To: Banks and Banking

MISSISSIPPI LEGISLATURE                        REGULAR SESSION 2001
By: Representative Ford

HOUSE BILL NO. 511
(As Passed the House)

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

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

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

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

(2) Upon receipt of a petition for a certificate of
incorporation to form a credit union and such additional
information as may be required by the commissioner, the
commissioner shall promptly give consideration to the petition and
make an examination of the proposed articles of incorporation to
determine if they meet all requirements of the law. The
commissioner shall then make an investigation to determine that
the prerequisites of this chapter have been complied with and
that:

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

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

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

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

(3) The commissioner shall consider the findings and shall
hear such oral testimony as he may wish, and may also receive
information and hear testimony bearing upon the approval of the
organization and operation of the new credit union. When the
commissioner has completed the examination and investigation, the
commissioner shall record the findings in writing and render a
decision as to whether or not said credit union should be
authorized to do business. If the decision is favorable, the
incorporators shall then present one (1) of said copies of the
articles of association and incorporation, with a recording fee of
Ten Dollars ($10.00) to the Secretary of State of the State of
Mississippi who shall receive and file the same, whereupon said
persons entering into said articles shall be and become an
incorporated credit union association under the laws of the State of Mississippi, without individual liability for debts, obligation or other liabilities of said association, in excess of such membership fees as remain due and unpaid by said members, respectively, and may sue and be sued in the name of said association. The Secretary of State shall record the said articles in his office and return the original so recorded to said association. The association shall file articles for record in the office of the clerk of the chancery court in the county where the principal place of business is located.

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

(5) All such hearings shall be held and conducted in the office of the commissioner, and the applicant and any and all
other interested persons may appear and present such evidence as shall be relevant and material and the commissioner may cause the production and presentation of such evidence as deemed relevant and material. At all such hearings the applicant shall have the right to be represented by counsel and to examine and cross-examine any and all witnesses that may testify at such hearing. For the purpose of compelling the attendance of witnesses at such hearing the commissioner shall have the power to issue subpoenas therefor in the same manner as subpoenas are issued in circuit courts. All witnesses who shall testify at any such hearing shall be sworn in the same manner as witnesses are sworn in the circuit courts and shall be subject to penalties for perjury as is otherwise provided under the laws of this state.

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

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

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

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

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

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

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

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

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

(2) The articles of association may be amended by an affirmative vote of a majority of the board of directors at a duly held meeting, and the filing with the Secretary of State and the Commissioner of Banking and Consumer Finance of duplicate copies of such amendment acknowledged in the manner provided for the acknowledgment of the original articles, and the approval of such
amendment in writing by the commissioner. Such amendment shall be
recorded in the Office of the Secretary of State upon the payment
of a recording fee of Ten Dollars ($10.00), and shall be recorded
in the office of the clerk of the chancery court of the county in
which the principal place of business is situated. The proposed
amendment must be set forth in the call for the meeting.

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

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

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

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

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

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

(c) The qualifications for membership.

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

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

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

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

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

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

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

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

(a) It may receive the savings of its members in
payment for shares and on deposit and investments by other credit
unions on deposit.
(b) It may make loans to members, authorized by the credit committee, and may make loans to other credit unions, committee members and directors, as authorized by the board of directors.

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

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

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

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

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

81-13-13. Membership shall consist of the incorporators and such natural persons as have been duly elected to membership and have paid the entrance fee as required by the bylaws, and have complied with such other requirements as the certificate of organization may contain, and successors-in-law to accounts of deceased members subject to individual approval by the board of directors. One entrance fee will be required for each account regardless of the number of joint owners. Other organizations (whether incorporated or not) composed primarily of the same individuals who are eligible to join the credit union are also eligible for membership. Credit unions shall be organized within
groups which have a common bond of occupation, association, or residence; provided that one (1) corporate central credit union sponsored by the Mississippi Credit Union League may accept as members the credit unions that are members of the Mississippi Credit Union League and shall include in its title the words "corporate central"; and provided further that one (1) credit union sponsored by the Mississippi Credit Union League may accept as members the members of credit unions holding membership in the Mississippi Credit Union League, the members of their immediate families, the employees of the Mississippi Credit Union League and the members of their immediate families, organizations or associations of such persons, and other persons residing in this state who do not have the services of a credit union available to them, such credit union to be known as the Mississippi League Central Credit Union, subject to such limitations on membership as may be from time to time adopted by the board of directors in the minutes of the central credit union.

