



Arizona Revised Statutes
Title 6, Chapter 4

2005 Credit Union Code

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Arizona Credit Union System

Arizona Credit Union League
Political Action Center



ARS § 6-501 – 6-595: Credit Unions

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Article 1: General Provisions

6-501 Definitions

A. In this chapter, unless the context otherwise requires:

1. "Branch office" means a place of business of a credit union, other than a principal office, at which deposits are received and checks are paid, but does not include premises used for computer operations, record keeping, accounting, storage, maintenance or other administrative or service functions.
2. "Capital" means share accounts, reserves and undivided earnings.
3. "Corporate credit union" means a credit union whose field of membership consists of other credit unions and organizations or associations owned by or composed of credit unions and corporations or associations which primarily serve credit unions.
4. "Credit union" means a cooperative nonprofit association which is incorporated under this chapter for the purposes of encouraging thrift among its members and creating a source of credit and other financial services at fair and reasonable cost.
5. "Deposit account" means a balance other than a share account held by a credit union including balances designated as special investment accounts, deposits, certificates of deposit, certificates of indebtedness, demand deposit accounts or other similar names.
6. "Fixed asset" means land, buildings and major equipment used by a credit union in the provision of services.
7. "Governmental unit" means a board, agency, department, authority, instrumentality or other unit or organization of the federal, state, county, municipal or other level of government.
8. "Immediate family" means persons related by blood or marriage and includes foster and adopted children.
9. "Insolvent" means that the value of a credit union's assets is less than its liabilities.
10. "Insuring organization" means the national credit union administration or successor organization or any other equivalent insurer approved by the superintendent.
11. "Membership share" means a balance held by a credit union and established by a member according to the standards prescribed by the credit union.
12. "Organization" means any corporation, association, partnership, society, firm, syndicate, trust or other legal entity.
13. "Reserves" means allocations of retained income and includes regular and special reserves and any allowances for loan losses and investment losses.
14. "Risk assets" includes all assets of the credit union except the following:
 - (a) Cash on hand.
 - (b) Deposits or shares in federally or state insured banks, savings and loan associations and credit unions which have a remaining maturity of five years or less or if the maturity is greater than five years, the asset is being carried on the credit union's records at the lower of cost or market or is being marked to market value monthly.
 - (c) Assets which have a remaining maturity of five years or less and are insured by, fully guaranteed as to principal and interest by or due from the United States government, its agencies, the federal national mortgage association, the federal home loan mortgage corporation or the government national mortgage association including collateralized mortgage obligations which are comprised of government guaranteed mortgage loans or if the maturity is greater than five years, the asset is being carried on the credit union's records at the lower of cost or market or is being marked to market value monthly.



(d) Loans to other credit unions which have a remaining maturity of five years or less or if the maturity is greater than five years, the asset is being carried on the credit union's records at the lower of cost or market or is being marked to market value monthly.

(e) Student loans insured under the provisions of title IV, part B of the higher education act of 1965 (20 United States Code section 1071, et seq.) or similar state insurance programs which have a remaining maturity of five years or less or if the maturity is greater than five years, the asset is being carried on the credit union's records at the lower of cost or market or is being marked to market value monthly.

(f) Loans which have a remaining maturity of five years or less and are fully insured or guaranteed by the federal or state government or an agency of either or if the maturity is greater than five years, the asset is being carried on the credit union's records at the lower of cost or market or is being marked to market value monthly.

(g) Shares or deposits in a central or corporate credit union which have a remaining maturity of five years or less or if the maturity is greater than five years, the asset is being carried on the credit union's records at the lower of cost or market or is being marked to market value monthly.

(h) Common trust investments, including mutual funds, which deal exclusively in investments authorized by the federal credit union act and are either carried at the lower cost or market or are marked to the market value monthly.

(i) Prepaid expenses.

(j) Accrued interest on nonrisk investments.

(k) Loans fully secured by a pledge of shares in the lending federal credit union equal to and maintained to at least the amount of the loan outstanding.

(l) Loans that are purchased from liquidating credit unions and guaranteed by the national credit union administration.

(m) National credit union share insurance fund guaranty accounts established with the authorization of the national credit union administration under the authority of section 208(a)(1) of the federal credit union act.

(n) Investments in shares of the national credit union administration central liquidity facility.

(o) Fixed assets as defined in section 701.36(b) of the federal credit union act.

(p) Deposits in the national credit union share insurance fund representing a federally insured credit union's capitalization account balance of one per cent of insured shares.

15. "Share account" means a balance held by a credit union and established by a member according to this chapter, including balances designated as shares, share certificates, share draft accounts and membership shares. Ownership of a share account confers membership and voting rights and represents an interest in the capital of the credit union.

B. For the purposes of subsection A, paragraph 14, subdivision (g), a "central or corporate credit union" means a credit union whose membership primarily consists of either:

1. Other credit unions organized under state or federal law.
2. Officials, committee members and employees of any credit union organized under state or federal law.
3. Any combination of the categories described in paragraphs 1 and 2 of this subsection.

6-502 Reports and examinations

A. The superintendent shall examine or cause to be examined each credit union at periodic intervals as provided by section 6-122. The superintendent shall forward a report of the examination to the board of directors of the credit union examined within thirty days after completion of the report. Within thirty days



after the receipt of the report the directors shall meet to consider matters contained in the report.

B. In lieu of the examination required by subsection A of this section, the superintendent may accept an examination or audit report of the condition of a credit union made by the national credit union administration or by a certified public accountant licensed in this state or other qualified person or organization approved by the superintendent. The credit union shall bear the cost of any such examination or audit. A certified public accountant or other qualified person or organization making an audit to be submitted in lieu of an examination by the superintendent shall obtain prior approval from the superintendent before conducting such an audit. In approving such an audit the superintendent may prescribe minimum requirements for the audit including the date by which the audit must be completed and a copy filed with the superintendent.

C. Within thirty days after the end of each calendar quarter a credit union shall report to the superintendent, on forms supplied by the superintendent for that purpose, its financial condition and the results of its operation for such quarter.

D. Unless excused for cause before or after the due date, a credit union which fails to file a report when due shall pay the department, as assessed, up to one hundred dollars for each day of delinquency.

6-503 Accounting and records

A. A credit union shall keep and use in its business those books, accounts and records that will enable the superintendent to readily ascertain the true financial condition of the credit union and whether the credit union is complying with the provisions of this chapter.

B. A credit union and any of its officers, directors, employees and agents shall give the superintendent full access to all books, papers, securities, records and other sources of information under their control. All books and records of the credit union shall be maintained at the address of the credit union as filed with the superintendent.

