

By: Representative Ford

To: Banks and Banking

HOUSE BILL NO. 511

1 AN ACT TO REENACT SECTIONS 81-13-1 THROUGH 81-13-81,
2 MISSISSIPPI CODE OF 1972, WHICH AUTHORIZE THE ORGANIZATION AND
3 REGULATION OF CREDIT UNIONS; TO AMEND REENACTED SECTION 81-13-77,
4 MISSISSIPPI CODE OF 1972, TO EXTEND THE DATE OF REPEAL FROM
5 DECEMBER 31, 2001, TO DECEMBER 31, 2002; AND FOR RELATED PURPOSES.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

7 SECTION 1. Section 81-13-1, Mississippi Code of 1972, is
8 reenacted as follows:

9 81-13-1. (1) Any seven (7) persons who are residents of the
10 State of Mississippi of full age and of good moral and sound
11 business character eligible under this chapter to become members
12 of a credit union may prepare in duplicate articles of association
13 and incorporation, and sign the same and cause the same to be
14 acknowledged by one (1) of the signers before an officer competent
15 to take acknowledgments to the effect that the same has been
16 signed and executed by all of the signers. Before any credit
17 union may be organized and formed, the prospective incorporators
18 shall give notice to the Department of Banking and Consumer
19 Finance by petition to the Commissioner of Banking and Consumer
20 Finance of their desire to engage in business as a credit union
21 and shall at the time file with the commissioner two (2) copies of
22 the proposed articles of incorporation, duly sworn to by one (1)
23 of the prospective incorporators.

24 (2) Upon receipt of a petition for a certificate of
25 incorporation to form a credit union and such additional
26 information as may be required by the commissioner, the
27 commissioner shall promptly give consideration to the petition and
28 make an examination of the proposed articles of incorporation to



29 determine if they meet all requirements of the law. The
30 commissioner shall then make an investigation to determine that
31 the prerequisites of this chapter have been complied with and
32 that:

33 (a) The character, responsibility and general fitness
34 of the persons named in the petition are such as to command
35 confidence and warrant belief that the business of the proposed
36 credit union will be honestly and efficiently conducted in
37 accordance with the intent and purpose of this chapter and that
38 the proposed credit union will have qualified management;

39 (b) There is need for the proposed credit union to
40 serve the proposed field of membership, which shall be specific in
41 detail; and

42 (c) The anticipated volume and type of business and
43 field of membership of the proposed credit union is such as to
44 indicate profitable operation within a reasonable time.

45 When the commissioner has completed the examination and made
46 his investigation, he shall record his preliminary findings and
47 recommendations in writing.

48 (3) The commissioner shall consider the findings and shall
49 hear such oral testimony as he may wish, and may also receive
50 information and hear testimony bearing upon the approval of the
51 organization and operation of the new credit union. When the
52 commissioner has completed the examination and investigation, the
53 commissioner shall record the findings in writing and render a
54 decision as to whether or not said credit union should be
55 authorized to do business. If the decision is favorable, the
56 incorporators shall then present one (1) of said copies of the
57 articles of association and incorporation, with a recording fee of
58 Ten Dollars (\$10.00) to the Secretary of State of the State of
59 Mississippi who shall receive and file the same, whereupon said
60 persons entering into said articles shall be and become an
61 incorporated credit union association under the laws of the State



62 of Mississippi, without individual liability for debts, obligation
63 or other liabilities of said association, in excess of such
64 membership fees as remain due and unpaid by said members,
65 respectively, and may sue and be sued in the name of said
66 association. The Secretary of State shall record the said
67 articles in his office and return the original so recorded to said
68 association. The association shall file articles for record in
69 the office of the clerk of the chancery court in the county where
70 the principal place of business is located.

71 (4) If the commissioner shall deny the application for such
72 charter, he shall notify the applicant in writing of such denial
73 and shall include in such notification the reason or reasons for
74 such denial. When any application for a charter is denied, the
75 applicant shall have the right to a hearing thereon by and before
76 the commissioner by filing, within thirty (30) days after the date
77 of the receipt of the notification of denial, a written petition
78 with the commissioner requesting such hearing. Upon the filing of
79 any such request, the commissioner shall fix a date for the
80 hearing, which date shall not be later than thirty (30) days from
81 the date of the filing of the request, and notice shall be given
82 to the public of the fact that such hearing will be held by the
83 publication of a notice in some newspaper published in the county
84 where the business is proposed to be conducted not less than ten
85 (10) days before the date of the hearing, which notice shall
86 specify the date, time, place and purpose of the hearing, said
87 hearing to be in the office of the commissioner in Jackson,
88 Mississippi. If there is no newspaper published in the county
89 where the business is proposed to be conducted, such notice shall
90 be placed in a newspaper having general circulation in such
91 county.

92 (5) All such hearings shall be held and conducted in the
93 office of the commissioner, and the applicant and any and all
94 other interested persons may appear and present such evidence as



95 shall be relevant and material and the commissioner may cause the
96 production and presentation of such evidence as deemed relevant
97 and material. At all such hearings the applicant shall have the
98 right to be represented by counsel and to examine and
99 cross-examine any and all witnesses that may testify at such
100 hearing. For the purpose of compelling the attendance of
101 witnesses at such hearing the commissioner shall have the power to
102 issue subpoenas therefor in the same manner as subpoenas are
103 issued in circuit courts. All witnesses who shall testify at any
104 such hearing shall be sworn in the same manner as witnesses are
105 sworn in the circuit courts and shall be subject to penalties for
106 perjury as is otherwise provided under the laws of this state.

