

GENERAL ASSEMBLY OF NORTH CAROLINA
1983 SESSION

CHAPTER 470
SENATE BILL 403

AN ACT TO REWRITE ARTICLE 15 OF CHAPTER 54 OF THE GENERAL STATUTES PERTAINING TO CORPORATE CREDIT UNIONS.

The General Assembly of North Carolina enacts:

Section 1. Article 15 of Chapter 54 of the General Statutes is rewritten to read:

"ARTICLE 15.

"Corporate Credit Union.

"§ 54-110. Definition and purposes. – (a) A corporate credit union may be incorporated under this Article and shall be subject to all parts of this Chapter not inconsistent with this Article.

(b) A corporate credit union is a cooperative nonprofit association whose members consist primarily of other credit unions and whose purposes are:

- (1) to accumulate and prudently manage the liquidity of its member credit unions through interlending and investment services;
- (2) to act as an intermediary for credit union funds between members and other corporate credit unions;
- (3) to obtain liquid funds from other credit union organizations, financial intermediaries, and other sources;
- (4) to foster and promote in cooperation with other state, regional, and national corporate credit unions and credit union organizations or associations the economic security, growth and development of member credit unions; and
- (5) to perform such other financial services of benefit to its members which are authorized by the Administrator of Credit Unions.

"§ 54-110.1. Membership. – (a) Membership in the corporate credit union shall be institutional and be limited to the subscribers to the articles of incorporation, credit unions organized under Chapter 54 of the General Statutes, the Federal Credit Union Act or any other credit union act, organizations or associations of credit unions, and such other persons or organizations provided for in the articles of incorporation unless the bylaws otherwise prescribe.

(b) The board of directors of each credit union, organization or association becoming a member of the corporate credit union shall designate one person to be a voting representative in the corporate credit union. Such voting representatives shall be eligible to hold office in the corporate credit union as if such person were himself a member of the corporate credit union.

"§ 54-110.2. Charter and name exclusive. – Only one corporate credit union shall be incorporated under this act; and no other credit union may use the term 'corporate credit union' as a part of its name.

"§ 54-110.3. Organization. – (a) Application to form a corporate credit union shall be made in writing to the Administrator of Credit Unions. The application shall contain the names of at least 15 credit unions which have agreed to subscribe to shares in the corporate credit union at the time the application is made.

(b) The application shall be accompanied by articles of incorporation, bylaws, and articles of association or other appropriate documents.

(c) The bylaws shall provide for the selection of a board of directors of at least five members and shall require credit unions applying for membership to subscribe to shares in a minimum amount as specified in the bylaws.

"§ 54-110.4. Powers and privileges. – (a) A corporate credit union shall enjoy the powers and privileges of any other credit union incorporated under Chapter 54 of the General Statutes in addition to those powers enumerated in this Article, notwithstanding any limitations or restrictions found elsewhere in this act.

(b) A corporate credit union may:

- (1) accept shares or deposits in any form from its members, other state, regional or national corporate credit unions, and credit union organizations or associations;
- (2) make loans to its members and other credit unions and other State, regional or national corporate credit unions, organizations and associations of credit unions;
- (3) establish lines of credit for members and participate with other credit unions in making loans to its members under the terms and conditions determined by the board of directors;
- (4) invest in the shares of or make deposits in credit unions;
- (5) buy and sell any form of marketable debt obligations of domestic or foreign corporations or of federal, state or local government units;
- (6) borrow from any source without limitation, accept demand deposits from any source and issue notes or debentures;
- (7) acquire or sell the assets and assume the liabilities of a member; and
- (8) enter into agreements with credit unions to discount or purchase loans made pursuant to government-guaranteed loan programs, real estate loans made by members or any obligations of the United States or any agency thereof held by members.

(c) A corporate credit union shall not be taxable under any law which shall exempt any other credit union.

(d) The board of directors shall meet at least quarterly and shall have the general direction and control of the affairs of the corporation.

(e) The corporate credit union may exercise such incidental powers or privileges conferred upon a federal corporate credit union.

"§ 54-110.5. Participation in central system. – The corporate credit union may enter into agreements for the purpose of participation in any state or federal central liquidity

facility or central financial system for credit unions, and for the purpose of aiding credit unions in establishing concentrated lines of credit with other financial institutions and act as a depositor and transmitter of funds to carry out such agreements.

"§ 54-110.6. Right of set-off; security interest. – (a) The corporate credit union shall have a right of immediate set-off against the balances of the share and deposit accounts of each member for any amounts due from the member to the corporate credit union.

(b) The corporate credit union shall have a lien on all share and deposit accounts of each member in the amount of the total indebtedness of the member to the corporate credit union. The lien created herein shall attach to such accounts and be effective whenever the member is indebted to the corporate credit union. The lien shall have priority over any interests of all members and unsecured creditors of the member credit unions of the corporate credit union.

(c) The board of directors or credit committee may require and accept additional security for loans to a member in the form of a pledge, assignment, hypothecation or mortgage of any assets of the member or a guarantor.

"§ 54-110.7. Fees. – The operating fees established by the administrator of credit unions shall make allowances for the special purposes and operations of a corporate credit union.

"§ 54-110.8. Reserves. – A corporate credit union shall be exempt from the regular reserve requirements of Article 14J, but shall be required to establish and maintain an equity reserve to meet losses, in accordance with regulations prescribed by the Administrator of credit unions.

"§ 54-110.9. Applicability of Article. – Nothing in this Article shall be construed as affecting the status of a Central Association formed prior to the enactment of this Article pursuant to former G.S. 54-110. For the purposes of this Article, the corporate credit union authorized by G.S. 54-110.2 shall be the Central Association in existence on the effective date of this Article."

Sec. 2. This act is effective upon ratification.

In the General Assembly read three times and ratified, this the 8th day of June, 1983.