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

81-13-15. Credit unions shall be subject to the supervision of the Department of Banking and Consumer Finance. The Commissioner of Banking and Consumer Finance is empowered with authority to promulgate from time to time rules and regulations concerning the operation of credit unions; provided that such rules and regulations shall be consistent with and in conformity with the laws of the State of Mississippi. Credit unions shall make a report of condition thereto at least annually on blank forms to be supplied by said department. Credit unions shall transmit to the department such call reports within a time limitation established by the commissioner; however, such time limitation cannot exceed that set by the National Credit Union Administration. For any failure or delay in furnishing this report, the credit union shall be subject to an administrative
fine, which may be imposed by the commissioner, of Fifty Dollars ($50.00) a day for each day while in such default. Reports shall be verified by both the chief elected official and the treasurer and additional reports may be required by the said department.

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

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

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

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

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

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

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

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

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

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

81-13-21. (1) If it appears to the Commissioner of Banking
and Consumer Finance, as a result of any examination or from any
report made to him, that the public interest may be served by the
appointment of a conservator, and if he shall find that: (a) the
capital of a credit union is impaired, or (b) the credit union is
concealing any assets, books or records or (c) the members of such
credit union are in actual danger of loss due to mismanagement,
misappropriation of funds, fraud, violation of this chapter, or
violation of any lawful rule of the board or (d) has lost its
field of membership or (e) the credit union is in violation of an
order or injunction, as authorized by this section, which has
become final since time to appeal has expired without appeal or a
final order entered from which there can be no appeal, the
commissioner may appoint a conservator for such credit union,
which may be the commissioner or any other person, and upon such
appointment the commissioner shall apply immediately to the
chancery court in the county in which the home office of the
credit union is located for confirmation of such appointment, and
such court shall have exclusive jurisdiction to determine the
issues and all related matters. Such proceedings shall be given
precedence over other cases pending in such court, and shall in
every way be expedited. Such court shall confirm such appointment
if it shall find that one or more of such grounds exist, and a
certified copy of the order of the court confirming such
appointment shall be evidence thereof. Such conservator shall
have the power and authority provided in this chapter and such
other power and authority as may be expressed in the order of the
court. Such conservator shall endeavor promptly to remedy the
situations complained of by the commissioner in his application
for confirmation of such appointment. Within six (6) months of
the date of such appointment, or within twelve (12) months if the
court shall extend such period of six (6) months, such credit
union shall be returned to the board of directors thereof and
thereafter shall be managed and operated as if no conservator had
been appointed. If the commissioner serves as conservator, he
shall receive no additional compensation, but if another person is
appointed, then the compensation of the conservator, as determined
by the court, shall be paid by the credit union. A certified copy
of the order of the court discharging such conservator and
returning such credit union to the directors thereof shall be
sufficient evidence thereof.

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

(3) The directors and officers shall remain in office and
the employees shall remain in their respective positions, but the
conservator may remove any director, officer or employee, provided
the order of removal of a director or officer shall be approved by
the chancery court.

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

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

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

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

81-13-25. At an annual meeting the members shall elect a
board of directors and a supervisory committee. The credit
union's board of directors shall determine whether the credit
union will: (1) have a credit committee elected by the
membership; (2) have a credit committee appointed by the board;
and/or (3) will hire loan officers. The board shall include this
decision in their bylaws and the board shall determine and record
in the minutes of a duly held meeting, the authority of the credit
committee, if any, and/or the loan officers. Unless the number of
members of the credit union is less than eleven (11), no member of
the board shall be a member of either of said committees. All
members of the board and committees and all officers shall be
sworn to discharge their duties faithfully and shall hold their
several offices for such terms as may be provided in the bylaws.
The oath shall be subscribed by the individual taking it and
certified by the officer before whom it is taken and shall be
transmitted within ten (10) days after the oath to the
Commissioner of Banking and Consumer Finance and filed and
preserved in his office. For any failure or delay in transmitting
the oath, the credit union shall be subject to an administrative
fine, which may be imposed by the commissioner, of Ten Dollars
($10.00) per day for each day the documents are not received.