6-504 Advertising

A credit union shall not make, advertise, display, distribute, broadcast or televise, or cause or permit to be made, advertised, displayed, distributed, broadcast or televised, in any manner whatever any false, misleading or deceptive statement or representation.



Article 2: Formation of Credit Union

6-506 Organization procedure

A. Any seven or more residents of this state who are of legal age and who have a common bond of interest or association may apply to the superintendent for permission to organize a credit union under this chapter.

B. The incorporators shall prepare, adopt and execute a certificate of organization and shall agree to comply with the requirements of the certificate and with all of the laws and rules applicable to credit unions. The certificate shall state:

1. The credit union's name and the location of the proposed principal place of business.
2. That the existence of the credit union is perpetual.
3. The names and addresses of the incorporators and the number of shares subscribed to by each.
4. The purpose for which the credit union is formed.

C. The incorporators shall prepare, adopt and execute bylaws consistent with this chapter for the general governance of the credit union. The bylaws, among other things, shall provide:

1. The proposed field of membership which shall be limited to groups having a common bond of interest, occupation or association or to groups within a well-defined neighborhood, community or rural district consistent with the purposes of the credit union.
2. The par value of shares.
3. The number of directors of the credit union, which shall not be fewer than five, all of whom shall be members, together with the titles of the officers and the number of members of the supervisory committee, which shall not be fewer than three.
4. The conditions under which shares may be issued, transferred or withdrawn, loans made and repaid and monies otherwise invested.
5. The number of members of the credit committee, which shall not be fewer than three, or the authorization of a credit manager.

D. The incorporators shall select at least five persons who are eligible for membership and who agree to become members and serve on the board of directors, and at least three persons who are eligible for membership and who agree to become members and serve on the supervisory committee. The persons selected to serve on the board of directors and the supervisory committee shall execute an agreement to serve in those capacities until the first annual meeting or until the election of their respective successors, whichever is later.

E. The incorporators shall forward to the superintendent such application as is required by the superintendent, along with the application fee provided for in section 6-126, the certificate of organization, the bylaws and the agreements to serve and any additional information which the superintendent may request.

F. The incorporators shall not transact any business in the name of the credit union until the certificate of incorporation has been issued by the corporation commission and the application and the bylaws have been approved by the superintendent.

6-507 Certificate of approval; filing with corporation commission; certificate of incorporation

A. The superintendent shall act on the completed application within sixty days. The superintendent shall issue a certificate of approval if the certificate of organization and the bylaws are in conformity with this chapter and the superintendent is satisfied that all of the following are true:

1. The field of membership, the bylaws and the business plan are favorable to the economic viability of the proposed credit union.



2. The reputation, character and financial experience of the initial board of directors and supervisory committee provide assurance that the credit union's affairs will be properly administered.
 3. The share and deposit accounts of the credit union will be insured by an insuring organization when the credit union commences business.
- B. On receipt of the superintendent's certificate of approval the incorporators shall file the certificate of organization, with the certificate of approval attached, with the corporation commission and record a certified copy of the filing under the seal of the commission with the county recorder of the county or counties in which the credit union is to do business. On proof of the recording, the corporation commission shall issue a certificate of incorporation to the credit union. The credit union shall forward a certified copy of the certificate of incorporation showing the filing and recording to the superintendent.
- C. The credit union shall also file with the corporation commission the appointment of an agent on whom service of process may be made. The incorporators shall then be deemed a credit union, incorporated in accordance with this chapter.
- D. If a certificate of approval is denied, the superintendent shall notify the incorporators and set forth the reasons for the denial.

6-508 Certificate of organization and bylaws

- A. The superintendent shall prepare standard forms of the certificate of organization and bylaws, consistent with this chapter, which may be used by credit union incorporators.
- B. The board of directors may adopt proposed amendments to the certificate of organization at a duly held meeting. The board of directors shall submit the proposed amendments to the members for ratification at a regular or special meeting, after which they shall be submitted to the superintendent for his approval or disapproval. If approved by the superintendent, the board of directors shall follow the procedure for organization prescribed in section 6-507, subsection B.
- C. The board of directors may adopt proposed amendments to the bylaws at any duly held meeting by a three-fourths majority vote. After proposed amendments have been approved, the board shall submit the proposed amendments to the superintendent for his approval. The amendments are effective on approval of the superintendent. At the next regular or special meeting of the membership the board shall submit all amendments to the bylaws to the members for ratification.

6-509 Exclusive use of name; exception

- A. The name of every credit union organized under this chapter shall include the words "credit union". A credit union shall not adopt a name either identical to the name of any other credit union doing business in this state or so similar as to be misleading or cause confusion.
- B. It is unlawful for any person to engage in this state in the business of a credit union or to make use of the words "credit union" or any other words in a manner reasonably calculated to convey the impression that the person is engaged in the business of a credit union in this state, unless the act is done by or on behalf of a person having authority under this chapter, except an association of credit unions, or an organization, corporation or association whose membership or ownership consists primarily of credit unions or credit union organizations, may use a name or title containing the words "credit union".
- C. A credit union may change its name only on the written authorization of the superintendent.



6-510 Principal place of business; branch office; automated teller machines

- A. A credit union may change its principal place of business or branch within this state with the prior approval of the superintendent and the payment of the fee provided in section 6-126.
- B. A credit union may establish a branch office with the prior approval of the superintendent.
- C. A credit union may establish or maintain automated teller machines at locations other than its places of business on approval of the superintendent. A credit union may join through contractual agreement with one or more other credit unions or other financial organizations in the operation of automated teller machine networks.
- D. A credit union organized under this chapter may conduct business outside of this state in other states or territories of the United States where it is permitted to do so on approval of the superintendent, if it is reasonably necessary to service its members.

6-511 Out-of-state credit union

- A. A credit union organized under the laws of another state or territory of the United States may conduct business as a credit union in this state, subject to all laws and rules governing the operation of credit unions under this title, with the prior approval of the superintendent if credit unions organized under this chapter are allowed to do business in such other state or territory under conditions substantially similar to the provisions of this section. Before granting approval, the superintendent must find that the out-of-state credit union:
 - 1. Is organized under laws substantially similar to this chapter.
 - 2. Is financially solvent.
 - 3. Has account insurance equivalent to that required for credit unions organized under this chapter.
 - 4. Is examined and supervised by a regulatory agency of the state in which it is organized.
 - 5. Needs to conduct business in this state to furnish services to its members in this state.
 - 6. Furnishes the superintendent with a copy of the most recent audit or examination conducted by its regulatory agency.
- B. In addition to any other powers provided by law, the superintendent may revoke the approval of such a credit union to conduct business in this state if the superintendent finds that the credit union no longer meets the requirements of subsection A or has violated the laws of this state or rules or orders issued by the superintendent.

