

## 1 HOUSE BILL NO. 36

2 INTRODUCED BY B. LAWSON

3 BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION  
4

5 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE LAWS GOVERNING CREDIT UNIONS;  
6 AUTHORIZING THE DEPARTMENT OF ADMINISTRATION TO DETERMINE THE SCHEDULE FOR CREDIT  
7 UNION EXAMINATIONS; ELIMINATING THE MAKEUP REQUIREMENTS FOR REGULAR RESERVE  
8 ACCOUNTS AND GRANTING THE DEPARTMENT DISCRETION TO REQUIRE CREDIT UNIONS TO  
9 ESTABLISH A REGULAR RESERVE ACCOUNT; REPEALING THE DEFINITION OF RISK ASSETS;  
10 AMENDING SECTIONS 32-3-203 AND 32-3-702, MCA; AND REPEALING SECTION 32-3-704, MCA."

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12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
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14 **Section 1.** Section 32-3-203, MCA, is amended to read:

15 **"32-3-203. Examinations.** (1) The department of administration shall ~~annually~~ examine or cause to be  
16 examined each credit union on a schedule determined by the department. Each credit union and all of its officers  
17 and agents must be required to give to representatives of the director of the department full access to all books,  
18 papers, securities, records, and other sources of information under their control. For the purpose of the  
19 examination, the representatives may subpoena witnesses, administer oaths, compel the giving of testimony, and  
20 require the submission of documents.

21 (2) A report of the examination must be forwarded to the executive officer of each credit union promptly  
22 after completion. The report must contain comments relative to the management of the affairs of the credit union  
23 and also as to the general condition of its assets. Within 60 days after the receipt of the report, the directors and  
24 committee members shall meet to consider matters contained in the report.

25 (3) In lieu of making an ~~annual~~ examination of a credit union, the director may accept an audit report of  
26 the condition of the credit union made by an auditor approved by the director. The cost of the audit must be borne  
27 by the credit union."  
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29 **Section 2.** Section 32-3-702, MCA, is amended to read:

30 **"32-3-702. Makeup Maintenance of regular reserve account.** (†) The department of administration  
31 may require a credit union to establish and maintain, at a certain level, a regular reserve account as a

1 contingency to address potential losses. The department may rely on standards adopted by the national credit  
2 union administration (NCUA) in making any determination to require a credit union to establish a regular reserve  
3 account. Immediately before the payment of each dividend, the gross earnings of the credit union shall be  
4 determined. From this amount, there shall be set aside sums as a regular reserve for contingencies in  
5 accordance with the following schedule:

6 ~~—— (a) 10% of gross income until the regular reserve equals 5% of the total of outstanding loans and risk~~  
7 ~~assets; then~~

8 ~~—— (b) 7% of gross income until the regular reserve equals 6% of the total of outstanding loans and risk~~  
9 ~~assets; then~~

10 ~~—— (c) 5% of gross income until the regular reserve equals 7% of the total of outstanding loans and risk~~  
11 ~~assets:~~

12 ~~—— (2) Whenever the regular reserve falls below 7%, 6%, or 5% of the total outstanding loans and risk~~  
13 ~~assets, as the case may be, it shall be replenished by regular contributions in such amounts as are needed to~~  
14 ~~maintain the reserve goals of 5%, 6%, or 7%.~~

15 ~~—— (3) Any entrance fees, charges, and transfer fees shall, after payment of organization expense, be added~~  
16 ~~to the regular reserve."~~

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18 NEW SECTION. Section 3. Repealer. Section 32-3-704, MCA, is repealed.

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