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

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

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

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

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

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

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

(f) To have charge of the investment of funds of the
corporation, other than loans to members, and to perform such
other duties as the members may, from time to time, authorize.
SECTION 16.  Section 81-13-28, Mississippi Code of 1972, is reenacted as follows:

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

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

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

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

81-13-33.  The supervisory committee shall, at frequent intervals, inspect the securities, cash and accounts of the credit union and supervise the acts of the board of directors, credit committee and officers, any or all of whom the supervisory committee may, at any time, by a unanimous vote suspend.  Within seven (7) days after such suspension, the supervisory committee shall cause notice to be given the members of a special meeting to take action on such suspension, the call for the meeting to indicate clearly its purpose.  By a majority vote the committee may call a meeting of the shareholders to consider any violation of this chapter or of the bylaws, or any practice of the credit union which, in the opinion of said committee, is unsafe and unauthorized.  The committee shall fill vacancies in their own number until the next annual meeting of the members.  Annually the...
supervisory committee shall make or cause to be made a thorough
audit of the receipts, disbursements, income, assets and
liabilities of the credit union for the said fiscal year and shall
make a full report thereon to the directors, which report shall be
filed and preserved with the records of the credit union. The
supervisory committee shall make a report to the members at the
annual meeting.

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

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

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

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

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

81-13-39. A credit union may lend to its members at
reasonable rates of interest, which shall not exceed one and
three-fourths percent (1-3/4%) per month, computed on unpaid
balances, or invest the funds accumulated as herein provided.
Fines and penalties shall not be considered as interest. A charge
of Ten Dollars ($10.00) in lieu of interest may be made on any
loan payable in a single payment, and a charge of Fifteen Dollars ($15.00) in lieu of interest may be made on any loan payable in installments.

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

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

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

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

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

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

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

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

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

A credit union whose accounts are insured by the National Credit Union Administration, as required by this chapter, shall set aside and maintain its reserve funds in the manner promulgated
and prescribed by the administrator of the National Credit Union Administration. Provided, however, that said reserve funds shall be no less than those prescribed by the Commissioner of Banking and Consumer Finance, who may, upon written notice, require additional reserves to protect the capital structures of any credit union. The board of directors may elect to set apart to the reserve fund any amount deemed necessary if it determines that potential contingencies require additional reserves. The reserve fund shall belong to the credit union and shall be held to meet contingencies and shall not be distributed to the members except upon dissolution of the credit union.

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

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

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

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

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

81-13-57. All amounts paid in on shares of an expelled or withdrawing member with any dividends credited to his shares to the date of expulsion or withdrawal shall be paid to said member but only as funds therefor become available and after deducting any amounts due to the corporation by said member. All deposits of an expelled or withdrawing member, with any interest accrued, shall be paid to such member, subject to ninety (90) days' notice, and after deducting any amounts due to the corporation by said member. Said member, when withdrawing shares or deposits, shall
have no further right in said credit union or to any of its
benefits, but such expulsion or withdrawal shall not operate to
relieve such member from any remaining liability to the
corporation.