6-512 Fiscal year

The fiscal year of each credit union incorporated under this chapter ends on December 31.



Article 3: Powers of Credit Union

6-516 General powers

A. In addition to the powers prescribed elsewhere in this chapter and except as prohibited by law, a credit union may:

1. Enter into contracts of any nature.
2. Sue or be sued.
3. Adopt, use and display a corporate seal.
4. Acquire, lease, hold, assign, pledge, hypothecate, sell, discount or otherwise dispose of property or assets, either in whole or in part, necessary or incidental to its operations.
5. Borrow money from any source, except that a credit union shall obtain the prior written approval of the superintendent to borrow in excess of an aggregate of fifty per cent of its capital.
6. Purchase the assets of another credit union.
7. Offer financial services incidental to the business of a credit union, including electronic fund transfers, safe deposit boxes and leasing and correspondent arrangements with other financial institutions.
8. Hold membership in other credit unions organized under this chapter or other laws, in the Arizona credit union league or in other associations and organizations controlled by or fostering the interests of credit unions.
9. Engage in activities and programs offered by any governmental unit that are incidental or reasonably related to credit union activities.
10. Act as fiscal agent for and receive payments on share and deposit accounts from a governmental unit.
11. Make contributions to any nonprofit civic, charitable or service organizations.

B. A credit union may exercise all incidental powers that are convenient, suitable or necessary to enable it to promote or carry out its purposes.

C. A credit union shall not delegate the management of a credit union or the exercise of any power set forth in this section to any person who is not an officer, director or employee of the credit union without the prior written approval of the superintendent. The superintendent may examine the books, records and business affairs of any person or entity to whom the credit union proposes to delegate any such authority.

6-517 Federal parity

In addition to all other rights, powers and privileges, a credit union organized under the laws of this state whose accounts are insured by an insuring organization has all of the rights, powers and privileges and is entitled to the same exemptions and immunities as any credit union chartered under the laws of the United States.



Article 4: Membership

6-521 Membership

A. The membership of a credit union consists of the incorporators and other persons who are within the field of membership as prescribed in the bylaws, who have been duly accepted as members, who have paid any required one-time or periodic membership fee, or both, in accordance with any requirements in the bylaws, and who have complied with the other requirements the certificate of organization and bylaws provide.

B. Each member may own only one membership share.

6-522 Organization members

A. An organization comprised primarily of individuals who are eligible for membership in the credit union, and a corporation a majority of whose stockholders, by number, are such individuals, may be included in the field of membership. Additionally, an organization, one of whose principal functions is to provide services to persons who are eligible for membership in the credit union, may be admitted to membership.

B. A credit union or corporate credit union may accept as a member any other credit union organized under this chapter or any other credit union law.

6-523 Membership applications

A. The board of directors shall act on applications for membership or appoint one or more membership officers to approve applications for membership. A person denied membership by a membership officer may appeal the denial to the board of directors.

B. A credit union may impose one-time or periodic membership fees under the conditions the bylaws provide.

6-524 Termination of membership

A. A member may withdraw from a credit union at any time on giving notice of withdrawal as required in the bylaws. The credit union may require up to sixty days' notice of the intention to withdraw shares or deposits, but the notice does not entitle the member to any preferred or prior claim in the event of liquidation.

B. A member may be expelled by a two-thirds vote of the members present at any regular meeting or a special meeting of the membership, but only after the member has had an opportunity to be heard at the meeting, or the board of directors may expel a member pursuant to a written policy adopted by it. The board shall give all members written notice of the terms of any such policy. A person being considered for expulsion by the board has the right to a hearing before the board. Not less than ten days before the consideration of any expulsion of a member, whether by action of the membership or of the board, the affected member shall be provided with a written notice of the potential expulsion and a list of the reasons for the expulsion.

C. As monies become available and after deducting all amounts due from the member to the credit union, the credit union shall pay to the withdrawing or expelled member the amounts paid on shares and deposits by the withdrawing or expelled member, with any dividends or earnings accredited. Withdrawing or expelled members have no further rights in the credit union but are not released, by the withdrawal or expulsion, from any remaining liability to the credit union.



6-525 Meetings of members

- A. The members of the credit union shall hold the annual meeting and any special meetings as provided in the bylaws.
- B. At all such meetings a member has only one vote, irrespective of the member's shareholdings. A member may not vote by proxy, but a member may vote by absentee ballot, mail ballot or other method if the bylaws of the credit union so provide.
- C. The board of directors may establish a minimum age, of not more than eighteen, as a qualification of eligibility to vote at meetings of the members or to hold office, or both. Members who are minors may vote through their parent or other legal guardian.
- D. An organization having membership in the credit union may be represented and have its vote cast by one of its members or shareholders, if the person has been duly authorized by the organization.

6-526 Calling of special meetings

The bylaws shall prescribe the manner in which the members or the board of directors, or both, may call a special meeting of the members.

6-527 Liability of members

The members of the credit union are not personally or individually liable for the payment of its debts solely by virtue of holding membership.



Article 5: Direction of Affairs

6-531 Authority and responsibility of directors; voting

- A. The board of directors has the authority and responsibility for directing the business affairs, monies and records of the credit union.
- B. Directors may not vote by proxy, absentee ballot or mail ballot but may vote by telephone conference if all directors present can speak to and be heard by the other directors during the telephone conference.

6-532 Election of board

- A. The board shall consist of at least five directors, to be elected by and from the members. Elections shall be held at the annual meeting or in such other manner as the bylaws provide. All members of the board are entitled to hold office for the terms the bylaws provide, except that terms shall be staggered so that an approximately equal number expire each year, over a three year period.
- B. At a meeting held within thirty days after each annual election, the board of directors shall appoint a supervisory committee of not fewer than three persons for such terms as the bylaws provide. At the same meeting, the board of directors shall appoint a credit committee, unless the bylaws provide for a credit manager in place of a credit committee. The credit committee shall consist of not fewer than three persons whose terms shall be as the bylaws provide. Within twenty days after the meeting, the credit union shall file with the superintendent a record of the names and addresses of the members of the board and such other committees and officials as required by the superintendent. Within sixty days of any vacancies occurring in the board or supervisory or credit committee, the board shall fill the vacancies in accordance with the bylaws. A record of the names and addresses of members filling any vacancies on the board or the supervisory or credit committee shall be filed with the superintendent within twenty days after their appointment.