107 (6) At all such hearings the commissioner shall cause the
108 evidence presented to be taken down and a record made thereof and
109 the commissioner shall make a written finding and decision with
110 reference to the question presented and shall cause same to be
111 included in the record. The original of said record shall be kept
112 as a permanent record by the commissioner and a copy thereof shall
113 be furnished to the applicant. If the application for the charter
114 shall be denied as a result of such hearing, the applicant may
115 obtain a review of such denial by filing a petition for the review
116 of such denial within thirty (30) days from the date of such
117 denial to the circuit court of the county in which it is sought to
118 organize such credit union. The review by said court shall be on
119 the record made before the commissioner and copies of all
120 applications, bonds and other papers and documents of every kind
121 filed with the commissioner in connection with the application and
122 said hearing shall be included in said record along with the
123 transcript of the evidence.

124 (7) The corporate existence of an association shall begin on
125 the date the certificate of incorporation is issued to the credit
126 union, and such existence shall be perpetual unless terminated in
127 accordance with the provisions of this chapter.



128 (8) At any time the commissioner determines that a credit
129 union ceases to offer normal credit union services to its members
130 as a result of a merger, voluntary liquidation, involuntary
131 liquidation or any other cause, the commissioner shall be
132 authorized to pay the required fee to record the cancellation of
133 the charter of the credit union in the county where originally
134 recorded and in the Secretary of State's office.

135 SECTION 2. Section 81-13-3, Mississippi Code of 1972, is
136 reenacted as follows:

137 81-13-3. (1) The articles of association, in addition to
138 such other provisions not in conflict with law as the organizers
139 may desire, shall set forth provisions showing:

140 (a) The name of the proposed credit union (which shall
141 include the words "Credit Union") and the city, town or village in
142 which the principal office is to be located, if in a city, town or
143 village, or the designation of the place not in a city, town or
144 village in which the principal office is to be located.

145 (b) The name and address of the subscribers to the
146 articles and the number of shares subscribed by each.

147 (c) A statement that incorporation is desired under
148 this particular law and the par value of the shares (which shall
149 not exceed Ten Dollars (\$10.00)).

150 (d) That the association and its members will comply
151 with all the laws, rules and regulations applicable to credit
152 unions.

153 (2) The articles of association may be amended by an
154 affirmative vote of a majority of the board of directors at a duly
155 held meeting, and the filing with the Secretary of State and the
156 Commissioner of Banking and Consumer Finance of duplicate copies
157 of such amendment acknowledged in the manner provided for the
158 acknowledgment of the original articles, and the approval of such
159 amendment in writing by the commissioner. Such amendment shall be
160 recorded in the Office of the Secretary of State upon the payment



161 of a recording fee of Ten Dollars (\$10.00), and shall be recorded
162 in the office of the clerk of the chancery court of the county in
163 which the principal place of business is situated. The proposed
164 amendment must be set forth in the call for the meeting.

165 SECTION 3. Section 81-13-4, Mississippi Code of 1972, is
166 reenacted as follows:

167 81-13-4. No credit union shall accept any deposits unless or
168 until it submits sufficient evidence that its accounts are insured
169 by the National Credit Union Administration or by any successor
170 thereto. Any credit union shall thereafter conduct business only
171 while its accounts are insured.

172 SECTION 4. Section 81-13-5, Mississippi Code of 1972, is
173 reenacted as follows:

174 81-13-5. (1) Before making loans or receiving deposits, the
175 credit union shall file with the Department of Banking and
176 Consumer Finance a set of its bylaws with certificate of adoption
177 which in addition to such other provisions as may be contained
178 therein shall show:

179 (a) The date of the annual meeting, which will be
180 before March 31 of each year, the manner of notification of
181 meetings, the number of members constituting a quorum, and
182 regulations as to voting.

183 (b) The number of directors (which shall not be less
184 than five (5)) and officers, all of whom must be members, the
185 names of the first board of directors, their powers and duties,
186 together with the duties of officers elected by the board of
187 directors.

188 (c) The qualifications for membership.

189 (d) The number of members of the credit committee, if
190 any, and of the supervisory committee (which shall be not less
191 than three (3) each), together with their respective powers and
192 duties.



193 (e) The conditions under which shares may be issued,
194 transferred and withdrawn, deposits received and withdrawn, loans
195 made and repaid and the funds otherwise invested.

196 (f) The charges, if any, which shall be made for
197 failure to meet obligations punctually, whether or not the
198 corporation shall have the power to borrow, the method of
199 receipting for money, the manner of accumulating a reserve fund
200 and determining a dividend, and such other matters, consistent
201 with the provisions of this chapter, as may be required to protect
202 the organization and make possible the operation of the credit
203 union in question.

204 (2) Amendments to the bylaws may be made by members at a
205 regular or special meeting, if the proposed amendment is set forth
206 in the call for the meeting and is approved by a majority of the
207 members present at a meeting at which a quorum is present. The
208 amendment of bylaws shall not become effective until approved in
209 writing by the commissioner.

210 SECTION 5. Section 81-13-9, Mississippi Code of 1972, is
211 reenacted as follows:

212 81-13-9. The use by any person, corporation, association or
213 copartnership except corporations formed under the provisions of
214 this chapter, of any name or title which contains the words
215 "credit union" shall be a misdemeanor.

216 SECTION 6. Section 81-13-11, Mississippi Code of 1972, is
217 reenacted as follows:

218 81-13-11. In addition to the general powers authorized for
219 corporations in Section 79-3-7, a credit union shall have the
220 following specific powers:

221 (a) It may receive the savings of its members in
222 payment for shares and on deposit and investments by other credit
223 unions on deposit.

224 (b) It may make loans to members, authorized by the
225 credit committee, and may make loans to other credit unions,



226 committee members and directors, as authorized by the board of
227 directors.

228 (c) It may invest, through the board of directors, only
229 in accordance with NCUA's rules and regulations, Federal Credit
230 Union Act, and any interpretive rulings issued by the NCUA.

231 The funds of the credit union shall be used first, however,
232 for loans to members and preference shall be given to the smaller
233 loan in the event the available funds do not permit all loans to
234 be made which have been approved by the credit committee or loans
235 officers.