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

81-13-59. At any meeting, called for the purpose, notice of
the purpose being contained in the call, a majority of the entire
membership may vote to dissolve the corporation and shall,
thereupon signify their consent to such dissolution in writing and
shall file such consent with the Commissioner of Banking and
Consumer Finance, attested by a majority of its officers, with a
statement of the names and addresses of the directors and
officers, duly verified. The commissioner, upon receipt of
satisfactory proof of the solvency of the corporation, shall
execute in duplicate a certificate to the effect that such consent
and statement have been filed and that it appears therefrom that
the corporation had complied with this section. Such duplicate
certificate shall be filed by such corporation in the office of
the clerk of the chancery court of the county in which said
corporation has its place of business and thereupon such credit
union shall be dissolved and shall cease to carry on business
except for the purpose of adjusting and winding up its affairs.
It shall, by its board of directors, then proceed to adjust and
wind up its business, be empowered to carry out its contracts,
collect its accounts receivable, and liquidate its assets and
apply the same in discharge of the obligations of the corporation
and, after paying such obligations, each share according to the
amount paid in thereon, shall be entitled to its proportion of the
balance of the assets. Said corporation shall continue in
existence for the purpose of discharging its debts and
obligations, collecting and distributing its assets, and doing all
other acts required in order to wind up its business, and may sue
and be sued for the purpose of enforcing such debts and
obligations until its affairs are fully adjusted and wound up, for
three (3) years.

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

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

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

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

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

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

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

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

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

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

SECTION 32. Section 81-13-62, Mississippi Code of 1972, is
reenacted as follows:
81-13-62. (1) For the purposes of this section, the following words shall have the meanings provided in this subsection unless the context otherwise requires:

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

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

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

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

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

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

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

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

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

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

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

(3) For the use of its electronic terminals connected to sharing networks or systems, a credit union may impose a fee if
imposition of the fee is disclosed at a time and in a manner that
allows a user to terminate or cancel the transaction without
incurring the transaction fee. Such fee shall not exceed Two
Dollars ($2.00) or four percent (4%) of the gross amount of the
transaction, whichever is greater. An agreement to share
electronic terminals shall not prohibit, limit or restrict the
right of a credit union to charge such fees for the use of its
electronic terminals as allowed by state or federal law, or
require a credit union to limit or waive its rights or obligations
under this section.

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

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

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

81-13-65. (1) A state credit union may be converted into a
federal credit union by complying with the following requirements:
(a) The proposition for such conversion shall first be approved, and a date set for a vote thereon by the members, either at a regular meeting or a special meeting called for that purpose by a majority of the directors of the state credit union. Written notice of the proposition and of the date set for the vote shall be delivered or mailed to each member, not more than thirty (30) days nor less than seven (7) days prior to such date. Approval of the proposition for conversion shall be by the affirmative vote of a majority of the members attending said meeting.

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

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

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

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

(i) Complying with all federal requirements requisite to enabling it to convert to a state credit union or cease being a federal credit union;
(ii) Filing with the commissioner proof of such compliance, satisfactory to the commissioner;

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

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

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

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

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

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

(2) Special meetings of the members may be held by order of the board of directors or the supervisory committee, and shall be held on request of ten percent (10%) of the members. At all meetings a member shall have but one (1) vote, irrespective of the number of shares held. No shareholder may vote by proxy, but a society, association, copartnership or corporation having membership in the credit union may be represented and voted by one (1) person duly authorized by such society, association,
copartnership or corporation to represent it. Provided that the notice of the meeting has stated the question to be considered, the members may decide on any matter of interest to the corporation, may overrule the directors by a three-fourths (3/4) vote of those present, and may amend the bylaws.

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

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

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

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

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

81-13-75. All laws or parts of laws which otherwise would be in conflict with the provisions of this chapter are to be construed so as not to apply to credit unions to the extent that they would conflict with this chapter but nothing herein shall be taken as repealing any law of the state affecting or regulating
the receiving of deposits, the making of loans, the issuance of
shares or securities, or the lending of money, or the charging or
receiving of interest, except so far as the same applies to and
may be involved in or related to the establishment and operating
of credit unions.

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

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

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

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

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

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

(c)  A copy of the resolution or other action by which
the plan was agreed upon;
(d) The time and place of the meeting of the members at which the plan agreed upon was approved; and
(e) The vote by which the plan was approved by the members.

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

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

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

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

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

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

(a) The field of membership to be served by such credit union is not now being adequately served;
(b) There is a need for such credit union to conduct business in the state to adequately serve its members and not merely to solicit new membership;

(c) The credit union is financially solvent;

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

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

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

   (ii) Designate a resident agent;

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

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

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

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