6-533 Compensation of officials

An officer, director or committee member, other than an employee, may not be compensated for services, except that reasonable life, health, accident and similar insurance protection is not considered compensation. Directors, officers and committee members may be reimbursed for necessary personal expenses incidental to the performance of official business of the credit union.

6-534 Conflicts of interest

A director, committee member, officer, agent or employee of the credit union shall not in any manner participate, directly or indirectly, in the deliberation or the determination of any question affecting that person's pecuniary or other personal interest or the pecuniary interest of any organization, other than the credit union, in which the person is directly or indirectly interested.

6-535 Officers

- A. At the organization meeting held within thirty days after each annual election, the board of directors shall elect from its own number a chairman of the board, a vice-chairman, a secretary and a treasurer. They shall also elect any other officers that are provided for in the bylaws.
- B. The terms of the officers are one year, or until their successors are chosen and have been duly qualified. The duties of the officers shall be prescribed in the bylaws.
- C. The board of directors shall appoint a president to act as the chief executive officer of the credit union



and to be in charge of its operations. The president may be a director.

D. Notwithstanding any other provision of this chapter, a credit union may use any title it provides in its bylaws for the officials holding the positions described in this article as long as the titles are not misleading.

6-536 Executive committee

The board of directors may elect from its own number an executive committee, consisting of not fewer than three directors, which may be authorized to act for the board in all respects subject to any conditions or limitations prescribed by the board by law or rule. The executive committee shall report in writing to the board of directors on all of its actions since the previous board meeting and the board shall either ratify or rescind each such action.

6-537 Certain duties of directors; insurance

A. In addition to the duties prescribed in this chapter, the board of directors shall meet at least monthly and shall:

1. Purchase adequate fidelity coverage for the credit union covering the president and other officials and employees handling or having custody of monies or property of the credit union.
2. Authorize the employment and compensation of the president, who may hire other persons as are necessary to carry out the business of the credit union.
3. Approve an operating budget for the credit union.
4. Authorize the conveyance of property.
5. Borrow or lend money to carry on the functions of the credit union.
6. Appoint special committees.

B. The board of directors shall perform other duties as the members from time to time may direct and perform or authorize any action not inconsistent with law or not specifically reserved by the bylaws to the members.

C. The board of directors shall purchase and maintain insurance for the credit union on behalf of a person who is or was a director, officer, employee or agent of the credit union, or who is or was serving at the request of the credit union as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against the person and incurred by the person in any such capacity or arising out of the person's status as such, whether or not the credit union would have the power to indemnify the person against the liability.

6-538 Credit committee

A. The credit committee has the general supervision of all loans to members, unless it is replaced by a credit manager as provided in section 6-539. The credit committee may approve or disapprove loans subject to written policies established by the board of directors.

B. The credit committee shall meet as often as the business of the credit union requires but not less frequently than monthly, to review the lending activities of the credit union and to consider applications for loans. A loan shall not be made unless it is approved by a majority of the members of the committee who are present at the meeting at which the application is considered.

C. The credit committee or the credit manager shall keep a record of all actions taken and shall report on such actions to the board at its next meeting.



6-539 Credit manager

If the bylaws so provide, the board may elect a credit manager to serve in place of a credit committee. The credit manager may approve or disapprove loans subject to the written policies prescribed by the board of directors. The president may serve as the credit manager.

6-540 Loan officers

A. The president may appoint one or more loan officers and delegate the power to approve or disapprove loans, subject to those limitations or conditions as the credit committee or board of directors prescribes.

B. A member whose application is disapproved by a loan officer may appeal the action to the credit committee or credit manager as appropriate under the bylaws.

6-541 Audits

A. The supervisory committee shall make or cause to be made a comprehensive annual audit of the books and affairs of the credit union. The supervisory committee shall also make those supplementary examinations, audits and verifications of members' accounts as it deems necessary or as required by the superintendent or the board of directors. The supervisory committee shall submit a report of each annual audit to the board of directors at its next meeting, and to the superintendent, and shall include a summary of that report to the members at the next annual meeting of the credit union.

B. The audit shall be made using generally accepted accounting procedures and standards. Each audit at a minimum shall test the credit union's assets, liabilities, equity, income, expenses and internal controls.

C. The supervisory committee shall ensure that adequate work papers are prepared and maintained to support each audit. These work papers shall be made available for review during examinations by the superintendent.

6-542 Suspension and removal of officials

A. Both the supervisory committee and the board may suspend for cause by a two-thirds vote of their entire membership any director, officer or member of a committee and shall immediately notify such person in writing of the suspension and the reasons for the suspension.

B. A suspended director, officer or committee member may request a special meeting of the members to consider that suspension. The board shall call a special meeting for that purpose not fewer than seven days nor more than twenty-one days after that suspension, and that suspension shall be upheld or overturned by a majority of the members present. The suspended person is entitled to appear and be heard at the special meeting.

C. In the absence of a request for a hearing, the suspension is deemed a removal from office. Approval of the suspension by the membership constitutes removal from office.

D. Notwithstanding any other provision of this section, the members of a credit union may suspend or remove any director or committee member at any annual or special meeting of the members.



Article 6: Accounts

6-551 Share accounts

- A. Share accounts shall be subscribed to and paid for in such manner as the bylaws prescribe. A credit union may require its members to subscribe to and make payments on membership shares. Membership shares may not be pledged as security on any loan.
- B. The par value of any membership shares may differ from the par value of other shares.
- C. A credit union may limit the amount in share accounts and deposit accounts and any such limit must apply to all account holders.

6-552 Dividends

- A. After provision for the required reserves, the board of directors may declare dividends to be paid on share accounts from the undivided earnings.
- B. A credit union may pay dividends at various rates with due regard to the conditions that pertain to each type of share account, such as minimum balance, notice and time requirements. A credit union may, but is not required to, pay a dividend on membership shares.

6-553 Deposit accounts

- A. A credit union may only accept deposit accounts from its members, employers of members, sponsors of profit or pension trusts of those members, other credit unions and governmental units, and from nonmembers in the case of credit unions serving predominantly low income members in accordance with nonmember deposit requirements of the national credit union administration for federal credit unions, and subject to the terms, rates, limits and conditions established by the board of directors.
- B. The credit union may pay interest on deposit accounts at various rates with due regard to the conditions that pertain to each type of account such as minimum balance, notice and time requirements.
- C. A deposit account is a debt owed by the credit union to the account holder. Ownership of a deposit account does not confer membership or voting rights and does not represent an interest in the capital of the credit union.

