

NORTH CAROLINA GENERAL ASSEMBLY
1973 SESSION

CHAPTER 199
SENATE BILL 371

AN ACT AMENDING ARTICLE 9 OF CHAPTER 54 OF THE GENERAL STATUTES
RELATING TO CREDIT UNIONS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 54-75(5) is amended by striking the first sentence therein and substituting in lieu thereof the following:

"The administrator of credit unions is authorized, empowered, and directed to fix the amount of a blanket surety bond which shall be required of each credit union official, committee member and employee, irrespective of whether such official, committee member and employee receives, pays or has custody of money or other personal property owned by a credit union or in the custody or control of the credit union as collateral or otherwise. The surety on the bond shall be a surety company authorized to do business in North Carolina."

Sec. 2. G.S. 54-75(5) is further amended by striking from the first paragraph thereof the sentence which reads as follows:

"In lieu of individual bonds, the Administrator may approve the use of a form of schedule or blanket bond which covers all boards and committee members and employees of a credit union whose duties include the receipt, payment or custody of money or other personal property for or on behalf of the credit union."

Sec. 3. G.S. 54-75(5) is further amended by striking from the second paragraph thereof under the heading "Assets" in the 9th line thereof the figures and word "100,001 to 150,000" and substituting in lieu thereof "100,001 to 200,000".

Sec. 4. G.S. 54-86 is rewritten in its entirety to read as follows:

"The capital, deposits, undivided profits and reserve fund of the corporation may be invested in any of the following ways, and in such ways only.

1. They may be lent to the members of the corporation in accordance with the provisions of this Chapter.
2. In capital shares, obligations, or preferred stock issues of any agency or association organized either as a stock company, mutual association, or membership corporation, provided the membership or stockholdings, as the case may be, of such agency or association are confined or restricted to credit unions or organizations of credit unions, and provided the purposes for which such agency or association is organized or designed to service or otherwise assist credit union operations.
3. In obligations of the State of North Carolina or any subdivision thereof.
4. In obligations of the United States, including bonds and securities upon which payment of principal and interest is fully guaranteed by the United States.
5. They may be deposited to the credit of the corporation in savings banks, credit unions, savings and loan associations,

- State banks or trust companies incorporated under the laws of the State, or in national banks located therein.
6. In loans to other credit unions in an amount not to exceed twenty-five percent (25%) of the shares and unimpaired surplus of the lending credit union.
 7. In an aggregate amount not to exceed twenty-five percent (25%) of the allocations to the reserve fund in any agency or association of the type described in subsection 2 hereof, provided the purposes of any such agency or association are designed too assist in establishing and maintaining liquidity, solvency, and security in credit union operations.
 8. In the North Carolina Mutual Deposit Guaranty Association.
 9. Guaranteed Debentures and Real Estate Investment Trusts. A credit union shall keep on deposit at interest in any such depositories as are enumerated in subsections 2, 4, and 5 of this section, so much of the reserve fund and capital stock as shall equal five percent (5%) of the total shares and deposits. The said five percent (5%) representing said deposit shall not be encumbered or in any manner pledged, hypothecated, used as collateral or in any manner used as security for a loan.
 10. They may be placed on time deposits in any banks insured by the Federal Deposit Insurance Corporation or may be deposited or may be invested in any savings or building and loan association insured by the Federal Savings & Loan Insurance Corporation."

Sec. 5. G.S. 54-87(a) and (b) are rewritten to read as follows: "(a) To members. A credit union may lend to its members for such purposes and upon such security and terms as the bylaws provide and the credit committee or loan officer shall approve; provided, however, the maximum amount of any secured or unsecured loan shall be based on the amount of the unimpaired capital and surplus of the lending credit union according to the following table:

Unimpaired Capital and Surplus	Unsecured Limit	Secured Limit
\$ 1,000	\$ 200.00	\$ 200.00
2,000	200.00	200.00
3,000	200.00	300.00
4,000	200.00	400.00
5,000	200.00	500.00
6,000	200.00	600.00
7,000	200.00	700.00
8,000	200.00	800.00
9,000	225.00	900.00
10,000	250.00	1,000.00
20,000	500.00	2,000.00
30,000	750.00	3,000.00
40,000	1,000.00	4,000.00
50,000	1,250.00	5,000.00
60,000	1,500.00	6,000.00
70,000	1,750.00	7,000.00
80,000	2,000.00	8,000.00
90,000	2,250.00	9,000.00

100,000	2,500.00	10,000.00
More than 100,000	2,500.00	10% of Unimpaired Capital and Surplus

An endorsed note shall be deemed to be security within the meaning of this section. Irrespective of the foregoing table, a member of a credit union may be permitted to borrow up to the full amount of his shares.

(b) Loans to members of committee. The supervisory committee or Board of Directors shall appoint a substitute to act on the credit committee in the place of any member in case such member makes application to borrow money from the credit union or becomes surety for any other member whose application for a loan is under consideration."

