

Bill Summary

<u>COMMITTEE:</u>	Banking and Insurance	<u>DATE:</u>	6/3/14
<u>PRIME SPONSOR:</u>	Schlegel Culver	<u>BILL NO:</u>	HB 2009
<u>PREPARED BY:</u>	Carlton Logue	<u>PRINTER'S NO:</u>	2986

A. **Synopsis:**

Amends Title 17 (Credit Unions) to update and add modernizing language.

B. **Summary:**

Articles of Incorporation

Credit unions must maintain a copy of the original articles of incorporation of the credit union, and all amendments.

Bylaws

The original bylaws of the credit union, and all amendments, must be maintained by the credit union.

Credit unions will no longer need to submit a petition obtained from the Department when a credit union amends or appeals its bylaws, but will be required to circulate a petition to all members of the credit union.

Membership Fee

Credit unions may collect fees paid to outside collectors for other share or loan service related amounts owed to the credit union.

In addition, credit unions may recoup actual sums expended by the credit union, including use of credit union personnel, incurred in collection of outstanding loan balances or other share or loan service related amounts owed to the credit union.

Loan Interest

Repeals the 15% cap on interest rates and replaces it with a federal parity provision that subjects interest rates to the Federal Credit Union Act and rules and regulations of the National Credit Union Administration.

Nonpreferential Loans

Rewrites this section to address credit union employee compensation concerns. The new language sets parameters for individuals engaged with the credit union including a director; an officer; a member of any committee; a member of the immediate family of a director, officer or

member of a committee; any individual having a common ownership, investment or other pecuniary interest in a business enterprise with a director, officer or member of a committee.

Inactive Accounts

The amount of time required before an inactive account may be transferred to a special account is reduced from six years to five years to reflect changes to PA's escheat requirements.

Notice to Members

Language has been added to allow credit unions to correspond to its membership by facsimile transmission, email, or other electronic communication.

Expulsion

Unless otherwise provided in the credit union's bylaws, a member may be automatically expelled by a credit union board of directors, if the member causes the credit union a financial loss, violates a membership agreement/policy, withdraws his or her shares to less than one share, or for inappropriate behavior. Credit unions may suspend certain services to a credit union member, but must allow him or her to maintain a share account, and continue to vote at annual and special meetings.

General Terminology

"Department of Banking and Securities" replaces "Department of Banking"

"Undivided Earnings" replaces "Retained Earnings"

Effective date: 60 Days