6-554 Withdrawals

- A. A person may withdraw monies in share and deposit accounts for payment to the account holder or to third parties in the manner and in accordance with the procedures established by the board of directors.
- B. Share and deposit accounts are subject to any withdrawal notice requirements imposed pursuant to the bylaws.
- C. A person may not redeem or withdraw a membership share except on termination of membership in the credit union.

6-555 Minors' accounts

The credit union may receive payment on share and deposit accounts from a minor, who may withdraw monies from the accounts, including any dividends or interest on the accounts. Payments on the accounts by a minor and withdrawals by the minor are valid in all respects. For these purposes a minor is deemed of legal age.



6-556 Multiple party accounts

A. A credit union may enter into multiple party accounts, as provided in title 14, chapter 6, article 1. No multiple party owner, unless he is a member of the credit union in his own right, may vote at member meetings, obtain loans from the credit union or hold office in the credit union or is required to pay a membership fee.

B. Payment of part or all of a multiple party account to any of the multiple party owners shall discharge, to the extent of the payment, the liability of the credit union to all such parties unless the account agreement contains a prohibition or limitation on the payment.

C. A member may designate any person to own a share or deposit account with the member under any form of joint ownership permitted by law.

D. A member may own a share or deposit account in trust for a beneficiary, or a nonmember may own a share or deposit account in trust for a beneficiary who is a member. A beneficiary may be a minor.

E. A member may designate any person or persons as payees on a payable-on-death account.

6-557 Liens

A. A credit union has a lien on the share and deposit accounts and accumulated dividends of a member for any amount owed the credit union by the member and for any loan endorsed by the member. The credit union has a right of immediate setoff with respect to each share and deposit account on default of the owner of the account in an obligation owed to the credit union.

B. The credit union may waive its rights to a lien, to immediate setoff, to restrict withdrawals or to any combination of these rights with respect to any share or deposit account.

6-558 Member account insurance

A. Before the incorporators of a credit union forward the organization documents to the superintendent, as required by section 6-506, they shall apply for insurance on share and deposit accounts from an insuring organization.

B. The superintendent shall not grant an approved certificate of organization to form a credit union unless the proposed credit union has obtained a commitment for insurance on member accounts.

C. A credit union may not begin operations as a credit union or continue operations without share and deposit account insurance acceptable to the superintendent.



Article 7: Loans

6-561 Purpose and conditions of loans

A. A credit union may make loans, including lines of credit, to members for the purposes and on the conditions as the bylaws provide. The board of directors shall establish written policies with respect to the granting of loans including the terms, conditions and acceptable forms of security.

B. No person, except another credit union, may become indebted, directly or indirectly, to the credit union for more than ten per cent of the credit union's capital or two hundred dollars, whichever is greater. This limit does not apply to loans which are fully secured by assignment of share or deposit accounts in the credit union.

C. An application for a loan shall state the security and other information required by the credit committee or credit manager. Each loan shall be evidenced by a written document.

D. A member may repay a loan or outstanding balance on a line of credit prior to maturity in whole or in part on any business day without penalty.

6-562 Interest rates and other charges

A. The board of directors shall determine the interest rates on loans. The board may also authorize any refund of interest on loans under the conditions it may prescribe.

B. In addition to interest charged on loans, a credit union may charge all reasonable fees and expenses in connection with the making, closing, disbursing, extending, modifying, collecting or renewing of loans.

C. A credit union may assess charges to members, in accordance with board policy, for failure to meet their obligations to the credit union in a timely manner.

6-563 Other loan programs

A. A credit union may participate in loans to its members jointly with other credit unions, credit union organizations or other organizations pursuant to written policies established by the board of directors. A credit union which originates such a loan shall retain an interest of at least ten per cent of the outstanding principal balance of the loan. Before participating in a loan transaction, each credit union shall perform its own independent evaluation of the creditworthiness of the borrower.

B. In making loans to its members a credit union may participate in any guaranteed loan program of the federal or state government under the terms and conditions specified in the law or rules under which such a program is provided.

C. A credit union may finance for any person the sale of the credit union's property, including property obtained as a result of defaults in obligations owed to it, under the terms, conditions and rates provided by this chapter.

6-564 Loans to officials

A. A credit union may make loans to an officer, director or member of its supervisory and credit committees if both of the following conditions are met:

1. The loan complies with all requirements of this chapter and is not on terms more favorable than those extended to other borrowers.

2. The aggregate of loans to all such officials, excepting those fully secured by share or deposit accounts, does not exceed twenty per cent of the credit union's capital.



- B. A credit union may permit officers, directors and members of its supervisory and credit committees to act as comakers, guarantors or endorsers of loans to other members, subject to the requirements of subsection A.
- C. All applications for loans in the aggregate of twenty thousand dollars or a greater amount as determined by the superintendent on which an official will be either a direct obligor or an endorser, cosigner or guarantor shall be initially acted on by the board of directors as provided in the bylaws.



Article 8: Other Member Services

6-571 Insurance for members

A credit union may purchase or provide insurance on the lives or credit disability of its members in an amount equal to their respective share and loan balances or either or both of them and purchase or provide vendor's single interest property insurance coverages on property which is pledged as security if the borrower fails to provide evidence of adequate coverages placed with an insurance carrier selected by the borrower. Nothing in this section shall prohibit the lender from specifying reasonable requirements for coverages and the financial condition of the insurance carrier.

6-572 Group purchasing

A credit union may enter into marketing arrangements and joint ventures with other credit unions, credit union organizations or other organizations to facilitate its members' voluntary purchase of goods and services from third parties, consistent with the purposes of the credit union. A credit union may be compensated for services so provided and may establish reasonable fees to members.

6-573 Money type instruments

A credit union may collect, receive and disburse monies in connection with the providing of negotiable instruments, money orders, traveler's checks, credit or debit cards and other money instruments and may charge reasonable fees for these services.

6-574 Retirement accounts

A credit union may act as trustee or custodian of any form of retirement, pension, profit sharing or deferred income accounts for its members, pension funds of self-employed individuals eligible for membership and pension funds of a company or organization whose employees or members are eligible for membership in the credit union.



Article 9 Investments

6-576 Investment authority

- A. The board of directors has charge of the investment of credit union monies, except that the board may designate an investment committee or investment officer to make investments on its behalf, under written policies established by the board.
- B. The board of directors shall designate a depository or depositories for the monies of the credit union.

