board
6 of directors of each credit union joining in the merger. In
7 addition to approval by the administrator and each board of
8 directors, the membership of the merging credit union must
9 also approve the merger plan in the following manner:

10 "(1) At a meeting called for that purpose (notice of
11 which purpose must be contained in the call) two thirds of
12 those in attendance may vote to approve the merger plan.
13 Notice of the meeting must have been mailed to the last known
14 address of each member of the credit union at least 15 days
15 prior to the date of the meeting.

16 "(2) After agreement by the directors and approval
17 by the members of the merging credit union, the president and
18 secretary of the credit union shall execute a certificate of
19 merger which shall set forth all of the following:

20 "a. The time and place of the meeting of the board
21 of directors at which the plan was agreed upon;

22 "b. The vote in favor of the adoption of the plan;

23 "c. A copy of the resolution or other action by
24 which the plan was agreed upon;

25 "d. The time and place of the meeting of the members
26 at which the plan agreed upon was approved; and

1 "e. The vote by which the plan was approved by the
2 members.

3 "(3) Such certificate and a copy of the plan of
4 merger agreed upon shall be forwarded to the administrator,
5 certified by him and returned to both credit unions within 30
6 days.

7 "(4) Upon return of the certificate from the
8 administrator, all property, property rights and members'
9 interest of the deed, endorsement or other instrument of
10 transfer and all debts, obligations and liabilities of the
11 merged credit union shall be deemed to have been assumed by
12 the surviving credit union under whose charter the merger was
13 effected. The rights and privileges of the members of the
14 merged credit union shall remain intact.

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

19 "(6) This section applies to credit unions organized
20 under the laws of the State of Alabama. Federally chartered
21 credit unions may be merged into Alabama organized credit
22 unions, under the same conditions as Alabama credit unions;
23 provided, that the merger plan is approved by the
24 ~~Administrator of the National Credit Union Administration~~ or
25 private insurance carrier.

26 "(7) Credit unions organized under the laws of the
27 State of Alabama may be merged into federally chartered credit

1 unions under the same conditions as provided in this section;
2 provided, that the merger plan is approved by the
3 ~~Administrator of the National Credit Union Administration~~ or
4 private insurance carrier.

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

11 "(9) Notwithstanding any other provision of law, the
12 Credit Union Administration Board may authorize a merger or
13 consolidation of an insured credit union that is insolvent or
14 is in danger of insolvency with any other insured credit union
15 or may authorize an insured credit union to purchase any
16 assets of, or assume any of the liabilities of, any other
17 insured credit union which is insolvent or in danger of
18 insolvency if the board is satisfied that:

19 "a. An emergency requiring expeditious action exists
20 with respect to such other insured credit union.

21 "b. Other alternatives are not reasonably available.

22 "c. The public interest would be best served by
23 approval of such merger, consolidation, purchase, or
24 assumption.

25 "§5-17-40.

26 "There shall be an Alabama Credit Union
27 Administration which shall administer the laws of this state

1 which regulate or otherwise relate to credit unions in the
2 state. The authority of the Alabama Credit Union
3 Administration to perform such functions shall be exclusive
4 and all authority regarding credit unions ~~which was previously~~
5 ~~vested in the State Banking Department~~ is hereby vested in the
6 Alabama Credit Union Administration. The Alabama Credit Union
7 Administration is the agency of the State of Alabama charged
8 with oversight of credit unions chartered by the State of
9 Alabama. It is the responsibility of the administration to
10 license and ensure the safety and soundness of credit unions
11 chartered by this state. Credit unions chartered by this state
12 shall be known as the members of the administration.

13 "§5-17-41.

