

By: Representative Ford

To: Banks and Banking

HOUSE BILL NO. 511  
(As Passed the House)

1 AN ACT TO REENACT SECTIONS 81-13-1 THROUGH 81-13-75 AND  
2 SECTIONS 81-13-79 AND 81-13-81, MISSISSIPPI CODE OF 1972, WHICH  
3 PROVIDE FOR THE REGULATION OF CREDIT UNIONS; TO REPEAL SECTION  
4 81-13-77, MISSISSIPPI CODE OF 1972, WHICH IS A REPEALER ON THE  
5 STATUTES PROVIDING FOR THE REGULATION OF CREDIT UNIONS; AND FOR  
6 RELATED PURPOSES.

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

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

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

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

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

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

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

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

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

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

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

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

93 (5) All such hearings shall be held and conducted in the  
94 office of the commissioner, and the applicant and any and all

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

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

125 (7) The corporate existence of an association shall begin on  
126 the date the certificate of incorporation is issued to the credit

127 union, and such existence shall be perpetual unless terminated in  
128 accordance with the provisions of this chapter.

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

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

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

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

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

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

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

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

160 amendment in writing by the commissioner. Such amendment shall be  
161 recorded in the Office of the Secretary of State upon the payment  
162 of a recording fee of Ten Dollars (\$10.00), and shall be recorded  
163 in the office of the clerk of the chancery court of the county in  
164 which the principal place of business is situated. The proposed  
165 amendment must be set forth in the call for the meeting.

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

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

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

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

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

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

189 (c) The qualifications for membership.

190 (d) The number of members of the credit committee, if  
191 any, and of the supervisory committee (which shall be not less

192 than three (3) each), together with their respective powers and  
193 duties.

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

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

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

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

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

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

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

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

225           (b) It may make loans to members, authorized by the  
226 credit committee, and may make loans to other credit unions,  
227 committee members and directors, as authorized by the board of  
228 directors.

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

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

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

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

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

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



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

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

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

291 fine, which may be imposed by the commissioner, of Fifty Dollars  
292 (\$50.00) a day for each day while in such default. Reports shall  
293 be verified by both the chief elected official and the treasurer  
294 and additional reports may be required by the said department.

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

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

323 penalty of ten percent (10%) of the amount in default for each day  
324 thereafter.

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

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

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

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

353 (3) Upon receipt of evidence from the suspended credit union  
354 that the conditions causing the order of suspension have been  
355 corrected, the commissioner, upon finding that such conditions

356 have been corrected, may revoke the suspension notice and permit  
357 the credit union to resume normal operations.

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

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

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

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

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

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

420 (3) The directors and officers shall remain in office and  
421 the employees shall remain in their respective positions, but the

422 conservator may remove any director, officer or employee, provided  
423 the order of removal of a director or officer shall be approved by  
424 the chancery court.

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

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

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

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

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

455 preserved in his office. For any failure or delay in transmitting  
456 the oath, the credit union shall be subject to an administrative  
457 fine, which may be imposed by the commissioner, of Ten Dollars  
458 (\$10.00) per day for each day the documents are not received.

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

853 SECTION 39. Section 81-13-77, Mississippi Code of 1972,  
854 which is a repealer on the statutes providing for the regulation  
855 of credit unions, is repealed.

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

858 81-13-79. (1) Any credit union may, with the approval of  
859 the Commissioner of Banking and Consumer Finance or his successor,  
860 merge with another credit union under the existing charter of the  
861 other credit union, pursuant to any plan agreed upon by the  
862 majority of each board of directors of each credit union joining  
863 in the merger, and approved by the affirmative vote of a majority  
864 of the members of the merging credit union present at a meeting of  
865 its members duly called for such purpose, and consented to by any  
866 government agency or other organization insuring the accounts of  
867 the credit union. Provided, however, such merger shall not be in  
868 violation of the provision of Section 81-13-13, which requires a  
869 common bond of occupation, association or residence within groups  
870 which are members of a credit union.

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

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

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

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

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

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

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

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

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

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

904 81-13-81. (1) No credit union, except credit unions  
905 organized under the laws of the United States or under this  
906 chapter, shall do business in this state until it has received  
907 approval from the Commissioner of the Department of Banking and  
908 Consumer Finance.

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

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

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

916           (c) The credit union is financially solvent;

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

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

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

923                 (ii) Designate a resident agent;

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

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

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

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