6-577 Authorized investments

- A. Monies not used in loans to members may be invested in:
 1. Securities, obligations or other instruments of or issued by or fully guaranteed as to principal and interest by the United States or any agency or instrumentality of the United States or in any trust or mutual fund established for investing directly or collectively in the same.
 2. Securities, obligations or other instruments, whose payment is guaranteed by the general taxing authority of the issuer, of any state of the United States or any political subdivision of the United States, and on approval of the superintendent, the District of Columbia, the Commonwealth of Puerto Rico and the several territories organized by Congress or any political subdivision thereof.
 3. Deposits of federally insured financial institutions organized under state or federal law.
 4. Loans to or share accounts or deposit accounts of other credit unions or corporate credit unions organized under state or federal law.
 5. Deposits in, loans to or shares of any federal reserve bank, federal home loan bank or central liquidity facility established under state or federal law.
 6. Shares, obligations or preferred stock issues of any agency or association organized either as a stock company, mutual association or membership corporation, if the membership or stock holdings of such agency or association are primarily confined or restricted to credit unions or organizations of credit unions and the purpose for which such agency or association is organized is to service or otherwise assist credit union operations.
 7. Stocks, bonds or other obligations of corporations organized in any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico and the several territories organized by Congress and in securities, obligations or other instruments of any state of the United States or any political subdivision thereof, the District of Columbia, the Commonwealth of Puerto Rico and the several territories organized by Congress, but not in the aggregate to exceed three per cent of the credit union's capital and not to exceed one per cent of the credit union's capital in any one corporation's stock, bonds and obligations. These investments are limited to the three highest ratings established by one or more national rating services of corporate securities designated by the superintendent.
 8. Pools of participation loans with other credit unions, credit union organizations or other financial institutions, not to exceed five per cent of the credit union's capital.
 9. Other investments as approved by the superintendent.
 10. In fixed assets, not to exceed five per cent of the credit union's capital except with the prior written approval of the superintendent.
- B. Investments authorized under subsection A, paragraph 6 shall not exceed five per cent of the credit union's capital, without the prior written approval of the superintendent. The action of a credit union in investing monies in accordance with subsection A, paragraph 6 shall not be deemed a violation of this section if the aggregate investments exceed the limitation of subsection A, paragraph 6 because of a subsequent reduction in the amount of the credit union's capital.



Article 10: Reserves

6-581 Transfers to regular reserve

A. At the end of each accounting period, but not less frequently than quarterly, the credit union shall set aside, as a regular reserve against losses, amounts in accordance with the schedule set by the share insuring organization. The credit union shall set aside the amounts before the declaration or payment of any dividends.

B. The board of directors may increase, or if the reserve equals or exceeds the requirement prescribed in subsection A, decrease, the amount to be set aside.

6-582 Use of regular reserve

Losses on risk assets, but not operating losses, shall be promptly charged against the regular reserve when those losses occur. The credit union shall not distribute the regular reserve except on liquidation of the credit union or in accordance with a plan approved by the superintendent.

6-583 Special reserves

In addition to the regular reserve, special reserves for losses shall be established if required by rule or if the superintendent or the board of directors finds it necessary. Special reserves may include allowances for loan losses or investment losses.



Article 11: Dissolutions

6-584 Voluntary dissolution

A. A credit union may elect to dissolve voluntarily and terminate its affairs in the following manner:

1. The board of directors shall adopt a resolution recommending that the credit union be dissolved voluntarily, naming a liquidating agent adequately bondable, and directing that the question of a dissolution be submitted to a regular or special meeting of the members.
2. At a regular or special meeting called for such purpose where the notice of such purpose is contained in the call, the affirmative vote of a majority of the members of the credit union present shall be required to dissolve the credit union.
3. Upon the adoption of a resolution to dissolve, a statement of intent to dissolve shall be executed in triplicate by the president or vice-president, and attested by its secretary, which shall set forth:
 - (a) The name of the corporation.
 - (b) Names and addresses of the officers and directors of the corporation.
 - (c) A copy of the resolution authorizing the voluntary dissolution and the name and address of the liquidating agent.
 - (d) Names and addresses of the members and the amount of the shares and loan balances of members outstanding.
 - (e) A financial and statistical report as of the date the resolution to dissolve is adopted.

B. Immediately upon the adoption of the resolution to dissolve, the credit union shall furnish to the superintendent duplicate copies of the statement of intent to dissolve and the superintendent shall then determine whether or not the credit union is solvent. If it is solvent, he shall issue to the credit union in quadruplicate a certificate to the effect that this section has been complied with. The certificate shall be filed by the credit union with the corporation commission and a duplicate copy recorded in the office of the county recorder of the county in which the credit union is located, whereupon the credit union shall be deemed dissolved and shall cease carrying on business except for the purpose of liquidation.

C. The credit union shall continue in existence for the purpose of discharging its debts, collecting and distributing its assets and doing all other acts required to completely dissolve the credit union, and may sue and be sued for the purpose of enforcing such debts and obligations until its affairs are fully terminated, but an action may not be filed by or against such credit union more than two years after this certificate of dissolution is recorded.

D. The credit union shall during the dissolution period furnish to the superintendent regular monthly progress reports of the affairs of the credit union until the final dissolution of the credit union.

E. After the expiration of two years from the date of final dissolution the superintendent may destroy all books and records of such credit union in his possession.

6-585 Involuntary dissolution

A. The superintendent may forthwith take possession and control of the business and property of any credit union to which this chapter is applicable whenever he finds upon examination or investigation that such credit union has committed one or more of the following violations:

1. Is in violation of an order issued pursuant to section 6-137.
2. Is conducting its business in an unauthorized or unsafe manner or in violation of the bylaws of the credit union.
3. Is insolvent.
4. Has an impairment of its capital.



5. Cannot with safety and expediency continue business.
6. Has suspended payment of its obligations.
7. Is, through its officers, refusing to submit its books, papers and records of affairs for inspection to any examiner.
8. Is, through its officers, refusing to be examined regarding its affairs.
9. Has been examined by its own supervisory committee and the majority of the committee requested in writing that the superintendent take possession and control.
10. In a proceeding for voluntary dissolution has, through its liquidating agent, failed to make reasonable progress in the liquidation of its affairs and distribution of its assets.

