

1 SB33
2 195655-3
3 By Senator Shelnutt
4 RFD: Banking and Insurance
5 First Read: 05-MAR-19
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4 ENGROSSED

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7 A BILL
8 TO BE ENTITLED
9 AN ACT

10
11 To amend Sections 5-17-4, 5-17-8, 5-17-10, 5-17-11,
12 5-17-22, as amended by Act 2018-470, 2018 Regular Session, and
13 5-17-55, Code of Alabama 1975, relating to state-chartered
14 credit unions and the Alabama Credit Union Administration; to
15 clarify and codify the federal charter parity provision to
16 mean asset liability management, including regulatory net
17 worth or capital management and composition; to authorize the
18 Alabama Credit Union Administration Board to appoint the
19 National Credit Union Administration as conservator of a
20 state-chartered credit union; to provide that credit union
21 supervisory committees may consist of more than three members;
22 to permit payment or reimbursement of reasonable and proper
23 travel costs of a member of the board or any committee and one
24 guest per member traveling on official business of the
25 state-chartered credit union; to increase the meeting notice
26 period prior to the meeting to vote and approve a merger plan
27 of a merging credit union; and to expand the definition of an

1 official who may serve on the Alabama Credit Union
2 Administration Board to include a president, chief executive
3 officer, or a person elected by the membership to serve as a
4 member of the board, credit committee, or supervisory
5 committee of a state-chartered credit union.

6 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

7 Section 1. Sections 5-17-4, 5-17-8, 5-17-10,
8 5-17-11, 5-17-22, as amended by Act 2018-470, 2018 Regular
9 Session, and 5-17-55 of the Code of Alabama 1975, are amended
10 to read as follows:

11 "§5-17-4.

12 "(a) A credit union shall have all of the following
13 powers:

14 "(1) To receive the savings of its members either as
15 payment on shares or as deposits, including the right to
16 conduct Christmas clubs, vacation clubs, and other thrift
17 organizations within the membership.

18 "(2) To accept deposits of fiduciary funds if a
19 member is the beneficiary, trustee, or personal representative
20 and if the funds are part of the estate of a deceased member.

21 "(3) To make loans to members.

22 "(4) To make loans to other credit unions, including
23 credit union service organizations.

24 "(5) To purchase loans from financial institutions,
25 provided a purchased loan is of the nature and type that the
26 credit union could have originated itself.

1 "(6) To make loans to a cooperative society or other
2 organizations having membership in the credit union.

3 "(7) To deposit funds in state and national banks,
4 savings and loan associations, the accounts which are insured
5 by the Federal Deposit Insurance Corporation, and in other
6 credit unions.

7 "(8) To invest in any investment legal for federally
8 chartered credit unions in the state.

9 "(9) To borrow money from any source not prohibited
10 by applicable law and to give its note therefor; provided that
11 the borrowing, in the aggregate, shall not at any time exceed
12 the lesser of:

13 "a. ~~50~~ Fifty percent of its assets; or

14 "b. The combination of undivided earnings, regular
15 reserves, equity acquired in a merger, net income or net loss
16 not already included in undivided earnings, and shares and
17 deposits.

18 "(10) To assess each member a recurring or
19 nonrecurring membership fee.

20 "(11) To exercise incidental powers as necessary to
21 enable it to carry on effectively the purposes for which it is
22 chartered and incorporated and other powers as are expressly
23 authorized by the Administrator of the Alabama Credit Union
24 Administration.

25 "(b) In addition to any and all other powers
26 heretofore granted to credit unions, any credit union shall
27 have the power to engage in any activity in which the credit

1 union could engage were the credit union operating as a
2 federally chartered credit union, including but not by way of
3 limitation because of enumeration, the power to do any act and
4 own, possess, and carry as assets property of that character
5 including stocks, bonds, or other debentures which, at the
6 time, are authorized under federal laws or regulations for
7 transactions by federal credit unions, notwithstanding any
8 restrictions elsewhere contained in the ~~statutes of the State~~
9 ~~of Alabama~~ law of this state. No credit union can exercise any
10 power which it claims only by virtue of the power being
11 possessed by a federal credit union if the administrator
12 issues a written order prohibiting a credit union from
13 exercising that power.

14 "(c) Notwithstanding any other provision of this
15 chapter or any other state law, a credit union may offer any
16 product or service that is authorized or permitted to any
17 federal credit union as defined in 12 U.S.C. § 1752.