236 SECTION 7. Section 81-13-12, Mississippi Code of 1972, is
237 reenacted as follows:

238 81-13-12. Notwithstanding any other law to the contrary, the
239 Commissioner of Banking and Consumer Finance by rule may authorize
240 a credit union doing business under this chapter to engage in any
241 activity in which it could engage, exercise any power it could
242 exercise, or make any loan or investment it could make, if it were
243 operating as a federal credit union.

244 SECTION 8. Section 81-13-13, Mississippi Code of 1972, is
245 reenacted as follows:

246 81-13-13. Membership shall consist of the incorporators and
247 such natural persons as have been duly elected to membership and
248 have paid the entrance fee as required by the bylaws, and have
249 complied with such other requirements as the certificate of
250 organization may contain, and successors-in-law to accounts of
251 deceased members subject to individual approval by the board of
252 directors. One entrance fee will be required for each account
253 regardless of the number of joint owners. Other organizations
254 (whether incorporated or not) composed primarily of the same
255 individuals who are eligible to join the credit union are also
256 eligible for membership. Credit unions shall be organized within
257 groups which have a common bond of occupation, association, or
258 residence; provided that one (1) corporate central credit union



259 sponsored by the Mississippi Credit Union League may accept as
260 members the credit unions that are members of the Mississippi
261 Credit Union League and shall include in its title the words
262 "corporate central"; and provided further that one (1) credit
263 union sponsored by the Mississippi Credit Union League may accept
264 as members the members of credit unions holding membership in the
265 Mississippi Credit Union League, the members of their immediate
266 families, the employees of the Mississippi Credit Union League and
267 the members of their immediate families, organizations or
268 associations of such persons, and other persons residing in this
269 state who do not have the services of a credit union available to
270 them, such credit union to be known as the Mississippi League
271 Central Credit Union, subject to such limitations on membership as
272 may be from time to time adopted by the board of directors in the
273 minutes of the central credit union.

274 SECTION 9. Section 81-13-15, Mississippi Code of 1972, is
275 reenacted as follows:

276 81-13-15. Credit unions shall be subject to the supervision
277 of the Department of Banking and Consumer Finance. The
278 Commissioner of Banking and Consumer Finance is empowered with
279 authority to promulgate from time to time rules and regulations
280 concerning the operation of credit unions; provided that such
281 rules and regulations shall be consistent with and in conformity
282 with the laws of the State of Mississippi. Credit unions shall
283 make a report of condition thereto at least annually on blank
284 forms to be supplied by said department. Credit unions shall
285 transmit to the department such call reports within a time
286 limitation established by the commissioner; however, such time
287 limitation cannot exceed that set by the National Credit Union
288 Administration. For any failure or delay in furnishing this
289 report, the credit union shall be subject to an administrative
290 fine, which may be imposed by the commissioner, of Fifty Dollars
291 (\$50.00) a day for each day while in such default. Reports shall



292 be verified by both the chief elected official and the treasurer
293 and additional reports may be required by the said department.

294 SECTION 10. Section 81-13-17, Mississippi Code of 1972, is
295 reenacted as follows:

296 81-13-17. Each credit union shall be examined at least once
297 per eighteen-month period by the Commissioner of Banking and
298 Consumer Finance. The commissioner may conduct other examinations
299 and the commissioner or examiners of the Department of Banking and
300 Consumer Finance shall at all times be given free access to all
301 the books, papers, securities and other sources of information in
302 respect to the credit union. For that purpose he shall have the
303 power to subpoena and examine personally or through one (1) of his
304 deputies, or examiners, duly authorized, witnesses on oath and
305 documents pertaining to the business of the credit union. The
306 fees for examination shall be determined by the commissioner by
307 assessing the association according to the cost based on the
308 average daily cost of all examiners of the department, plus actual
309 and necessary expenses. The commissioner shall have the authority
310 to prescribe supervision fees at the rate of Ten Cents (10¢) per
311 One Thousand Dollars (\$1,000.00) of assets, and not be less than
312 Twenty Dollars (\$20.00) nor more than Two Hundred Dollars
313 (\$200.00) a year for overhead expenses of the department in
314 supervising the credit union. The commissioner shall send each
315 such credit union a statement of the amount due by it and shall
316 specify how the same shall be paid. The fees shall be due and
317 payable in accordance with the statement so furnished and shall be
318 paid within ten (10) days after the date fixed for their payment.
319 Such fees shall constitute a lien on the assets of the credit
320 union until paid. Any such credit union failing to make payment
321 within ten (10) days as herein provided shall be liable to a
322 penalty of ten percent (10%) of the amount in default for each day
323 thereafter.



324 In the event the commissioner's office, because of work load
325 or other good sufficient cause, is unable to conduct an annual
326 examination of a credit union as provided for in this section, the
327 commissioner is hereby authorized to accept the examination of any
328 credit union performed by the National Credit Union Administration
329 or by any succession thereto. However, in no case shall the
330 commissioner be authorized to accept any such examination of any
331 credit union performed by the NCUA or its successor for any two
332 (2) consecutive eighteen-month periods.

333 SECTION 11. Section 81-13-19, Mississippi Code of 1972, is
334 reenacted as follows:

335 81-13-19. (1) If it appears that any credit union is
336 bankrupt or insolvent, or that it has violated any other
337 provisions of law, or is in danger of loss due to mismanagement or
338 fraud, the commissioner shall issue an order temporarily
339 suspending the credit union's operations for not less than thirty
340 (30) nor more than sixty (60) days. The board of directors shall
341 be given notice by registered mail of such suspension, which
342 notice shall include a list of the reasons for such suspension, or
343 a list of the specific violations of law.

344 (2) Upon receipt of such suspension notice, the credit union
345 shall cease all operations, except those operations authorized by
346 the commissioner. The board of directors shall file with the
347 commissioner a reply to the suspension notice, and may request a
348 hearing to present a plan of corrective actions proposed if the
349 credit union desires to continue operations. The board of
350 directors may request that the credit union be declared insolvent
351 and a liquidating agent be appointed.