B. The superintendent upon taking possession and control of the credit union, its business and operation, together with the furniture, fixtures, books, records and assets of every description, shall determine whether it is practicable and feasible to reorganize the credit union to continue in business or merge the credit union with another operating credit union. If the superintendent determines that the credit union cannot be reorganized, or merged with another operating credit union, he may permit the credit union to operate under his direction and control, or if he determines that the credit union should be liquidated through receivership, he shall petition the superior court for authority to liquidate such credit union, and the superior court shall immediately appoint the superintendent as the receiver of the credit union without bond, and shall make such other orders, judgments and decrees as is necessary to liquidate such credit union. The receiver shall take possession of and, for the purpose of receivership, title to the books, records and assets of every description of such credit union, shall proceed to collect all debts, dues and claims belonging to it, may sell or compound all bad or doubtful debts and may sell the real and personal property of such credit union, on such terms as the court may direct.

C. Such receiver may sue and defend in his own name with respect to the affairs, assets, claims, debts, and choses in action of such credit union.

D. The receiver shall hold all records of such receivership for a period of two years after the close of the receivership, and at the termination of the two years, the records may then be destroyed.

E. All expenses of such receivership, including reasonable receiver and attorney fees, shall be paid out of the assets of such credit union, and all expenses of any preliminary or other examinations into the condition of any such credit union or receivership, and all expenses incident to and in connection with the possession and control of any credit union office, furniture and fixtures, books, records and assets of every description of such credit union by the receiver for the purpose of reorganization or liquidation through receivership, shall be paid out of the assets of such credit union.

F. Notwithstanding the provisions of subsections A, B, C and D of this section, when such credit union is a federally insured state credit union, the court shall first tender the appointment as receiver to the national credit union administration, or any succeeding organization, which is authorized to qualify and act without bond. If the national credit union administration or succeeding organization accepts the appointment, it shall have all of the powers, privileges and duties as such receiver provided by the laws of this state.

6-586 Distribution of assets of liquidating credit union

If there is either a voluntary or involuntary liquidation of a credit union the assets of the credit union or the proceeds from any disposition of the assets shall be applied and distributed in the following order:

1. Taxes owed to the United States, this state or any other governmental unit.
2. Secured creditors up to the fair market value of their collateral, not to exceed the amount of their debt.
3. Costs and expenses of liquidation.



4. Wages due the employees of the credit union.
5. Costs and expenses incurred by creditors in successfully opposing the release of the credit union from certain debts as allowed by the superintendent.
6. Debts owed to the United States or this state.
7. General creditors, secured creditors, to the extent their claims exceed the fair market value of their collateral, and owners of deposit accounts, to the extent the accounts are uninsured.
8. Members, to the extent of uninsured accounts, and the insuring organization that insured the accounts of the credit union.



Article 12: Change in Corporate Status

6-587 Merger or consolidation of credit unions

A. Any two or more credit unions may merge or consolidate into a single credit union. The merger or consolidation may be with a credit union organized under the laws of this state, the laws of any other state or territory of the United States or the laws of the United States.

B. If two or more credit unions merge, they shall either designate one of them as the continuing credit union or they shall structure a totally new credit union and designate it as the new credit union. All participating credit unions other than the continuing or new credit union shall be designated as merging credit unions.

C. Any merger of credit unions shall be done according to a plan of merger. After approval by the boards of directors of all participating credit unions, the plan shall be submitted to the superintendent for preliminary approval. If the plan includes the creation of a new credit union, all documents required by section 6-506 shall be submitted as part of the plan. In addition, each participating credit union shall submit the following:

1. The time and place of the meeting of the board of directors at which the plan was agreed on.
2. The vote of the directors in favor of the adoption of the plan.
3. A copy of the resolution or other action by which the plan was agreed on.

D. The superintendent shall grant preliminary approval if the plan has been approved properly by each board of directors, if the documentation required to form a new credit union, if any, complies with section 6-506 and if the superintendent is of the opinion that the merged or continuing credit union should be approved.

E. After the superintendent grants preliminary approval, each merging credit union shall conduct a membership vote on its participation in the plan. The credit union shall conduct the vote either at a special membership meeting called for that purpose or by mail ballot. If a majority of the members voting approves the plan, the credit union shall submit a record of that fact to the superintendent indicating the vote by which the members approved the plan and either the time and place of the membership meeting or the mailing date and closing date of the mail ballot.

F. The superintendent shall grant final approval of the plan of merger after determining that the requirements of subsection E of this section in the case of each merging credit union have been met and if proof of insurance of accounts, as required by section 6-558, has been furnished. The superintendent shall notify all participating credit unions of his action on the plan. If approved, the continuing credit union shall file copies of the certificate showing the approval of the superintendent with the corporation commission and a certified copy of the filing under the seal of the commission recorded with the county recorder of the county in which each credit union participating in the merger has its principal place of business with a copy filed with the superintendent. When the copies have been filed the merged credit union terminates as a legal entity, and the continuing credit union remains and continues in operation.

G. On final approval of the plan by the superintendent, all property, property rights and members' interests in each merging credit union vest in the continuing or new credit union as applicable without deed, endorsement or other instrument of transfer, and all debts, obligations and liabilities of each merging credit union are deemed to have been assumed by the continuing or new credit union. The rights and privileges of the members of each participating credit union remain intact, except that if a person is a member of more than one of the participating credit unions that person is entitled to only a single set of membership rights in the continuing or new credit union.



H. If the continuing or new credit union is chartered by another state or territory of the United States, it is subject to the requirements of section 6-511.

I. Notwithstanding any other law, the superintendent may authorize a merger or consolidation of a credit union which is insolvent or is in danger of insolvency with any other credit union or may authorize a credit union to purchase any of the assets or assume any of the liabilities of any other credit union which is insolvent or in danger of insolvency if the superintendent is satisfied that:

1. An emergency requiring expeditious action exists with respect to the other credit union.
2. Other alternatives are not reasonably available.
3. The public interest would best be served by approval of the merger, consolidation, purchase or assumption.