14 "(a) The Alabama Credit Union Administration shall
15 be in the charge of the administrator who shall be the chief
16 executive officer of the administration. ~~(b)~~ The administrator
17 shall be a person of good character. ~~(c)~~ The administrator
18 shall be appointed by the Governor by and with the consent of
19 the Senate. The term of office of the administrator shall
20 expire on the first day of February after the expiration of
21 the term of office of the Governor making the appointment, but
22 the administrator may continue to serve until a successor is
23 appointed and has qualified. If for any reason there should be
24 a vacancy in the office while the Senate is not in session,
25 the Governor shall appoint an administrator and such
26 administrator shall hold office and exercise the powers
27 conferred by law until the Senate meets and passes on the

1 appointment, and if the appointment is disapproved by the
2 Senate another appointment shall be made by the Governor in
3 like manner until an appointment is confirmed by the Senate.
4 ~~(d)~~ To be eligible for appointment as administrator, a person
5 must have had at least five years' of credit union experience
6 ~~in the 10 years next preceding the appointment either as an~~
7 ~~officer or director~~ either as an official or employee of a
8 ~~federal or state~~ chartered credit union or an examiner or
9 other officer in a ~~federal or state~~ chartered credit union
10 supervisory agency or credit union association, or other
11 equivalent experience for at least five years ~~in the 10 years~~
12 ~~next preceding the appointment.~~ ~~(e)~~ (b) The Governor shall set
13 the salary of the administrator within a salary range
14 established by the Credit Union Board of the Alabama Credit
15 Union Administration. The salary range shall not exceed the
16 salary range set by the Banking Board for the Superintendent
17 of the State Banking Department.

18 "§5-17-44.

19 "(a) The administrator or any member of the Credit
20 Union Board may be removed from office by a vote of two thirds
21 of the members of the entire Credit Union Board for:

22 "(1) neglect of duty;

23 "(2) malfeasance;

24 "(3) misfeasance;

25 "(4) extortion or corruption in office;

26 "(5) incompetency;

1 "(6) intemperance in the use of intoxicating liquors
2 or narcotics to such an extent, in view of the dignity of the
3 office and the importance of its duties, as to render such
4 person unfit for the discharge of his duties; or

5 "(7) any offense involving moral turpitude while in
6 office, ~~committed under color thereof or connected therewith.~~

7 "(b) The administrator may also be removed from
8 office, without cause, upon written order of four appointed
9 members of the Credit Union Board and the Governor.

10 "§5-17-45.

11 "(a) The Legislature finds as fact and determines
12 that the credit unions having their principal place of
13 business in Alabama must keep pace with technological and
14 other improvements constantly being made throughout the United
15 States so as to enable Alabama credit unions to render better
16 and more efficient services to their members. It is necessary
17 and desirable that the administrator be given additional
18 authority in these fields.

19 "(b) The administrator is hereby authorized to
20 expand powers of Alabama credit unions in order to:

21 "(1) Accommodate or take advantage of changing
22 technologies; and,

23 "(2) Assure the ability of Alabama credit unions to
24 be responsive in their business to the needs and conveniences
25 demanded by credit union members through on-premises as well
26 as off-premises operations; provided, that nothing in this
27 section shall enable the administrator to authorize credit

1 unions to engage in activities which are not properly incident
2 to the business of credit unions nor to enable the
3 administrator to authorize credit unions to engage in the
4 business of offering financial services which are now
5 prohibited to them.

6 "No credit union having its principal place of
7 business outside of Alabama may engage in credit union
8 business in Alabama under the provisions of this section;
9 provided that the administrator is authorized to enter into
10 agreements with the appropriate regulatory authorities of
11 other states or agencies of the ~~United States, under the terms~~
12 ~~of which credit unions of such foreign state or subject to~~
13 ~~federal regulatory jurisdiction~~ federal government, provided
14 credit unions having their principal place of business in
15 Alabama are given and may exercise reciprocal rights.

16 "(c) The administrator is authorized to issue
17 regulations under subsection (b) in the same manner as other
18 regulations of the Alabama Credit Union Administration are
19 adopted. Any Alabama credit union covered by the provisions of
20 subsection (b) desiring to exercise any such expanded power
21 must secure in advance written permission of the
22 administrator. The administrator may prescribe the form or
23 forms for such applications for permits and may impose
24 reasonable conditions in granting such permits.

25 "~~(d) To the extent permitted by federal law, the~~
26 ~~provisions hereof may be utilized by federally chartered~~
27 ~~credit unions.~~ The administrator may enter into supervisory

1 agreements, some of which may be confidential in nature, with
2 the Federal Reserve, the FinCen Bureau of the U.S. Treasury
3 Department (FINCEN), the National Credit Union Administration,
4 private insurance carriers, and other state or federal
5 successor agencies and furnish to them for their use such
6 reports of examination and other information in taking
7 enforcement and other supervisory actions.