352 (3) Upon receipt of evidence from the suspended credit union
353 that the conditions causing the order of suspension have been
354 corrected, the commissioner, upon finding that such conditions
355 have been corrected, may revoke the suspension notice and permit
356 the credit union to resume normal operations.



357 (4) If the commissioner, after issuing notice of suspension
358 and providing an opportunity for a hearing, rejects the credit
359 union's plan to continue operations, he may issue a notice of
360 involuntary liquidation and appoint a liquidating agent. The
361 commissioner shall continue his order suspending the credit
362 union's operation until final determination or liquidation. The
363 credit union may request the chancery court of the county in which
364 the home office of the credit union is located to take such action
365 as it may deem necessary under the law.

366 (5) If, within the suspension period, the credit union fails
367 to answer the suspension notice or request a hearing, the
368 commissioner may then revoke the credit union's charter, appoint a
369 liquidating agent and liquidate the credit union.

370 SECTION 12. Section 81-13-21, Mississippi Code of 1972, is
371 reenacted as follows:

372 81-13-21. (1) If it appears to the Commissioner of Banking
373 and Consumer Finance, as a result of any examination or from any
374 report made to him, that the public interest may be served by the
375 appointment of a conservator, and if he shall find that: (a) the
376 capital of a credit union is impaired, or (b) the credit union is
377 concealing any assets, books or records or (c) the members of such
378 credit union are in actual danger of loss due to mismanagement,
379 misappropriation of funds, fraud, violation of this chapter, or
380 violation of any lawful rule of the board or (d) has lost its
381 field of membership or (e) the credit union is in violation of an
382 order or injunction, as authorized by this section, which has
383 become final since time to appeal has expired without appeal or a
384 final order entered from which there can be no appeal, the
385 commissioner may appoint a conservator for such credit union,
386 which may be the commissioner or any other person, and upon such
387 appointment the commissioner shall apply immediately to the
388 chancery court in the county in which the home office of the
389 credit union is located for confirmation of such appointment, and



390 such court shall have exclusive jurisdiction to determine the
391 issues and all related matters. Such proceedings shall be given
392 precedence over other cases pending in such court, and shall in
393 every way be expedited. Such court shall confirm such appointment
394 if it shall find that one or more of such grounds exist, and a
395 certified copy of the order of the court confirming such
396 appointment shall be evidence thereof. Such conservator shall
397 have the power and authority provided in this chapter and such
398 other power and authority as may be expressed in the order of the
399 court. Such conservator shall endeavor promptly to remedy the
400 situations complained of by the commissioner in his application
401 for confirmation of such appointment. Within six (6) months of
402 the date of such appointment, or within twelve (12) months if the
403 court shall extend such period of six (6) months, such credit
404 union shall be returned to the board of directors thereof and
405 thereafter shall be managed and operated as if no conservator had
406 been appointed. If the commissioner serves as conservator, he
407 shall receive no additional compensation, but if another person is
408 appointed, then the compensation of the conservator, as determined
409 by the court, shall be paid by the credit union. A certified copy
410 of the order of the court discharging such conservator and
411 returning such credit union to the directors thereof shall be
412 sufficient evidence thereof.

413 (2) Any conservator appointed shall have all the rights,
414 powers and privileges possessed by the officers, board of
415 directors and members of the credit union and shall have the
416 power, with the approval of the court, to limit or condition
417 withdrawals from the credit union and to effectuate a system for
418 payment of withdrawals.

419 (3) The directors and officers shall remain in office and
420 the employees shall remain in their respective positions, but the
421 conservator may remove any director, officer or employee, provided



422 the order of removal of a director or officer shall be approved by
423 the chancery court.

424 (4) While the credit union is in the charge of a
425 conservator, members or borrowers of such credit union shall
426 continue to make payments to the credit union in accordance with
427 the terms and conditions of their contracts. All expenses of the
428 credit union during such conservatorship shall be paid by the
429 credit union.

430 SECTION 13. Section 81-13-23, Mississippi Code of 1972, is
431 reenacted as follows:

432 81-13-23. The credit union fiscal year shall end at the
433 close of business on the thirty-first day of December.

434 SECTION 14. Section 81-13-25, Mississippi Code of 1972, is
435 reenacted as follows:

436 81-13-25. At an annual meeting the members shall elect a
437 board of directors and a supervisory committee. The credit
438 union's board of directors shall determine whether the credit
439 union will: (1) have a credit committee elected by the
440 membership; (2) have a credit committee appointed by the board;
441 and/or (3) will hire loan officers. The board shall include this
442 decision in their bylaws and the board shall determine and record
443 in the minutes of a duly held meeting, the authority of the credit
444 committee, if any, and/or the loan officers. Unless the number of
445 members of the credit union is less than eleven (11), no member of
446 the board shall be a member of either of said committees. All
447 members of the board and committees and all officers shall be
448 sworn to discharge their duties faithfully and shall hold their
449 several offices for such terms as may be provided in the bylaws.
450 The oath shall be subscribed by the individual taking it and
451 certified by the officer before whom it is taken and shall be
452 transmitted within ten (10) days after the oath to the
453 Commissioner of Banking and Consumer Finance and filed and
454 preserved in his office. For any failure or delay in transmitting



455 the oath, the credit union shall be subject to an administrative
456 fine, which may be imposed by the commissioner, of Ten Dollars
457 (\$10.00) per day for each day the documents are not received.