18 "(d) Notwithstanding any other provision of this
19 chapter or any other state law, the administrator may
20 condition the exercise of any power upon terms and conditions
21 intended to ensure safe and sound operation of a credit union
22 in the administrator's discretion.

23 "§5-17-8.

24 "(a) Credit unions shall report to the Administrator
25 of the Alabama Credit Union Administration at least annually
26 on or before January 31 in such manner and form as required by
27 the administrator for that purpose. Additional reports may be

1 required. Credit unions shall be examined at least every 18
2 months by employees of the administration or by other persons
3 designated by the administrator. For failure to file reports
4 when due, unless excused for cause by the administrator, the
5 credit union shall pay to the State Treasurer five dollars
6 (\$5) for each day of its delinquency.

7 "(b) If the administrator determines that the credit
8 union is violating this chapter, or is insolvent, the
9 administrator may suspend operations of the credit union by
10 issuing an order requiring that the credit union cease
11 operations pending a hearing on the revocation of the
12 certificate of approval, or the administrator may set a date
13 for a hearing on the revocation of the certificate of approval
14 without suspending operations of the credit union. If the
15 administrator suspends operations of the credit union, a
16 hearing on the revocation of the certificate of authority
17 shall be held by the administrator if requested within 90 days
18 from the date of the order requiring suspension of operations.
19 If demanded by the credit union, the hearing on revocation of
20 the certificate of authority, whether or not the administrator
21 has suspended operations of the credit union pending the
22 hearing, shall be conducted on the record by the administrator
23 who shall also make findings of fact and a written
24 determination concerning revocation of the certificate of
25 authority. The determination may contain an order requiring
26 that credit union to immediately suspend operations or
27 continue in effect a previous order requiring the suspension

1 of operations. If the determination is that the credit union
2 is violating this chapter, or is insolvent, and that the
3 certificate of authority be revoked, and if, for a period of
4 15 days after the hearing, any violation continues, the
5 administrator may revoke the certificate and take possession
6 of the business and property of the credit union and maintain
7 possession until the administrator shall permit it to continue
8 business or its affairs are finally liquidated through merger
9 or otherwise.

10 "(c) (1) The administrator may, with the approval of
11 a majority of the Credit Union Board of the Alabama Credit
12 Union Administration, issue a cease and desist order upon
13 finding that the credit union or any officer, director,
14 committee member, or employee has done any one of the
15 following:

16 "~~(1)~~a. Committed any violation of a law, rule, or
17 regulation.

18 "~~(2)~~b. Engaged or participated in any unsafe or
19 unsound practice in connection with the credit union business.

20 "~~(3)~~c. Engaged in any act, omission, or practice
21 which constitutes a breach of fiduciary duty to the credit
22 union.

23 "~~(4)~~d. Committed any fraudulent or questionable
24 practice in the conduct of the credit union's business which
25 endangers the credit union's reputation or threatens
26 insolvency.

1 "~~(5)~~e. Violated any condition imposed in writing by
2 the administrator or any written agreement made with the
3 administrator.

4 "~~(6)~~f. Concealed, destroyed, removed, falsified, or
5 perjured any book, record, paper, report, statement, or
6 account related to the business and affairs of the credit
7 union.

8 "(2) Any cease and desist order shall be effective
9 not earlier than 10 calendar days after it is delivered to the
10 credit union. The credit union or any person subject to a
11 cease and desist order shall have 10 calendar days from the
12 receipt of any cease and desist order to appeal to the Credit
13 Union Board of the Alabama Credit Union Administration by
14 serving the administrator with a written notice of appeal
15 within the 10-day period. Upon receipt of a notice of appeal
16 from the credit union, the effect of the cease and desist
17 order will be suspended pending a decision upon appeal;
18 provided that a majority of the Credit Union Board of the
19 Alabama Credit Union Administration may order that a cease and
20 desist order be in force and effect pending the decision on
21 appeal. A hearing of any appeal shall be held before the
22 Credit Union Board of the Alabama Credit Union Administration
23 within 60 calendar days of the notice of appeal and the
24 decision of the Credit Union Board shall be rendered within 30
25 calendar days after the conclusion of the hearing.

26 "(d) The Administrator of the Alabama Credit Union
27 Administration may suspend from office and prohibit further

1 participation in any manner in the conduct of the affairs of a
2 credit union, any director, officer, committee member, or
3 employee who has done any one of the following:

4 "(1) Committed any violation of a law, rule, or
5 regulation.

