

19101575D

HOUSE BILL NO. 2725

Offered January 16, 2019

A BILL to amend and reenact §§ 6.2-1302, 6.2-1327, and 58.1-3149 of the Code of Virginia, relating to depositories of a locality's public deposits; credit unions.

Patron—Carter

Referred to Committee on Commerce and Labor

Be it enacted by the General Assembly of Virginia:

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

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

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

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

15. Hold public deposits of counties, cities, towns, and other political subdivisions of the Commonwealth; and

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

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

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

B. Credit union membership shall be limited to persons within a specified field of membership, individuals within the immediate family or household of such persons, associations of such persons, other credit unions, and employees of the credit union. The field of membership specified shall be

INTRODUCED

HB2725

59 composed of one of the following:

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

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

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

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

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

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

84 E. Members of the credit union shall not be personally liable for payment of the debts of the credit
85 union.

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

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

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

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

104 **§ 58.1-3149. Money received to be deposited.**

105 All money received by a treasurer for the account of either the Commonwealth or the treasurer's
106 county or city shall be deposited intact by the treasurer as promptly as practical after its receipt in a
107 bank or savings institution, or credit union authorized to act as depository therefor. All deposits made
108 pursuant to this provision shall be made in the name of the treasurer's county or city. The treasurer may
109 designate any bank or savings and loan association, or credit union authorized to act as a depository to
110 receive any payments due to the county or city directly, either through a processing facility or through a
111 branch office.