458 SECTION 15. Section 81-13-27, Mississippi Code of 1972, is
459 reenacted as follows:

460 81-13-27. At the first meeting and at each first meeting in
461 the fiscal year, the board of directors shall elect from their own
462 number a president or chairman, vice president or vice chairman,
463 treasurer, and may elect a secretary. At each board, special or
464 annual meeting, the president/chairman shall appoint a recording
465 secretary to accurately record the actions taken at said meeting.
466 The board of directors shall have the general management of the
467 affairs, funds and records of the corporation and shall meet as
468 often as may be necessary. Unless the bylaws shall specifically
469 reserve any or all of the duties to the members, it shall be the
470 special duty of the directors:

471 (a) To act upon all applications for membership and on
472 the expulsion of members;

473 (b) To determine, from time to time, rates of interest
474 which shall be allowed on deposits and charged on loans;

475 (c) To fix the amount of the surety bond which shall be
476 required of each officer having the custody of funds;

477 (d) To fix the maximum number of shares which may be
478 held by, and the maximum amount which may be loaned to any one (1)
479 member; to declare dividends and recommend amendments to the
480 bylaws;

481 (e) To fill vacancies in the board of directors and
482 credit committee until the election and qualification of
483 successors;

484 (f) To have charge of the investment of funds of the
485 corporation, other than loans to members, and to perform such
486 other duties as the members may, from time to time, authorize.



487 SECTION 16. Section 81-13-28, Mississippi Code of 1972, is
488 reenacted as follows:

489 81-13-28. A member of the board of directors or a member of
490 the credit committee or supervisory committee or an employee of a
491 credit union may not participate in the deliberation or the
492 determination of a question affecting his own pecuniary interest
493 or the pecuniary interest of a corporation, partnership or
494 association in which he is interested. Any person who violates
495 this section may not thereafter serve as an officer, agent or
496 employee of a credit union.

497 SECTION 17. Section 81-13-29, Mississippi Code of 1972, is
498 reenacted as follows:

499 81-13-29. No member of the credit or supervisory committee
500 shall receive any compensation for his services as a member of
501 said committees; provided, however, that one (1) elected official
502 of the board of directors may be compensated for services
503 rendered.

504 SECTION 18. Section 81-13-33, Mississippi Code of 1972, is
505 reenacted as follows:

506 81-13-33. The supervisory committee shall, at frequent
507 intervals, inspect the securities, cash and accounts of the credit
508 union and supervise the acts of the board of directors, credit
509 committee and officers, any or all of whom the supervisory
510 committee may, at any time, by a unanimous vote suspend. Within
511 seven (7) days after such suspension, the supervisory committee
512 shall cause notice to be given the members of a special meeting to
513 take action on such suspension, the call for the meeting to
514 indicate clearly its purpose. By a majority vote the committee
515 may call a meeting of the shareholders to consider any violation
516 of this chapter or of the bylaws, or any practice of the credit
517 union which, in the opinion of said committee, is unsafe and
518 unauthorized. The committee shall fill vacancies in their own
519 number until the next annual meeting of the members. Annually the



520 supervisory committee shall make or cause to be made a thorough
521 audit of the receipts, disbursements, income, assets and
522 liabilities of the credit union for the said fiscal year and shall
523 make a full report thereon to the directors, which report shall be
524 filed and preserved with the records of the credit union. The
525 supervisory committee shall make a report to the members at the
526 annual meeting.

527 SECTION 19. Section 81-13-35, Mississippi Code of 1972, is
528 reenacted as follows:

529 81-13-35. The capital of a credit union shall consist of the
530 regular and any other reserve accounts, the undivided earnings and
531 any other earnings accounts, allowances for loss accounts. A
532 credit union shall have a lien on the shares of any member and on
533 the dividends payable thereon for and to the extent of any loan
534 towards the liquidation of said member's indebtedness. A credit
535 union may, upon the resignation or expulsion of a member, cancel
536 the shares of such member and apply the withdrawal value of such
537 shares first towards the liquidation of said member's
538 indebtedness. A credit union may charge an entrance or membership
539 fee as may be provided in the bylaws.

540 SECTION 20. Section 81-13-37, Mississippi Code of 1972, is
541 reenacted as follows:

542 81-13-37. Shares may be issued and deposits received in the
543 name of a minor, without a guardian, and in trust in accordance
544 with applicable law.

545 SECTION 21. Section 81-13-39, Mississippi Code of 1972, is
546 reenacted as follows:

547 81-13-39. A credit union may lend to its members at
548 reasonable rates of interest, which shall not exceed one and
549 three-fourths percent (1-3/4%) per month, computed on unpaid
550 balances, or invest the funds accumulated as herein provided.
551 Fines and penalties shall not be considered as interest. A charge
552 of Ten Dollars (\$10.00) in lieu of interest may be made on any



553 loan payable in a single payment, and a charge of Fifteen Dollars
554 (\$15.00) in lieu of interest may be made on any loan payable in
555 installments.

556 SECTION 22. Section 81-13-41, Mississippi Code of 1972, is
557 reenacted as follows:

558 81-13-41. A credit union shall have the power to borrow from
559 any source, but the total of such borrowing shall at no time
560 exceed fifty percent (50%) of the capital and surplus of the
561 borrowing credit union.

562 SECTION 23. Section 81-13-43, Mississippi Code of 1972, is
563 reenacted as follows:

564 81-13-43. (1) Loans to members may be made only in
565 accordance with the NCUA's rules and regulations, Federal Credit
566 Union Act, state statutes, and any interpretive rulings issued by
567 the NCUA.

568 (2) No officer or committee member shall act as endorser or
569 guarantor for other borrowers from the same credit union.

570 SECTION 24. Section 81-13-45, Mississippi Code of 1972, is
571 reenacted as follows:

572 81-13-45. A borrower may repay the whole or any part of his
573 loan on any day on which the office of the corporation is open for
574 the transaction of business.

