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SENATE BILL NO. 583

AMENDMENT IN THE NATURE OF A SUBSTITUTE
(Proposed by the Senate Committee on Commerce and Labor
on February 15, 2016)

(Patron Prior to Substitute—Senator Stanley)

A BILL to amend and reenact §§ 2.2-1803, 2.2-1813, 2.2-1814, 6.2-1302, 6.2-1327, and 58.1-3149 of the Code of Virginia, relating to depositories of state moneys; credit unions.

Be it enacted by the General Assembly of Virginia:

1. That §§ 2.2-1803, 2.2-1813, 2.2-1814, 6.2-1302, 6.2-1327, and 58.1-3149 of the Code of Virginia are amended and reenacted as follows:

§ 2.2-1803. State Treasurer; regulation procedures for depositing money.

The State Treasurer may adopt regulations or other directives establishing procedures for depositing moneys in ~~depository banks~~ *state depositories* and for reporting the deposits. The regulations may address, by way of explanation and not limitation: (i) the form of the required reports; (ii) the frequency of reports and deposits; (iii) the disposition of checks; and (iv) the establishment of ~~banking~~ *depository* relationships. All agencies and entities depositing moneys to the credit of the Treasurer of Virginia, including judicial and legislative service agencies, clerks of court, local treasurers or other officials performing similar duties, and political subdivisions, shall comply with the State Treasurer's regulations or other directives.

§ 2.2-1813. Deposits in banks, savings institutions, or credit unions designated as state depositories.

Moneys to be paid into the state treasury shall be deposited in the banks ~~and~~, savings institutions, or *credit unions* designated as state depositories by the State Treasurer.

§ 2.2-1814. Amount and time limit of deposits.

The State Treasurer may arrange for and make state deposits in such amounts and for such time as in his judgment the condition of the state treasury permits; however, no state deposit shall be made for a period in excess of five years. The money deposited in a bank or savings institution in excess of the amount insured by the Federal Deposit Insurance Corporation or other federal insurance agency shall be fully collateralized by eligible collateral as defined in § 2.2-4401. *The money deposited in a credit union shall not exceed the amount insured by the National Credit Union Share Insurance Fund.*

§ 6.2-1302. Powers.

In addition to the powers specified or implied elsewhere in this chapter or in the laws of the Commonwealth, a credit union shall have the power to:

1. Enter into contracts;
2. Sue and be sued;
3. Adopt, use, and display a corporate seal;
4. Receive savings from and make loans and extend lines of credit to its members;
5. Individually or jointly with other credit unions acquire, lease as lessor or lessee, hold, assign, pledge, exchange, repair, mortgage, hypothecate, sell, discount, or otherwise dispose of property or assets, either in whole or in part, as necessary or incidental to its operations, including any property or assets obtained as a result of defaults under obligations owing to it;
6. Borrow from any source, provided that (i) a credit union shall notify and obtain prior approval of the Commissioner if the total borrowings will exceed 50 percent of the credit union's outstanding shares and (ii) in no event shall the borrowings exceed 90 percent of the credit union's outstanding shares;
7. Sell all or substantially all of its assets or purchase all or substantially all of the assets of another credit union, subject to the approval of the Commission;
8. Offer related financial services, including electronic fund transfers, share draft accounts, safe deposit boxes, leasing of tangible personal property to its members, and correspondent arrangements with other financial institutions;
9. Hold membership in other credit unions organized under this chapter or other applicable law, and in associations and organizations controlled by or fostering the interest of credit unions, including a central liquidity facility organized under state or federal law;
10. Contract with any licensed insurance company or society to insure the lives of its members to the extent of their loans and share accounts, in whole or in part, and to pay all or a portion of the premium therefor;
11. Engage in activities or programs as requested by any governmental authority, subject to the approval of the Commissioner;
12. Invest its funds, operate a business, manage or deal in property when such actions are reasonably necessary to avoid loss on a loan or investment previously made or an obligation previously created in

60 good faith. Such property or business shall not be held or operated by the credit union for a period
61 longer than is reasonably required to protect the interest of the credit union, unless specifically
62 authorized by the Commissioner;

63 13. Make contributions to any nonprofit civic, charitable, or service organizations;

64 14. Make loans to its members and to other credit unions; ~~and~~

65 15. *Hold public deposits; and*

66 16. Undertake such other activities relating to the purposes of the credit union as its charter or
67 bylaws may authorize, provided such activities are not inconsistent with this chapter.