6 "(2) Engaged or participated in any unsafe or
7 unsound practice in connection with the credit union business.

8 "(3) Engaged in any act, omission, or practice which
9 constitutes a breach of fiduciary duty to the credit union.

10 "(4) Committed any fraudulent or questionable
11 practice in the conduct of the credit union's business which
12 endangers the credit union's reputation or threatens
13 insolvency.

14 "(5) Violated any condition imposed in writing by
15 the administrator or any written agreement made with the
16 administrator.

17 "(6) Concealed, destroyed, removed, falsified, or
18 perjured any book, record, paper, report, statement, or
19 account related to the business and affairs of the credit
20 union.

21 "(7) Unless the administrator directs otherwise, the
22 prohibition against participation in the conduct of the
23 affairs of a credit union shall remain effective until it is
24 rescinded by a vote of the Credit Union Board of the Alabama
25 Credit Union Administration.

26 "(e) A person subject to an order issued under
27 subsection (d) may file an appeal in writing delivered to the

1 administrator not more than 10 calendar days after the
2 issuance of the order. Not later than 60 calendar days after
3 the filing of an appeal, the Credit Union Board of the Alabama
4 Credit Union Administration shall hold a hearing and not later
5 than 30 calendar days after the conclusion of the hearing, the
6 Credit Union Board shall issue a decision. The hearing shall
7 be confidential.

8 "(f) The Administrator of the Alabama Credit Union
9 Administration, with the approval of a majority of the Credit
10 Union Board of the Alabama Credit Union Administration, ex
11 parte without notice, may appoint the Alabama Credit Union
12 Administration or the National Credit Union Administration as
13 conservator and immediately take possession and control of the
14 business and assets of any state-chartered credit union in any
15 case in which any one of the following occurs:

16 "(1) The Alabama Credit Union Administration
17 determines that the action is necessary to conserve the assets
18 of any state-chartered credit union or the interests of the
19 members of the credit union.

20 "(2) A credit union, by resolution of its board of
21 directors, consents to the action by the Alabama Credit Union
22 Administration.

23 "(3) There is a willful violation of a
24 cease-and-desist order which has become final.

25 "(4) There is concealment of books, papers, records,
26 or assets of the credit union or refusal to submit books,
27 papers, records, or affairs of the credit union for inspection

1 to any examiner or to any lawful agent of the Alabama Credit
2 Union Administration.

3 "(g) Not later than 10 calendar days after the date
4 on which the Alabama Credit Union Administration takes
5 possession and control of the business and assets of a credit
6 union pursuant to subsection (f), officials of the credit
7 union who were terminated by the conservator may apply to the
8 circuit court for the judicial circuit in which the principal
9 office of the credit union is located for an order requiring
10 the administration to show cause why it should not be enjoined
11 from continuing possession and control. Except as provided in
12 this subsection, no court may take any action, except at the
13 request of the Credit Union Board by regulation or order, to
14 restrain or affect the exercise of powers or functions of the
15 board as conservator.

16 "(h) The administrator shall report to the Credit
17 Union Board of the Alabama Credit Union Administration at
18 least semi-annually on the condition of the credit unions in
19 which the administration serves as conservator. Reports shall
20 contain the following:

21 "(1) The most recent income statement and balance
22 sheet of the credit union.

23 "(2) Actions taken since the last report by the
24 administrator in its role as conservator of the credit union.

25 "(3) A detailed report of all expenditures,
26 reimbursements, and other financial considerations paid out of
27 the assets of the credit union to the Alabama Credit Union

1 Administration or its designated agents during
2 conservatorship.

3 "(4) A business plan outlining necessary actions and
4 timetables under which the credit union would remain under
5 conservatorship.

6 "(i) The Alabama Credit Union Administration may
7 maintain possession and control of the business and assets of
8 the credit union and may operate the credit union until the
9 time as the following occurs:

10 "(1) The administrator shall permit the credit union
11 to continue business subject to the terms and conditions as
12 may be imposed by the Alabama Credit Union Administration.

13 "(2) The credit union is liquidated in accordance
14 with the provisions of Section 5-17-21.