Sec. 6. G.S. 54-88 is rewritten as follows:

"No corporation organized pursuant to this Subchapter shall directly or indirectly charge or receive any interest or discount in excess of one percent (1%) per month on the unpaid principal of loans except a minimum charge not to exceed fifty cents (50¢) may be made for any loan. The terms 'interest' and 'discount' as used in this section shall not be deemed to include charges made by a credit union for appraisals of real or personal property; attorneys fees for searching title to real property, preparing notes, deeds of trust, mortgages and closing loans; and recording fees. Rate of interest and terms of repayment shall appear on each note but the corporation may, for the purpose of making loans, discount and negotiate promissory notes and deduct in advance, from the proceeds of such loan, interest at a rate not to exceed the rate herein fixed, which shall be the legal rate for corporations organized under this Subchapter, and such deductions shall be made upon the amount of the loan from the date thereof until the maturity of the final installment, notwithstanding that the principal amount of such loan is required to be repaid in such installments."

Sec. 7. G.S. 54-91 is rewritten to read:

"The Board of Directors of any credit union may declare dividends as its bylaws provide.

Dividends shall be paid on fully paid shares outstanding at the close of the accounting period, but shares which become fully paid by the tenth of any month of the period may be entitled to a proportional part of such dividend, calculated from the first day of the month."

Sec. 8. G.S. 54-101(a) is amended by striking therefrom the first two sentences and substituting in lieu thereof the following:

"At the first annual meeting, the members shall elect a Board of Directors of not less than five members and a Credit Committee of not less than three members to serve staggered terms of one and two years and shall hold office for those terms and until successors qualify. At each subsequent annual meeting, the members shall elect Directors and members of the Credit Committee for a term of two years. The bylaws may authorize the Board of Directors to appoint a Credit Committee, or in lieu thereof, appoint one or more loan officers to approve or disapprove loans assigned to him."

Sec. 9. G.S. 54-102(b)(7) is rewritten to read as follows:

"The Board of Directors at its first meeting after its election shall appoint a supervisory committee, (no more than one of whom may be a member of the Board of Directors and none a member of the Credit Committee) of not less than three members who shall serve for such terms as may be fixed by the bylaws; or in lieu thereof, the bylaws may authorize the Board of Directors to employ and use such clerical and auditing assistants as may be required to perform the duties required by G.S. 54-104. The Board of Directors may remove or suspend any member of the supervisory committee for neglect of duty, misfeasance, malfeasance, official misconduct, or for other good cause shown."

Sec. 10. G.S. 54-103 is rewritten in its entirety as follows:

"The Credit Committee shall have the general supervision of all loans to members. It shall be the duty of the Credit Committee to review all applications for loans, to ascertain whether the loan sought is for provident or productive purpose, and to determine whether or not the

security offered, in its judgment, is sufficient and the terms proper. The Credit Committee shall meet as often as may be required after due notice has been given to each member thereof, but not less than once a month, shall keep a record of all meetings, and shall make a report to the members at the annual meetings.

The Credit Committee may appoint one or more loan officers to act under the supervision of the Credit Committee and such loan officers, when so appointed, may make loans without necessity for a meeting of or approval by any members of the Credit Committee, as provided by the bylaws.

The membership through appropriate bylaws, may authorize the Board of Directors to appoint one or more loan officers in lieu of a Credit Committee and in such instances, duties and responsibilities of the Credit Committee shall be carried out by such loan officer or officers."

Sec. 11. G.S. 54-104 is rewritten in its entirety to read as follows:

"The supervisory committee shall make or cause to be made, an annual audit, in accordance with rules and regulations promulgated by the administrator of credit unions, and shall submit a report of that audit to the Board of Directors and a summary of the report to the members at the next annual meeting of the credit union. The supervisory committee shall make or cause to be made such supplemental audits as deemed necessary by it or as may be ordered by the administrator of credit unions. Any violation of this Subchapter or of the bylaws or of any practice of the corporation which in the opinion of the supervisory committee is unsafe, unsound, or unauthorized, shall be reported to the Board of Directors and the administrator of credit unions within seven days after its discovery."

Sec. 12. G.S. 54-106(b) is rewritten to read as follows:

"Each credit union applying on or after July 1, 1973. for a certificate to do business under the provisions of this Subchapter, shall, before receiving such certificate, pay into the office of the administrator of credit unions, a charter fee of five dollars (\$5.00) and an investigation fee of twenty dollars (\$20.00)."

Sec. 13. There is hereby created a new section to be numbered G.S. 54-87.1 and to read as follows: "In addition to the powers now authorized by this Article, credit unions organized under this Subchapter are hereby authorized to make money orders, non-negotiable sight drafts and travelers checks available to their members as their bylaws may provide."

Sec. 14. This act shall become effective upon ratification.

In the General Assembly read three times and ratified, this the 16th day of April, 1973.