8 "§5-17-46.

9 "(a) The administrator may, with the concurrence of
10 a majority of the members of the Credit Union Board,
11 promulgate such reasonable regulations, consistent with the
12 laws of this state, as may be necessary to carry out the laws
13 over which the Alabama Credit Union Administration has
14 jurisdiction. The administrator shall, in addition, issue
15 written interpretations of credit union laws and regulations.
16 Any credit union and any officer or director thereof relying
17 on any regulation or interpretation shall be fully protected
18 even though the same regulation or interpretation shall be
19 thereafter ruled invalid for any reason by a court of
20 competent jurisdiction.

21 "(b) Any policy or written interpretation or credit
22 union laws and regulations shall be reviewed for ratification
23 by the Credit Union Board within ~~90~~ 60 days after written
24 request for an interpretation by any ~~member of the Credit~~
25 ~~Union Board~~ credit union. The policy or written interpretation
26 shall be invalidated unless a majority of the members of the
27 Credit Union Board ratify the interpretation or policy.

1 "(c) The procedure for adopting, amending, or
2 repealing regulations and for the review or ratification of
3 any policy or interpretation shall be the procedure specified
4 in Section 5-17-47.

5 "§5-17-48.

6 "The administrator shall make from the reports of
7 the department during the year an annual report to the
8 Governor and state-chartered credit unions on the activities
9 of the Alabama Credit Union Administration and such other
10 information as the Governor may request and shall keep on file
11 as a public record in the administrator's office a copy
12 thereof. The administrator may print for public distribution
13 such annual report and such other material as it deems
14 suitable for the more effective administration of business.

15 "§5-17-50.

16 "(a) Subject to the provisions of Section 36-26-1,
17 et seq., the administrator may appoint or employ such
18 assistants, employees, and attorneys as may be necessary to
19 the efficient operation of the department. The administrator
20 shall fix their compensation in accordance with Section
21 36-26-1, et seq. and the pay plan of the State Personnel
22 Department. All such assistants, employees, and attorneys
23 shall be subject to the provisions of the Merit System. The
24 administrator, with the approval of the Governor, may employ
25 and discharge special counsel as the administrator may deem
26 necessary.

1 "(b) The administrator may appoint an assistant
2 administrator, with the approval of the Credit Union Board of
3 the Alabama Credit Union Administration. The administrator
4 shall fix the compensation of the assistant administrator in
5 accordance with Section 36-26-1, et seq. The position of
6 assistant administrator of the Alabama Credit Union
7 Administration shall be subject to the State Merit System and
8 shall be eligible for and subject to any differential travel
9 policy established by the State Personnel Department.

10 "(c) The assistant administrator, in the absence of
11 the administrator, shall exercise any of the powers conferred
12 by law on the administrator and, before entering upon the
13 duties of the office, shall execute to the State of Alabama a
14 bond in the amount of twenty-five thousand dollars (\$25,000)
15 for the faithful performance of his or her duties.

16 "§5-17-51.

17 "Neither the administrator, any member of the Credit
18 Union Board nor any agent or employee of the Alabama Credit
19 Union Administration shall be personally liable for any acts
20 done in good faith while in the performance of his duties as
21 provided by law.

22 "§5-17-52.

23 "Every examiner shall before entering upon the
24 discharge of his or her duties, take and file with the
25 administrator an oath faithfully to discharge his the duties
26 as examiner. Each examiner shall act under the direction of
27 the administrator and shall examine fully into the books,

1 records, papers, and affairs of each credit union which he the
2 examiner may be directed by the administrator to examine.

3 "§5-17-55.