15 "(3) The Credit Union Board of the Alabama Credit
16 Union Administration votes by a majority of voting members
17 that the Alabama Credit Union Administration shall relinquish
18 possession and control of the credit union. Such vote shall be
19 held on at least a semi-annual basis while the credit union is
20 held in conservatorship by the Alabama Credit Union
21 Administration.

22 "(j) The Alabama Credit Union Administration may
23 appoint special agents as it considers necessary in order to
24 assist the administration in carrying out its duties as a
25 conservator under this section.

26 "(k) All costs incurred by the administration in
27 exercising its authority under this section and Section

1 5-17-8.1, including, without limitation, all expenses and
2 legal fees incurred in exercising its authority or defending
3 any action taken pursuant to its exercise of authority, and
4 any appeal by any credit union or by any director, officer,
5 committee member, or employee thereof shall be paid out of the
6 assets of the credit union.

7 "(l) The conservator shall have all powers of the
8 members, the directors, the officers, and the committees of
9 the credit union and shall be authorized to operate the credit
10 union in its own name or to conserve its assets in the manner
11 and extent authorized by the administration.

12 "(m) After taking possession of the property and
13 business of a credit union through conservatorship, the
14 conservator may terminate or adopt any executory contract to
15 which the credit union may be a party. The termination of any
16 contracts shall be made within six months after the
17 conservator has obtained knowledge of the existence of the
18 contract or lease. Any provision in the contract or lease
19 which provides for damages or cancellation fees upon
20 termination shall not be binding on the conservator or credit
21 union. The directors, the conservator, and the credit union
22 are not liable for damages arising from or relating to such
23 executory contracts.

24 "(n) The administrator may appoint a temporary board
25 of directors to any credit union subject to conservatorship.

26 "(o) (1) Notwithstanding any other provision of state
27 law, if the administrator determines that an emergency

1 requiring expeditious action exists with respect to a credit
2 union, that other alternatives are not reasonably available
3 consistent with National Credit Union Administration
4 precedent, and that the public interest, including the
5 interests of the members of the credit union, would best be
6 served by such action, the administrator may do either of the
7 following:

8 "a. Initiate the involuntary merger of a credit
9 union that is insolvent or is in danger of insolvency with any
10 other credit union or may authorize a credit union to purchase
11 any of the assets of, or assume any of the liabilities of, any
12 other credit union that is insolvent or in danger of
13 insolvency.

14 "b. Authorize a financial institution whose deposits
15 or accounts are insured to purchase any of the assets of, or
16 assume any of the liabilities of, a credit union that is
17 insolvent or in danger of insolvency, except that prior to
18 exercising this authority the administrator shall attempt to
19 effect a merger with, or purchase and assumption by, another
20 credit union as provided in paragraph a.

21 "(2) For purposes of the authority contained in this
22 subsection, insured share and deposit accounts of the credit
23 union, upon consummation of the purchase and assumption, may
24 be converted to insured deposits or other comparable accounts
25 in the acquiring institution, and the administrator and the
26 insuring organization shall be relieved of any liability to
27 the credit union's members with respect to those accounts.

1 "§5-17-10.

2 "At the annual meeting (the organization meeting
3 shall be the first annual meeting), members of the credit
4 union shall elect a board of directors of not less than five
5 members, may elect a credit committee of not less than three
6 members, and shall elect a supervisory committee of not less
7 than three members, all to hold office for such terms
8 respectively as the bylaws provide and until successors
9 qualify. A record of the names and addresses of the members of
10 the board and committees and the officers shall be filed with
11 the Administrator of the Alabama Credit Union Administration
12 not later than 10 calendar days after their election. If,
13 however, the bylaws so provide, the board of directors shall
14 carry out the functions and duties of the credit committee or
15 may appoint a credit committee, in which case the credit union
16 shall not elect a credit committee.

17 "§5-17-11.

18 "(a) At the first meeting and at subsequent times
19 prescribed in the bylaws, the directors shall elect a
20 president. The president must be either a member of the board
21 of directors or an employee of the credit union who is not a
22 member of the board of directors. If the credit union elects a
23 president who is not a member of the board of directors, the
24 board of directors shall elect from their own number a
25 ~~chairman~~ chair and one or more ~~vice-chairmen~~ vice chairs of
26 the board of directors. The board of directors shall have the
27 power, in accordance with the bylaws, to remove any officer

1 who is not a member of the board of directors. At the first
2 meeting and at subsequent annual meetings prescribed in the
3 bylaws, the directors shall elect from their own number, a
4 secretary and treasurer, who may be the same individual. To
5 nominate a candidate by petition, the petition should conform
6 to the requirements as specified in the bylaws. The bylaws
7 will state the number of members required to sign a petition
8 which can be as few as three members or more as stated in the
9 bylaws. For natural person credit unions, the maximum number
10 cannot exceed the lesser of one percent of the membership or
11 500 members. For corporate credit unions, the maximum number
12 cannot exceed the lesser of five percent of the membership or
13 25 members. Candidates shall be given a minimum of 35 days
14 from the postmark date to present a petition.