6-588 Conversion of credit union

A. A credit union incorporated under the laws of this state may be converted to a credit union organized under the laws of the United States, or it may be converted to a credit union organized under the laws of another state if the principal office has relocated to another state or jurisdiction, in the following manner:

1. On recommendations of the board of directors, the members of a credit union incorporated under the laws of this state, by an affirmative majority vote of all members voting in a meeting called for that purpose or by written ballot filed within fifteen days, may resolve to convert the credit union into a federal credit union or a credit union organized under the laws of another state.
2. Within twenty days after the meeting at which the members determine to so convert, the credit union shall file with the superintendent a certificate verified by the affidavit of the president or the chairman and the secretary of the credit union. The certificate shall contain a copy of the minutes of the meeting and a statement that the members have approved the determination to convert the credit union into a federal credit union or a credit union organized under the laws of another state.
3. The filing of the certificate required in paragraph 2 of this subsection with the superintendent is presumptive proof or evidence of the holding of the meeting and the action taken.
4. After the meeting of the members, the credit union shall take such action as is necessary under the federal law or the state law to which it is converting as a credit union. It shall also liquidate in a manner approved by the superintendent any assets or liabilities which are not by reason of law capable of being transferred to the converted credit union. Within ten days after the receipt of the new charter or certificate of incorporation, the credit union shall file with the superintendent and the corporation commission a copy of the instrument. On this filing, the credit union ceases to be a credit union incorporated under the laws of this state and is converted to one under its new jurisdiction.
5. At the time the conversion becomes effective, the credit union ceases to be supervised by this state and all of the property of the credit union, including all of its right, title and interest in and to all property of every kind and character, immediately by operation of law and without any conveyance or transfer and without any further act or deed is vested in the converted credit union under its new name and structure and under its new jurisdiction.
6. The converted credit union shall have, hold and enjoy the property prescribed in paragraph 5 of this subsection in its own right as fully and to the same extent as the property was possessed, held and enjoyed by it as a credit union under the laws of this state. The converted credit union continues to be responsible for all of the obligations of the former credit union to the same extent as though the conversion had not taken place. The converted credit union is merely a continuation of the former credit union under a new name and new jurisdiction and the revision of its corporate structure as is necessary for its proper operation



under the new jurisdiction.

B. A credit union organized under the laws of the United States or of any other state may convert to a credit union incorporated under the laws of this state in the following manner:

1. To effect such a conversion a credit union shall first comply with all of the requirements of the jurisdiction under which it is organized and file proof of the compliance with the superintendent.
2. The converting credit union through its proper officers and officials shall sign and acknowledge in quintuplicate a certificate of organization as required in sections 6-506 and 6-507 in which they bind themselves to comply with the requirements of the certificate and with all the laws and rules applicable to a state credit union. The application for a certificate of organization in quintuplicate, the bylaws in duplicate and the required charter fee and examination assessment shall be submitted to the superintendent who shall make or cause to be made an appropriate investigation for the purpose of determining the advisability of such a conversion. On receipt of the superintendent's certificate of organization in quadruplicate, with the certificate of approval, the applicants shall file the certificate of approval attached in quadruplicate with the corporation commission and record a certified copy of the filing under the seal of the commission with the county recorder of the county or counties in which the credit union is to do business. On proof of the recording, the corporation commission shall issue a certificate of incorporation to the credit union. The credit union shall forward a certified copy of the certificate of organization showing the filing and recording to the superintendent. The credit union shall also file with the corporation commission the appointment of an agent on whom service of process may be made.
3. Within ten days after the receipt of the certified copy of the certificate of incorporation by the credit union, the credit union shall file two certified copies of the certificate with its present supervisory agency and a copy of the transmittal letter with the superintendent.
4. On filing the certified copy of the certificate of organization with the superintendent, the converting credit union ceases to be a credit union under its former jurisdiction and is a credit union under the laws of this state. All of the property of the credit union, including all of its right, title and interest in and to all property of every kind and character, immediately, by operation of law and without any conveyance or transfer and without any further act or deed, is vested in the credit union under its new name and style as a state credit union and under its new jurisdiction.
5. The converted credit union shall have, hold and enjoy the property prescribed in paragraph 4 of this subsection in its own right as fully and to the same extent as the property was possessed, held and enjoyed by it as a credit union under its former jurisdiction and the converted credit union continues to be responsible for all of the obligations of the former credit union to the same extent as though conversion had not taken place. The converted credit union is merely a continuation of the former credit union under a new name and new jurisdiction and the revision of its corporate structure as is considered necessary for its proper operation under the new jurisdiction.



Article 13: Corporate Credit Union

6-591 Organization

A corporate credit union shall be organized in the manner provided for the organization of a credit union in section 6-506.

6-592 Purposes; membership

A. The purposes of a corporate credit union are to:

1. Accumulate and prudently manage the liquidity of its member credit unions through inter-lending and investment services.
2. Act as an intermediary for credit union monies between members and other corporate credit unions.
3. Obtain liquid monies from other credit union organizations, financial intermediaries and other sources.
4. Foster and promote in cooperation with other corporate credit unions and credit union organizations or associations the economic security, growth and development of member credit unions.
5. Provide payment systems and correspondent services to its members.
6. Perform other services and provide other benefits for its members as required.

B. Membership in the corporate credit union consists of and is limited to credit unions incorporated under this chapter, the federal credit union act or any other credit union law, organizations or associations owned by or composed of credit unions and corporations or associations which primarily serve credit unions.

6-593 Powers of corporate credit union; federal parity

A. A corporate credit union shall enjoy the powers and privileges of any other credit union incorporated under this chapter and in addition may:

1. Accept share accounts or deposit accounts from its members, state or federal credit unions, other corporate credit unions and credit union organizations or associations.
2. Make loans to, deposit in or invest in its members, state or federal credit unions and other corporate credit unions.
3. Participate with any state or federal credit union in making loans to members of the corporate credit union or to members of any participating credit union.
4. Act as intermediary for the monies of members, credit unions and other corporate credit unions.
5. Act as agent for members, other credit unions and credit union organizations in paying, receiving and transferring the assets and liabilities received and invested as permitted in this article.
6. Receive and hold in safekeeping the securities and other assets of its members and, in that connection, make such disposition of the assets as may be agreed to or directed by the member.
7. Provide payment systems and correspondent services to its members, nonmember state or federal credit unions, other corporate credit unions and credit union organizations or associations.

B. In addition to all other rights, powers and privileges granted a credit union by section 6-516, a corporate credit union organized under the laws of this state has all of the rights, powers and privileges and is entitled to the same exemptions and immunities as any corporate credit union chartered under the laws of the United States.

C. Except for the provisions of section 6-581, and except as specifically permitted in this article, all provisions of this chapter relating to credit unions shall apply to corporate credit unions.

6-594 Participation in central system

A corporate credit union may enter into agreements and subscribe to any required shares for the purpose of



participation in the national credit union administration central liquidity facility or in any other state or federal central liquidity facility or central financial system available to credit unions. It may also enter into agreements with any third parties to aid credit unions to obtain additional sources of liquidity.

6-595 Reserves

A. A corporate credit union shall establish and maintain a corporate reserve in accordance with the reserve requirements of the national credit union administration for federal corporate credit unions.

B. A corporate credit union may make charges to the corporate reserve for losses on risk assets and to meet such other classes of losses as approved by the superintendent. A corporate credit union shall not distribute the corporate reserve except on liquidation of the credit union or in accordance with a plan approved by the superintendent.