68 **§ 6.2-1327. Membership defined; field of membership.**

69 A. The membership of a credit union shall consist of the incorporators, employees of such credit
70 union, and other persons within the field of membership set forth in the bylaws as have: (i) been fully
71 admitted into membership, (ii) paid any required entrance fee or annual membership fee, or both, (iii)
72 subscribed for one or more shares, (iv) paid the initial installment thereon, and (v) complied with such
73 other requirements as the articles of incorporation or bylaws specify.

74 B. Credit union membership shall be limited to persons within a specified field of membership,
75 individuals within the immediate family or household of such persons, associations of such persons,
76 other credit unions, and employees of the credit union. The field of membership specified shall be
77 composed of one of the following:

78 1. A single group having a common bond of occupation or association;

79 2. More than one group, each of which has a common bond of occupation or association, and each
80 of which does not exceed 3,000 members at the time it is proposed to be included in a multiple
81 common-bond credit union. The 3,000-member limitation shall not apply if the Commission determines
82 that an exception on the grounds provided in subsection (d) (2) or (d) (3) of § 101 of the Credit Union
83 Membership Access Act (12 U.S.C. § 1759) is appropriate. In making any determination under this
84 provision, the Commission shall give consideration to the National Credit Union Administration
85 guidelines; or

86 3. Those persons or organizations within a well-defined local community, neighborhood or rural
87 district.

88 The Commission shall in its discretion determine whether a proposed field of membership constitutes
89 a "well-defined local community, neighborhood or rural district." In making such determination, the
90 Commission shall give consideration to the definition of the term that has been adopted by the National
91 Credit Union Administration and has become legally effective.

92 C. Except as the board of directors may provide to the contrary in the bylaws with respect to
93 termination of membership, once a person or entity becomes a member of a credit union in accordance
94 with this chapter, that person or entity may remain a member of that credit union until the person or
95 entity chooses to withdraw from the credit union.

96 D. The board of directors may expel from the credit union any member who: (i) has not carried out
97 his obligations to the credit union; (ii) has been convicted of a criminal offense; (iii) neglects or refuses
98 to comply with the provisions of this chapter or of the bylaws; (iv) neglects to pay his debts, or
99 otherwise causes financial loss to the credit union; or (v) has deceived the credit union with regard to
100 the use of borrowed money. No member shall be so expelled until he has been informed in writing of
101 the charges against him, and an opportunity has been given to him, after reasonable notice, to be heard.

102 E. Members of the credit union shall not be personally liable for payment of the debts of the credit
103 union.

104 F. The surviving spouse of a deceased credit union member shall be eligible to become a member of
105 the credit union to which the deceased member belonged. In no other instance shall an individual be
106 eligible for membership in a credit union on the basis of the individual's relationship to another person
107 who is eligible for membership in the credit union, unless the individual is a member of the immediate
108 family or household of such person. The board of directors of a credit union may provide in the bylaws
109 for a less inclusive policy governing membership by virtue of relationship to another person, and such
110 policy shall be effective.

111 G. Societies, associations, organizations, partnerships, and corporations composed of persons who are
112 eligible for membership may be admitted to membership in the same manner and under the same
113 conditions as such persons.

114 H. *The Commonwealth, counties, cities, towns, and other political subdivisions of the Commonwealth*
115 *may become members of a credit union for purposes of placing deposits in and receiving services from*
116 *the credit union.*

117 I. Any individual or entity that was a member of a credit union as of July 1, 1999, may remain a
118 member of the credit union after that date, and any group that was included in the field of membership
119 of a credit union on that date may remain within the field of membership of that credit union after that
120 date. The successor of an entity that was a member or was eligible for membership in a credit union or
121 for inclusion in a field of membership on July 1, 1999, retains the status of its predecessor.

122 **§ 58.1-3149. Money received to be deposited.**

123 All money received by a treasurer for the account of either the Commonwealth or the treasurer's
124 county or city shall be deposited intact by the treasurer as promptly as practical after its receipt in a
125 bank ~~or~~ , savings institution, *or credit union* authorized to act as depository therefor. All deposits made
126 pursuant to this provision shall be made in the name of the treasurer's county or city. The treasurer may
127 designate any bank ~~or~~ , savings and loan association, *or credit union* authorized to act as a depository to
128 receive any payments due to the county or city directly, either through a processing facility or through a
129 branch office.