575 SECTION 25. Section 81-13-51, Mississippi Code of 1972, is
576 reenacted as follows:

577 81-13-51. Immediately before the payment of each dividend,
578 and in no event less than one (1) time per year, the net income of
579 the credit union shall be determined. From this amount, there
580 shall be set aside, as a regular reserve against losses on loans
581 and against such other losses as may be specified in regulations
582 prescribed under this chapter, sums as follows:

583 A credit union whose accounts are insured by the National
584 Credit Union Administration, as required by this chapter, shall
585 set aside and maintain its reserve funds in the manner promulgated



586 and prescribed by the administrator of the National Credit Union
587 Administration. Provided, however, that said reserve funds shall
588 be no less than those prescribed by the Commissioner of Banking
589 and Consumer Finance, who may, upon written notice, require
590 additional reserves to protect the capital structures of any
591 credit union. The board of directors may elect to set apart to
592 the reserve fund any amount deemed necessary if it determines that
593 potential contingencies require additional reserves. The reserve
594 fund shall belong to the credit union and shall be held to meet
595 contingencies and shall not be distributed to the members except
596 upon dissolution of the credit union.

597 SECTION 26. Section 81-13-53, Mississippi Code of 1972, is
598 reenacted as follows:

599 81-13-53. The board of directors of a credit union may
600 declare and pay a dividend from net earnings or accumulated net
601 undivided earnings remaining after the statutory reserve has been
602 set aside.

603 SECTION 27. Section 81-13-55, Mississippi Code of 1972, is
604 reenacted as follows:

605 81-13-55. At any duly held meeting the board of directors,
606 by a two-thirds (2/3) vote of those present may expel from the
607 corporation any member thereof.

608 SECTION 28. Section 81-13-57, Mississippi Code of 1972, is
609 reenacted as follows:

610 81-13-57. All amounts paid in on shares of an expelled or
611 withdrawing member with any dividends credited to his shares to
612 the date of expulsion or withdrawal shall be paid to said member
613 but only as funds therefor become available and after deducting
614 any amounts due to the corporation by said member. All deposits
615 of an expelled or withdrawing member, with any interest accrued,
616 shall be paid to such member, subject to ninety (90) days' notice,
617 and after deducting any amounts due to the corporation by said
618 member. Said member, when withdrawing shares or deposits, shall



619 have no further right in said credit union or to any of its
620 benefits, but such expulsion or withdrawal shall not operate to
621 relieve such member from any remaining liability to the
622 corporation.

623 SECTION 29. Section 81-13-59, Mississippi Code of 1972, is
624 reenacted as follows:

625 81-13-59. At any meeting, called for the purpose, notice of
626 the purpose being contained in the call, a majority of the entire
627 membership may vote to dissolve the corporation and shall,
628 thereupon signify their consent to such dissolution in writing and
629 shall file such consent with the Commissioner of Banking and
630 Consumer Finance, attested by a majority of its officers, with a
631 statement of the names and addresses of the directors and
632 officers, duly verified. The commissioner, upon receipt of
633 satisfactory proof of the solvency of the corporation, shall
634 execute in duplicate a certificate to the effect that such consent
635 and statement have been filed and that it appears therefrom that
636 the corporation had complied with this section. Such duplicate
637 certificate shall be filed by such corporation in the office of
638 the clerk of the chancery court of the county in which said
639 corporation has its place of business and thereupon such credit
640 union shall be dissolved and shall cease to carry on business
641 except for the purpose of adjusting and winding up its affairs.
642 It shall, by its board of directors, then proceed to adjust and
643 wind up its business, be empowered to carry out its contracts,
644 collect its accounts receivable, and liquidate its assets and
645 apply the same in discharge of the obligations of the corporation
646 and, after paying such obligations, each share according to the
647 amount paid in thereon, shall be entitled to its proportion of the
648 balance of the assets. Said corporation shall continue in
649 existence for the purpose of discharging its debts and
650 obligations, collecting and distributing its assets, and doing all
651 other acts required in order to wind up its business, and may sue



652 and be sued for the purpose of enforcing such debts and
653 obligations until its affairs are fully adjusted and wound up, for
654 three (3) years.

655 SECTION 30. Section 81-13-60, Mississippi Code of 1972, is
656 reenacted as follows:

657 81-13-60. (1) Any state credit union may apply to the
658 Commissioner of Banking and Consumer Finance for permission to
659 establish a branch office. The application shall be in such a
660 form as may be prescribed by the commissioner and shall be
661 approved or denied by the commissioner within one hundred twenty
662 (120) days of filing.

663 (2) The commissioner shall approve a branch application when
664 all of the following criteria are met:

665 (a) The applicant has an examination rating of two (2)
666 or higher;

667 (b) The applicant has capital ratios equal or exceeding
668 the amount required by the insurer of deposit accounts;

669 (c) The applicant has no formal or informal enforcement
670 actions outstanding; and

671 (d) The applicant has demonstrated that its members
672 would be well served by the branch.

673 (3) If the commissioner denies the branch application, the
674 branch applicant will have the right of a hearing as prescribed in
675 Section 81-13-1 for those applicants denied a new credit union.

676 SECTION 31. Section 81-13-61, Mississippi Code of 1972, is
677 reenacted as follows:

678 81-13-61. A credit union may change its place of business
679 upon written approval from the Department of Banking and Consumer
680 Finance.

681 SECTION 32. Section 81-13-62, Mississippi Code of 1972, is
682 reenacted as follows:



683 81-13-62. (1) For the purposes of this section, the
684 following words shall have the meanings provided in this
685 subsection unless the context otherwise requires:

686 (a) "Electronic terminal" means an unmanned electronic
687 device owned or operated by a federally insured credit union
688 through which a consumer may initiate an electronic fund transfer.

689 (b) "Electronic fund transfer" means any of the
690 following:

691 (i) The withdrawal of cash from or the deposit of
692 cash or checks into an unmanned electronic device, such as an
693 automatic teller machine, but not including night depositories;

694 (ii) An application for or acceptance of a loan
695 through use of an unmanned electronic device;

696 (iii) The transfer of funds between accounts
697 through use of an unmanned electronic device; or

698 (iv) The issuance of a check by an unmanned
699 electronic device.