4 "(a) There shall be a Credit Union Board of the
5 Alabama Credit Union Administration which shall consist of the
6 administrator, who shall be an ex officio member and chairman
7 of the board, and seven other persons, appointed by the
8 Governor, by and with the consent of the Senate, four of which
9 shall be appointed from a list of nominees submitted by the
10 ~~Alabama State Credit Union Legislative Forum~~ League of
11 Southeastern Credit Unions, which shall submit not less than
12 three nominees for any vacancy. The League of Southeastern
13 Credit Unions shall notify its member credit unions of the
14 list of nominees seven days prior to submission to the
15 Governor. Should the Governor determine that none of the first
16 three nominees submitted by the ~~forum~~ League of Southeastern
17 Credit Unions for a vacancy on the Credit Union Board are
18 acceptable, the Governor may reject the three nominees and the
19 ~~forum~~ League of Southeastern Credit Unions shall submit an
20 alternative list of three nominees to the Governor from which
21 the Governor shall make the appointment. The remaining three
22 appointments to the Credit Union Board shall be made by the
23 Governor from a list of nominees submitted by credit unions at
24 large. No person is eligible to be nominated or appointed to
25 the Credit Union Board unless at the time of nomination or
26 appointment, the person is an officer, director, or ~~manager~~
27 employee of a state-chartered credit union and has at least

1 five years' experience ~~in the 10 years next preceding~~
2 ~~appointment~~ as an officer, director, or ~~manager~~ employee of a
3 credit union. The position of any member of the Credit Union
4 Board shall be declared vacant by the Administrator of the
5 Alabama Credit Union Administration if the member of the
6 Credit Union Board ceases to serve as an officer, director, or
7 ~~manager~~ employee of a credit union chartered under the laws of
8 the State of Alabama.

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

26 "(c) If a member of the Credit Union Board of the
27 Alabama Credit Union Administration fails to attend regular

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

16 "Any person who is notified that his or her position
17 on the board has been declared vacant by the administrator
18 may, within 30 days after mailing of the notice that the
19 position has been declared vacant, appeal to the other members
20 of the Credit Union Board by written notice of appeal received
21 by the administrator within the time period.

22 "Upon a finding of good cause for the failure to
23 attend meetings or otherwise perform duties, or upon a finding
24 that there is a compelling reason for reinstating the member,
25 a majority of board members may reinstate the person to the
26 position. When the member appeals to the Credit Union Board,
27 unless reinstated by the board within 30 days after appeal,

1 the position on the board shall be deemed to be vacant on the
2 thirty-first day after receipt by the administrator of the
3 member's written notice of the appeal. The administrator shall
4 call a meeting to hear the appeal within 30 days after receipt
5 of the notice of appeal. The board member who has received
6 notice that the position will be declared vacant shall have
7 the right to present at any hearing dealing with the position
8 being declared vacant, but shall not have the right to vote on
9 any issue until he or she is reinstated by the Credit Union
10 Board.

11 "(d) If by reason of death, resignation, removal
12 from office or otherwise a vacancy occurs on the Credit Union
13 Board, the vacancy shall be filled by appointment of the
14 Governor and the appointee shall hold office until the Senate
15 meets and passes on the appointment. If the appointment is
16 disapproved by the Senate, another appointment shall be made
17 by the Governor, and appointments must be made in like manner
18 until an appointment is confirmed by the Senate. Any person so
19 appointed shall serve the balance of the unexpired term for
20 which the appointment is made. The seven appointed members of
21 the Credit Union Board shall be persons of good character.
22 ~~Five of the seven~~ All members shall have at least five years'
23 ~~experience in the 10 years~~ next preceding appointment ~~to on~~
24 the Credit Union Board either as an officer, director, or
25 ~~manager~~ employee of a credit union organized under the laws of
26 the State of Alabama.

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

14 "§5-17-56.

15 "~~The administrator shall give to each member of said~~
16 ~~Credit Union Board and all state credit unions at least five~~
17 ~~days' notice of the time and place of any meeting of said~~
18 ~~board called, and a meeting may be had on less than five days'~~
19 ~~notice if consented to by all members of said board comply~~
20 ~~with the provisions of the Alabama Open Meetings Law, Chapter~~
21 ~~25A of Title 36.~~ The board shall meet not less than once every
22 calendar year. Any meeting of said board may be held at any
23 place in the state where it is called to meet by the
24 administrator."

25 Section 2. Sections 5-17-25 to 5-17-28, inclusive,
26 5-17-49, 5-17-53, and 5-2A-100 to 5-2A-103, inclusive, Code of
27 Alabama 1975, are repealed.

1 Section 3. This act shall become effective on the
2 first day of the third month following its passage and
3 approval by the Governor, or its otherwise becoming law.