15 "(b) The duties of the officers shall be as
16 determined in the bylaws. It shall be the duty of the
17 directors to have general management of the affairs of the
18 credit union, particularly:

19 "(1) To act on application for membership.

20 "(2) To determine interest rates on loans and on
21 deposits; provided, that such loans shall be at reasonable
22 rates of interest.

23 "(3) To fix the amount of the surety bond which
24 shall be required of all officers and employees handling
25 money.

26 "(4) To declare dividends, and to transmit to the
27 members recommended amendments to the bylaws.

1 "(5) To fill vacancies in the board and in the
2 credit committee in accordance with the bylaws of the credit
3 union.

4 "(6) To determine the maximum individual share
5 holdings and the maximum individual loan which can be made
6 with and without security.

7 "(7) To have charge of investments other than loans
8 to members.

9 "(8) To establish the par value of the share.

10 "(9) In the absence of a credit committee, and upon
11 the written request of a member, review a loan application
12 denied by a loan officer.

13 "(c) No member of the board or any committee shall,
14 as such, be compensated. Notwithstanding the foregoing, for
15 ~~their~~ his or her services to the credit union, providing
16 reasonable life, accident, and similar insurance protection
17 shall not be considered compensation. Directors, officers, and
18 committee members may be reimbursed for necessary expenses
19 incidental to the performance of the official business of the
20 credit union. Expenses may include the payment or
21 reimbursement of travel costs for members of the board or any
22 committee and one guest per member of the board or any
23 committee that were reasonable, proper, and incurred on
24 official business of the credit union, in accordance with
25 written policies and procedures of the credit union.

26 "(d) Liability and indemnification of officers,
27 directors, trustees, and members of the governing body of a

1 credit union shall be the same as provided for a nonprofit
2 corporation in Title 10A, the Alabama Business and Nonprofit
3 Entity Code; provided, however, a credit union may not
4 indemnify officers, directors, and members of the governing
5 body of a credit union against actions brought in connection
6 with willful violations of this title.

7 "§5-17-22.

8 "Any credit union, with the approval of the
9 Administrator of the Alabama Credit Union Administration, may
10 merge with another credit union, under the existing
11 certificate of organization of the other credit union,
12 pursuant to any plan agreed upon by the majority of each board
13 of directors of each credit union joining in the merger. In
14 addition to approval by the administrator and each board of
15 directors, the membership of the merging credit union must
16 also approve the merger plan in the following manner:

17 "(1) At a meeting called for that purpose, notice of
18 which purpose must be contained in the call, two thirds of
19 those voting may vote to approve the merger plan. Voting must
20 be conducted in accordance with the bylaws of the credit
21 union. The notice must be provided to the members at least ~~15~~
22 days 45 calendar days, but no more than 90 calendar days,
23 prior to the date of the meeting.

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

1 "a. The time and place of the meeting of the board
2 of directors at which the plan was agreed upon.

3 "b. The vote in favor of the adoption of the plan.

4 "c. A copy of the resolution or other action by
5 which the plan was agreed upon.

6 "d. The time and place of the meeting of the members
7 at which the plan agreed upon was approved.

8 "e. The vote by which the plan was approved by the
9 members.

10 " (3) Such certificate and a copy of the plan of
11 merger agreed upon shall be forwarded to the administrator,
12 certified by the administrator, and returned to both credit
13 unions within 30 days.

14 " (4) Upon return of the certificate from the
15 administrator, all property, property rights and members'
16 interest of the deed, endorsement, or other instrument of
17 transfer, and all debts, obligations, and liabilities of the
18 merged credit union shall be deemed to have been assumed by
19 the surviving credit union under whose charter the merger was
20 effected. The rights and privileges of the members of the
21 merged credit union shall remain intact.