700 (2) Any state credit union may apply to the Commissioner of
701 Banking and Consumer Finance for permission to establish
702 electronic terminals. The application shall be in such a form as
703 may be prescribed by the commissioner. The commissioner shall
704 approve the electronic terminal when all of the following criteria
705 are met:

706 (a) The applicant has an examination rating of two (2)
707 or higher;

708 (b) The applicant has capital ratios equal or exceeding
709 the amount required by the insurer of deposit accounts;

710 (c) The applicant has no formal or informal enforcement
711 actions outstanding; and

712 (d) The applicant has demonstrated that its members
713 would be well served by the electronic terminal.

714 (3) For the use of its electronic terminals connected to
715 sharing networks or systems, a credit union may impose a fee if



716 imposition of the fee is disclosed at a time and in a manner that
717 allows a user to terminate or cancel the transaction without
718 incurring the transaction fee. Such fee shall not exceed Two
719 Dollars (\$2.00) or four percent (4%) of the gross amount of the
720 transaction, whichever is greater. An agreement to share
721 electronic terminals shall not prohibit, limit or restrict the
722 right of a credit union to charge such fees for the use of its
723 electronic terminals as allowed by state or federal law, or
724 require a credit union to limit or waive its rights or obligations
725 under this section.

726 SECTION 33. Section 81-13-63, Mississippi Code of 1972, is
727 reenacted as follows:

728 81-13-63. The credit unions organized hereunder, their
729 property, their franchises, capital, reserves, surpluses, and
730 other funds, and their income shall be exempt from all taxation
731 now or hereafter imposed; except that any real property and any
732 tangible personal property of such credit unions shall be subject
733 to federal, state, county, municipal or other local taxation to
734 the same extent as other similar property is taxed. Nothing
735 herein contained shall prevent holdings in any credit union
736 organized hereunder from being included in the valuation of the
737 personal property of the owners or holders thereof in assessing
738 taxes imposed by authority of the state or political subdivision
739 thereof in which the credit union is located; but the duty or
740 burden of collecting or enforcing the payment of such a tax shall
741 not be imposed upon any such credit union and the tax shall not
742 exceed the rate of taxes imposed upon holdings in federal credit
743 unions.

744 SECTION 34. Section 81-13-65, Mississippi Code of 1972, is
745 reenacted as follows:

746 81-13-65. (1) A state credit union may be converted into a
747 federal credit union by complying with the following requirements:



748 (a) The proposition for such conversion shall first be
749 approved, and a date set for a vote thereon by the members, either
750 at a regular meeting or a special meeting called for that purpose
751 by a majority of the directors of the state credit union. Written
752 notice of the proposition and of the date set for the vote shall
753 be delivered or mailed to each member, not more than thirty (30)
754 days nor less than seven (7) days prior to such date. Approval of
755 the proposition for conversion shall be by the affirmative vote of
756 a majority of the members attending said meeting.

757 (b) A statement of the results of the vote, verified by
758 the affidavits of the president or vice president and the
759 secretary, shall be filed with the Commissioner of Banking and
760 Consumer Finance within ten (10) days after the vote is taken.

761 (c) Promptly after the vote is taken and in no event
762 later than ninety (90) days thereafter, if the proposition for
763 conversion was approved by such vote, the credit union shall take
764 such action as may be necessary under the Federal Credit Union Act
765 to make it a federal credit union, and within ten (10) days after
766 receipt of the federal credit union charter there shall be filed
767 with the commissioner a copy of the charter thus issued. Upon
768 such filing the credit union shall cease to be a state credit
769 union.

770 (d) Upon ceasing to be a state credit union, such
771 credit union shall no longer be subject to any of the provisions
772 of this chapter. The successor federal credit union shall be
773 vested with all of the assets and shall continue responsible for
774 all of the obligations of the state credit union to the same
775 extent as though the conversion had not taken place.

776 (2) (a) A federal credit union, organized under the Federal
777 Credit Union Act, may be converted into a state credit union by:

778 (i) Complying with all federal requirements
779 requisite to enabling it to convert to a state credit union or
780 cease being a federal credit union;



781 (ii) Filing with the commissioner proof of such
782 compliance, satisfactory to the commissioner;

783 (iii) Filing with the Department of Banking and
784 Consumer Finance the articles of incorporation required for state
785 credit unions; and

786 (iv) Filing such other statements or proof as may
787 from time to time be required by the commissioner.

788 (b) Should the commissioner determine that an audit
789 should be made of the credit union prior to approval, he shall
790 direct such audit and the reasonable, actual cost thereof shall be
791 paid by the credit union.

792 (c) When the commissioner has been satisfied that all
793 of such requirements have been complied with, the commissioner
794 shall approve the charter of incorporation. Upon such approval
795 the federal credit union shall become a state credit union as of
796 the date it ceases to be a federal credit union. The state credit
797 union shall be vested with all of the assets and shall continue
798 responsible for all of the obligations of the federal credit union
799 to the same extent as though the conversion had not taken place.

800 SECTION 35. Section 81-13-69, Mississippi Code of 1972, is
801 reenacted as follows:

802 81-13-69. (1) The bylaws may provide for the taking of
803 referendum votes by the membership upon questions coming before
804 the membership; such voting to be by mail, or otherwise in writing
805 or a combination of viva voce voting and writing.

806 (2) Special meetings of the members may be held by order of
807 the board of directors or the supervisory committee, and shall be
808 held on request of ten percent (10%) of the members. At all
809 meetings a member shall have but one (1) vote, irrespective of the
810 number of shares held. No shareholder may vote by proxy, but a
811 society, association, copartnership or corporation having
812 membership in the credit union may be represented and voted by one
813 (1) person duly authorized by such society, association,



814 copartnership or corporation to represent it. Provided that the
815 notice of the meeting has stated the question to be considered,
816 the members may decide on any matter of interest to the
817 corporation, may overrule the directors by a three-fourths (3/4)
818 vote of those present, and may amend the bylaws.

