

1 HOUSE BILL NO. 220

2 INTRODUCED BY B. LAWSON

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4 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING PROVISIONS OF THE MONTANA
 5 CREDIT UNION ACT; PROVIDING THAT ELECTRONICALLY GENERATED AND STORED CREDIT UNION
 6 RECORDS ARE ADMISSIBLE AS EVIDENCE OF A TRANSACTION; CLARIFYING THAT A CREDIT UNION
 7 SUPERVISORY COMMITTEE NEED ONLY BE APPOINTED IF THE CREDIT UNION BYLAWS PROVIDE FOR
 8 A SUPERVISORY COMMITTEE; ~~REMOVING THE PROVISION THAT DIVIDENDS MUST BE PAID ON ALL~~
 9 ~~OUTSTANDING SHARES AT THE CLOSE OF THE PERIOD FOR WHICH THE DIVIDEND IS DECLARED~~
 10 PROVIDING THAT DIVIDENDS MUST BE PAID ON ALL SHARES ACCORDING TO ANY METHOD OF
 11 CALCULATION ALLOWED BY LAW; REMOVING THE REQUIREMENT THAT THE PURPOSE OF THE LOAN
 12 BE STATED IN A LOAN APPLICATION; AMENDING SECTIONS 32-3-204, 32-3-301, 32-3-403, 32-3-502,
 13 AND 32-3-602, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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17 **Section 1.** Section 32-3-204, MCA, is amended to read:

18 **"32-3-204. Records.** (1) A credit union shall maintain all books, records, accounting systems, and
 19 procedures in accordance with ~~such rules as that~~ the director ~~from time to time~~ of the department of
 20 commerce prescribes. In prescribing ~~such~~ rules, the director shall consider the relative size of a credit
 21 union and its reasonable capability of compliance.

22 (2) A credit union is not liable for destroying records after the expiration of the record retention
 23 time prescribed by the director.

24 (3) A photostatic or photographic copy or reproduction of any kind, including electronic or
 25 computer-generated data that has been electronically stored and is capable of being converted into written
 26 form, of any credit union records ~~shall~~ must be admissible as evidence of transactions with the credit
 27 union."

28

29 **Section 2.** Section 32-3-301, MCA, is amended to read:30 **"32-3-301. Organization procedure.** (1) Any seven or more residents of this state; who are of legal

1 age, and who have a common bond, defined as described in 32-3-304, may organize a credit union and
 2 become charter members ~~thereof~~ of the credit union by complying with this section.

3 (2) The subscribers shall execute, in duplicate, articles of incorporation, ~~which that~~ conform to
 4 the applicable Montana corporation law; and shall agree to the terms ~~thereof, which~~ of the articles. The
 5 articles ~~shall~~ must state:

6 (a) the name, which ~~shall~~ must include the words "credit union" and which ~~shall~~ may not be the
 7 same as that of any other existing credit union in this state, and the location where the proposed credit
 8 union is to have its principal place of business;

9 (b) that the existence of the credit union is perpetual;

10 (c) the par value of the shares of the credit union, which ~~shall~~ must be in \$5 multiples of not less
 11 than \$5 or more than \$25;

12 (d) that the credit union ~~shall be~~ is organized under this chapter for the purposes set forth ~~therein~~
 13 in the articles;

14 (e) the names and addresses of the subscribers to the articles of incorporation and the value of
 15 shares subscribed to by each, which ~~shall~~ may be not less than \$5; and

16 (f) that the credit union may exercise ~~such~~ incidental powers ~~as that~~ as that are necessary or requisite
 17 to enable it to carry on effectively the business for which it is incorporated and those powers ~~which that~~
 18 are inherent in the credit union as a legal entity.

19 (3) The subscribers shall prepare and adopt bylaws for the general government of the credit union,
 20 consistent with this chapter, and execute the ~~same~~ bylaws in duplicate.