22 " (5) A copy of the certificate approved by the
23 Administrator of the Alabama Credit Union Administration shall
24 be filed with the judge of probate of the county in which each
25 credit union's certificate of organization is recorded.

26 " (6) This section applies to credit unions organized
27 under the laws of the State of Alabama. Federally chartered

1 credit unions may be merged into Alabama organized credit
2 unions, under the same conditions as Alabama credit unions;
3 provided, that the merger plan is approved by the National
4 Credit Union Administration or private insurance program or
5 carrier.

6 "(7) Credit unions organized under the laws of the
7 State of Alabama may be merged into federally chartered credit
8 unions under the same conditions as provided in this section;
9 provided, that the merger plan is approved by the National
10 Credit Union Administration or private insurance program or
11 carrier.

12 "(8) Credit unions organized under the laws of the
13 State of Alabama may merge a state or federally chartered bank
14 or thrift into the credit union under the same conditions as
15 provided in this section, provided that the merger plan is
16 approved, if required, by the appropriate state or federal
17 regulator of the bank or thrift and federal insurer, the
18 Federal Deposit Insurance Corporation.

19 "(9) Credit unions organized under the laws of the
20 State of Alabama may merge into a state or federally chartered
21 bank or thrift under the same conditions as provided in this
22 section, provided that the merger plan is approved by the
23 resultant institution's chartering regulator and the federal
24 insurer, the Federal Deposit Insurance Corporation.

25 "(10) A federal credit union may be converted to a
26 credit union chartered under the laws of Alabama and a state
27 credit union may be converted to a federal credit union by

1 adhering to the requirements for the conversion of a federal
2 credit union to a state credit union as specified by the
3 Federal Credit Union Act, presently 12 U.S.C. §1771(a) (1).

4 "(11) A credit union chartered under the laws of
5 another state may be converted to an Alabama state chartered
6 credit union under state law and regulation. Conversion to an
7 Alabama state chartered credit union shall be effective upon
8 the written approval of the administrator. Notice of
9 conversion shall be filed with the Secretary of State and the
10 judge of probate of the county in which the credit union
11 maintains its principal office.

12 "§5-17-55.

13 "(a) There shall be a Credit Union Board of the
14 Alabama Credit Union Administration which shall consist of the
15 administrator, who shall be an ex officio member and ~~chairman~~
16 chair of the board, and seven other persons, appointed by the
17 Governor, by and with the consent of the Senate. Four of these
18 persons shall be appointed from a list of nominees submitted
19 by the Credit Union Board of the Alabama Credit Union
20 Administration, in consultation with the League of
21 Southeastern Credit Union or its successor organization, which
22 shall submit not less than three nominees for any vacancy.
23 Should the Governor determine that none of the first three
24 nominees submitted by the Credit Union Board for a vacancy on
25 the Credit Union Board are acceptable, the Governor may reject
26 the three nominees and the Credit Union Board shall submit an
27 alternative list of three nominees to the Governor from which

1 the Governor shall make the appointment. The remaining three
2 appointments to the Credit Union Board shall be made by the
3 Governor from a list of nominees submitted by credit unions at
4 large. No person is eligible to be nominated or appointed to
5 the Credit Union Board unless at the time of nomination or
6 appointment, the person is an ~~officer, director, or manager~~
7 official of a state-chartered credit union and has at least
8 five years' experience in the 10 years next preceding
9 appointment as an ~~officer, director, or manager~~ official of a
10 credit union. The position of any member of the Credit Union
11 Board shall be declared vacant by the Administrator of the
12 Alabama Credit Union Administration if the member of the
13 Credit Union Board ceases to serve as an ~~officer, director, or~~
14 ~~manager~~ official of a credit union chartered under the laws of
15 the State of Alabama. For the purposes of this subsection, an
16 official of a state-chartered credit union includes the
17 president, chief executive officer, or a person elected by the
18 membership to serve as a board member, credit committee
19 member, or supervisory committee member of the state-chartered
20 credit union.