819 SECTION 36. Section 81-13-71, Mississippi Code of 1972, is
820 reenacted as follows:

821 81-13-71. The making of a wilfully false affidavit to any
822 statement, report or other document required by law in connection
823 with the establishment or operating of a credit union shall be
824 perjury and punishable as such, according to the general laws of
825 the state and the embezzlement of any of the funds, securities or
826 other property of a credit union, shall be punishable as such
827 according to the general laws.

828 SECTION 37 . Section 81-13-73, Mississippi Code of 1972, is
829 reenacted as follows:

830 81-13-73. Each credit union shall keep sufficient books and
831 accounts in such form as shall be approved by the Commissioner of
832 Banking and Consumer Finance in accordance with the NCUA
833 guidelines. However, any state credit union may cause any or all
834 records, books and accounts at any time in its custody to be
835 reproduced in a format of storage commonly used, whether
836 electronic, imaged, magnetic, microphotographic, or otherwise, and
837 any reproduction so made shall have the same force and effect as
838 the original thereof and be admitted in evidence equally with the
839 original.

840 SECTION 38. Section 81-13-75, Mississippi Code of 1972, is
841 reenacted as follows:

842 81-13-75. All laws or parts of laws which otherwise would be
843 in conflict with the provisions of this chapter are to be
844 construed so as not to apply to credit unions to the extent that
845 they would conflict with this chapter but nothing herein shall be
846 taken as repealing any law of the state affecting or regulating



847 the receiving of deposits, the making of loans, the issuance of
848 shares or securities, or the lending of money, or the charging or
849 receiving of interest, except so far as the same applies to and
850 may be involved in or related to the establishment and operating
851 of credit unions.

852 SECTION 39. Section 81-13-77, Mississippi Code of 1972, is
853 reenacted and amended as follows:

854 81-13-77. Sections 81-13-1 through 81-13-81, Mississippi
855 Code of 1972, which provide for the regulation of credit unions,
856 shall stand repealed as of December 31, 2002.

857 SECTION 40. Section 81-13-79, Mississippi Code of 1972, is
858 reenacted as follows:

859 81-13-79. (1) Any credit union may, with the approval of
860 the Commissioner of Banking and Consumer Finance or his successor,
861 merge with another credit union under the existing charter of the
862 other credit union, pursuant to any plan agreed upon by the
863 majority of each board of directors of each credit union joining
864 in the merger, and approved by the affirmative vote of a majority
865 of the members of the merging credit union present at a meeting of
866 its members duly called for such purpose, and consented to by any
867 government agency or other organization insuring the accounts of
868 the credit union. Provided, however, such merger shall not be in
869 violation of the provision of Section 81-13-13, which requires a
870 common bond of occupation, association or residence within groups
871 which are members of a credit union.

872 (2) After agreement by the directors and approval by the
873 members of the merging credit union, the president and secretary
874 of the credit union shall execute a certificate of merger, which
875 shall set forth all of the following:

876 (a) The time and place of the meeting of the board of
877 directors at which the plan was agreed upon;

878 (b) The vote in favor of the adoption of the plan;



879 (c) A copy of the resolution or other action by which
880 the plan was agreed upon;

881 (d) The time and place of the meeting of the members at
882 which the plan agreed upon was approved; and

883 (e) The vote by which the plan was approved by the
884 members.

885 (3) Such certificate and a copy of the plan of merger agreed
886 upon shall be forwarded to the Commissioner of Banking and
887 Consumer Finance or his successor, certified by him, and returned
888 to both credit unions within thirty (30) days.

889 (4) Upon return of the certificate from the commissioner or
890 his successor, all property, property rights and members' interest
891 of the merged credit union shall vest in the surviving credit
892 union without deed, endorsement or other instrument of transfer,
893 and all debts, obligations and liabilities of the merged credit
894 union shall be deemed to have been assumed by the surviving credit
895 union under whose charter the merger was effected. The rights and
896 privileges of the members of the merged credit union shall remain
897 intact.

898 (5) This section shall be construed, whenever possible, to
899 permit a credit union chartered under any other law to merge with
900 one chartered under Section 81-13-1 et seq., or to permit one
901 chartered under Section 81-13-1 et seq. to merge with one
902 chartered under any other law.

903 SECTION 41. Section 81-13-81, Mississippi Code of 1972, is
904 reenacted as follows:

905 81-13-81. (1) No credit union, except credit unions
906 organized under the laws of the United States or under this
907 chapter, shall do business in this state until it has received
908 approval from the Commissioner of the Department of Banking and
909 Consumer Finance.

910 (2) The commissioner may approve the operation of such a
911 credit union in this state after finding that:



912 (a) The field of membership to be served by such credit
913 union is not now being adequately served;

914 (b) There is a need for such credit union to conduct
915 business in the state to adequately serve its members and not
916 merely to solicit new membership;

917 (c) The credit union is financially solvent;

918 (d) The credit union's accounts are insured by the
919 National Credit Union Administration or its successor; and

920 (e) The credit union has executed an agreement with the
921 commissioner to:

922 (i) Submit a copy of its annual regulatory
923 examination report;

924 (ii) Designate a resident agent;

925 (iii) Inform members that it is not regulated,
926 insured or supervised by the State of Mississippi; and

927 (iv) Agree to fully comply with the provisions of
928 the Mississippi credit union laws, rules and regulations.

929 (3) The commissioner may prohibit any such credit union from
930 doing business within the state, or disapprove an application, or
931 suspend or revoke one previously issued, if he finds the credit
932 union not conforming to Mississippi credit union laws, rules and
933 regulations, or finds that twenty-five percent (25%) or more of
934 the credit union's members are, or are expected to be residents of
935 Mississippi.

936 SECTION 42. This act shall take effect and be in force from
937 and after July 1, 2001.