21 (4) The subscribers shall select at least five qualified persons who agree to serve on the board of
 22 directors and at least three qualified persons who agree to serve on the supervisory committee if the
 23 bylaws provide for a supervisory committee. A signed agreement to serve in these capacities until the first
 24 annual meeting or until the election of their successors, whichever is later, ~~shall~~ must be executed by ~~those~~
 25 persons who so agree to serve. This agreement ~~shall~~ must be submitted to the director of the department
 26 of commerce.

27 (5) The subscribers shall forward the articles of incorporation and the bylaws to the director of
 28 the department of commerce. The director may issue a certificate of approval if the articles and the bylaws
 29 are in conformity with this chapter and ~~he~~ if the director is satisfied that the proposed field of operation
 30 is favorable to the success of ~~such~~ the credit union and that the standing of the proposed organizers ~~is~~

1 ~~such as to give~~ gives assurance that ~~its~~ the credit union's affairs will be properly administered. ~~He~~ The
 2 director shall return a copy of the bylaws and the articles to the applicants or their representatives, which
 3 ~~shall~~ must be preserved in the permanent files of the credit union. The application ~~shall~~ must be acted
 4 upon within 30 days. The articles of incorporation ~~shall~~ must then be filed with the secretary of state
 5 who, upon payment of the ~~filing~~ fees ~~therefor~~ for filing the articles, shall issue a certificate of
 6 incorporation.

7 (6) The subscribers for a credit union charter ~~shall~~ may not transact any business until formal
 8 approval of the charter has been received."

9

10 **Section 3.** Section 32-3-403, MCA, is amended to read:

11 **"32-3-403. Election or appointment of officials.** (1) The credit union ~~shall~~ must be directed by a
 12 board, consisting of an odd number of at least five directors, ~~at least five in number~~, to be elected at the
 13 annual membership meeting by and from the members. All members of the board shall hold office for ~~such~~
 14 terms ~~as that~~ the bylaws provide.

15 (2) The board of directors shall appoint a supervisory committee of not less than three members
 16 at the organization meeting and within 30 days following each annual meeting of the members for ~~such~~
 17 terms ~~as that~~ the bylaws provide. However, the bylaws of the credit union may provide that the
 18 supervisory committee members are elected for ~~such~~ terms ~~as that~~ the bylaws provide by the members
 19 of the credit union at the annual meeting of the members or may provide that the credit union may not
 20 have a supervisory committee. If the bylaws provide that the credit union may not have a supervisory
 21 committee, the duties and powers of the supervisory committee, as described in 32-3-417 and
 22 32-3-418(1), are the responsibility of the board of directors.

23 (3) The board of directors shall appoint a credit committee, consisting of an odd number, ~~not less~~
 24 ~~than~~ of at least three members, for ~~such~~ terms ~~as that~~ the bylaws provide or, in lieu of a credit committee,
 25 shall appoint a credit manager."

26

27 **Section 4.** Section 32-3-502, MCA, is amended to read:

28 **"32-3-502. Dividends.** At the intervals and for the periods that the board of directors authorizes
 29 and after providing for the required reserves, the board of directors may declare dividends to be paid from
 30 the undivided earnings at the rates and upon the classes of shares that the board determines. ~~The~~

1 ~~dividends must be paid on all shares outstanding at the close of the period for which the dividend is~~
 2 ~~declared.~~ THE DIVIDENDS MUST BE PAID ON ALL SHARES ACCORDING TO ANY METHOD OF CALCULATION ALLOWED BY
 3 LAW."

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5 **Section 5.** Section 32-3-602, MCA, is amended to read:

6 **"32-3-602. Loan application.** Every application for a loan ~~shall~~ must be made in ~~writing upon~~ a
 7 form ~~which~~ that the credit committee, credit manager, or loan officer prescribes. The application ~~shall~~
 8 must state ~~the purpose for which the loan is desired and~~ the security, if any, offered. Each loan ~~shall~~ must
 9 be evidenced by a written document or electronic data capable of being converted into written form."

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11 NEW SECTION. **Section 6. Effective date.** [This act] is effective on passage and approval.

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