

HB 2257 -- CREDIT UNIONS

SPONSOR: Rowland

TRIPLICATE AND DUPLICATE FILINGS

Currently, credit unions are required to make certain filings with the Director of the Division of Credit Unions (DCU) within the Department of Commerce and Insurance in triplicate or duplicate. This bill modifies these provisions to require a single filing, rather than three or two (Sections 370.010, 370.030, 370.350, 370.355, and 370.358, RSMo).

CERTIFICATE OF ORGANIZATION REQUIREMENTS

Currently, a certificate of organization is required to create a credit union to state the par value of the general shares. This bill changes that requirement to regular shares (Section 370.020).

OTHER FORMS OF DELIVERY

Currently, the Director of the DCU is required to mail copies of certain filings, as well as notice to all interested parties for certain meetings pertaining to credit union business. This bill permits any other form of delivery as an alternative to mail delivery (Sections 370.071, 370.151, and 370.358).

ELECTRONIC BALLOTS

Currently, a credit union is allowed to charge initial or recurring membership fees, provided such fees have been approved by a majority of the membership in attendance at any regular or special meeting or by a mail ballot. This bill allows such fees to be charged if approved by an electronic ballot as well (Section 370.071).

Currently, the bylaws of a credit union, when approved by the membership, may provide for mail ballots for the election of officers. This bill allows for the use of electronic ballots for the election of officers as well (Section 370.170 and 370.358).

REPORTS AND EXAMINATIONS OF CREDIT UNIONS

Currently, a credit union is required to make a report of its condition on or before January 31 of each year. This bill requires reports to follow the reporting requirements of federal credit union insurers. Furthermore, it is the responsibility of the president or the president's designee to verify the report (Section 370.110).

The bill establishes a provision allowing the Director of the DCU to accept an examination of a credit union made by the federal credit union insurer instead of the director conducting an annual examination of a credit union (Section 370.120).

The bill increases the length of time a credit union has to make a report before the Director of the DCU revokes its certificate of approval from 15 days to 30 days (Section 370.130).

BOARD OF DIRECTORS MEMBERSHIP

The bill modifies provisions relating to the board membership of credit unions by repealing a provision requiring the election of a president, vice president, secretary, and treasurer and requiring instead the election of a chair, vice chair, secretary, and treasurer. Moreover, the positions of secretary and treasurer may be held by the same person if the bylaws of the credit union so provide (Section 370.190, 370.355, 370.358, and 370.359).

POWERS OF CREDIT UNIONS AND BOARDS OF DIRECTORS

In addition to powers currently granted, the board of directors of a credit union is permitted to:

- (1) Authorize the employment and compensation of the chief executive officer;
- (2) Approve annual operating budgets for the credit union;
- (3) Declare dividends on regular shares;
- (4) Accept resignations and fill vacancies of the board, credit committee, and supervisory committee;
- (5) Amend the bylaws; and
- (6) Hear appeals of people denied membership by the credit union (Section 370.200).

The bill removes provisions that permit the board of directors of a credit union to: (1) fix the amount of the surety bond that is required of each officer having custody of funds; and (2) declare dividends (Section 370.200).

AUTHORIZATION OF LOANS OR ADVANCES

Currently, the credit committee or credit manager is required to approve every loan or advance made by the credit union to its

members. This bill removes that provision and instead requires the credit committee or credit manager to follow the bylaws, policies, and procedures established by the board of directors regarding loans and advances (Section 370.220).

SUPERVISORY COMMITTEE MEMBERSHIP

The bill requires the supervisory committee, if the credit union bylaws so provide, to elect a chair from their own number (Section 370.230).

The bill removes a provision that bonds approved by the board of directors must be filed with the Director of the DCU within 45 days (Section 370.235).

CHARGES ON CREDIT UNION MEMBERS

Currently, credit unions are allowed to make a charge no more than once in a 12-month period to a member's share account if the member fails to keep the credit union informed about his or her current address. The bill modifies that to allow a quarterly charge and removes a provision that the charge be for the actual cost of determining the correct address. The bill also removes a provision limiting the charge to \$5 (Section 370.260).

ENTRANCE OR MEMBERSHIP FEES

The bill repeals a provision allowing credit unions to charge entrance fees or membership fees on beneficiaries, trustees, or grantors of a trust, unless a member in their own right (Section 370.275).

CREDIT UNIONS MAY WITHHOLD PAYMENTS

A credit union may refuse to make a payment from an account to a depositor, shareholder, any trust or payable-on-death account beneficiary, or any other person claiming an interest in the account under certain circumstances detailed in the bill, as long as the credit union notifies persons claiming an interest in the court. The credit union is not liable for damages as a result of an action taken under this provision (Section 370.288).

LOANS TO MEMBERS

The bill repeals a provision allowing members to receive a loan in installments instead of one sum if the loan is for purchasing necessary supplies for growing crops. The bill additionally repeals a provision allowing a borrower to repay the whole or any part of a loan on any day on which the credit union is open

(Section 370.310).

EXPULSION OF MEMBERS

The bill allows the president or executive officer designated by the board to expel a member pursuant to the board's written policy. A person expelled may appeal such decision pursuant to such policy (Section 370.340).

ENTRANCE FEE CHARGES

The bill removes a provision that a credit union can charge an entrance fee or transfer fee of up to \$1 (Section 370.370).

This bill is the same as HB 2204 (2020) and SB 797 (2020).