21 "(b) The seven appointees by the Governor, with the
22 consent of the Senate, shall serve for the terms designated by
23 the Governor for each person upon appointment of the persons.
24 Of the seven persons appointed by the Governor, with the
25 consent of the Senate, three persons shall serve terms
26 expiring on February 1 of the first year following passage
27 hereof, two persons shall serve terms expiring on February 1

1 of the second year following passage hereof and two persons
2 shall serve terms expiring on February 1 of the third year
3 following passage hereof. Successors shall be appointed by the
4 Governor, with the consent of the Senate, for terms of three
5 years each, so that the terms of two or three of the seven
6 appointed members will expire on February 1 of each year. An
7 allowance for correction of terms may be permitted from time
8 to time or as necessary. Upon the expiration of their terms of
9 office, members of the board shall continue to serve until
10 their successors are appointed and have qualified.

11 "(c) (1) If a member of the Credit Union Board of the
12 Alabama Credit Union Administration fails to attend regular
13 meetings of the board for three consecutive meetings, or
14 otherwise fails to perform the duties devolving upon him or
15 her as a member of the Credit Union Board of the Alabama
16 Credit Union Administration, is convicted of a felony or any
17 other crime involving moral turpitude, or ceases to be an
18 ~~officer, director, or manager~~ official of a credit union, the
19 office of the member shall be declared vacant by the
20 administrator. The office of the board member shall be deemed
21 to be vacated on the thirty-first day after mailing of a
22 notice to the board member that his or her position is being
23 vacated unless the board member files an appeal with the
24 Credit Union Board prior to the thirty-first day after mailing
25 of notice. Except that no appeal is authorized if the member's
26 position is declared vacant by reason of conviction of a
27 felony or a crime involving moral turpitude.

1 "(2) Any person who is notified that his or her
2 position on the board has been declared vacant by the
3 administrator, may, within 30 days after mailing of the notice
4 that the position has been declared vacant, may appeal to the
5 other members of the Credit Union Board by written notice of
6 appeal received by the administrator within the time period.

7 "(3) Upon a finding of good cause for the failure to
8 attend meetings or otherwise perform duties, or upon a finding
9 that there is a compelling reason for reinstating the member,
10 a majority of board members may reinstate the person to the
11 position. When the member appeals to the Credit Union Board,
12 unless reinstated by the board within 30 calendar days after
13 appeal, the position on the board shall be deemed to be vacant
14 on the thirty-first day after receipt by the administrator of
15 the member's written notice of the appeal. The administrator
16 shall call a meeting to hear the appeal within 30 calendar
17 days after receipt of the notice of appeal. The board member
18 who has received notice that the position will be declared
19 vacant shall have the right to present at any hearing dealing
20 with the position being declared vacant, but shall not have
21 the right to vote on any issue until he or she is reinstated
22 by the Credit Union Board.

23 "(d) If by reason of death, resignation, removal
24 from office, or otherwise a vacancy occurs on the Credit Union
25 Board, the vacancy shall be filled by appointment of the
26 Governor and the appointee shall hold office until the Senate
27 meets and passes on the appointment. If the appointment is

1 disapproved by the Senate, another appointment shall be made
2 by the Governor, and appointments must be made in like manner
3 until an appointment is confirmed by the Senate. Any person so
4 appointed shall serve the balance of the unexpired term for
5 which the appointment is made. The seven appointed members of
6 the Credit Union Board shall be persons of good character.
7 Five of the seven shall have at least five years' experience
8 in the 10 years next preceding appointment to the Credit Union
9 Board ~~either as an officer, director, or manager~~ official of a
10 credit union organized under the laws of the State of Alabama.

11 "(e) An appeal may be taken to the Credit Union
12 Board from any finding, ruling, order, decision, or the final
13 action of the administrator by any credit union which feels
14 aggrieved thereby. Notice of appeal shall be filed with the
15 administrator within 30 calendar days after the findings,
16 ruling, order, decision, or other action. The notice shall
17 contain a brief statement of the pertinent facts upon which
18 the appeal is grounded. The Credit Union Board shall fix a
19 date, time, and place for hearing the appeal, within 60
20 calendar days after it is filed, and shall notify the credit
21 union or its attorney of record thereof at least 30 calendar
22 days prior to the date of the hearing. The finding of the
23 Credit Union Board shall be strictly advisory in nature."

24 Section 2. This act shall become effective on the
25 first day of the third month following its passage and
26 approval by the Governor, or its otherwise becoming law.

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Senate

Read for the first time and referred to the Senate
committee on Banking and Insurance..... 05-MAR-19

Read for the second time and placed on the calen-
dar 1 amendment..... 20-MAR-19

Read for the third time and passed as amended 02-APR-19

Yeas 32
Nays 0

Patrick Harris,
Secretary.