

LEGISLATIVE BILL 246

Approved by the Governor May 5, 1977

Introduced by Keyes, 3

AN ACT to amend sections 21-1773, 21-1786, 21-1790, and 21-1791, Revised Statutes Supplement, 1976, relating to credit unions; to change the maximum interest rate; to change the security requirement; to change provisions for disbursement of funds; to change the verification time; to increase authority; and to repeal the original sections.

Be it enacted by the people of the State of Nebraska,

Section 1. That section 21-1773, Revised Statutes Supplement, 1976, be amended to read as follows:

21-1773. A credit union shall have power to (1) make contracts; (2) sue and be sued; (3) adopt and use a common seal and alter the same at pleasure; (4) purchase, hold and dispose of property necessary and incidental to its operations; (5) receive from its members payments on shares, including the right to conduct Christmas clubs, vacation clubs and other such thrift organizations within the membership; (6) lend its funds to its members for provident or productive purposes at rates of interest of not to exceed ~~twelve~~ fourteen per cent per annum on the unpaid balance of the loan, or less, as determined by the board of directors of the credit union; (7) borrow from any source in an aggregate amount not exceeding forty per cent of its paid-in and outstanding shares; (8) invest its funds in (a) loans to members but not to exceed ten per cent of the total assets or five hundred dollars, whichever is greater, to any one member, (b) obligations of or securities fully guaranteed as to principal and interest by the United States of America or agencies thereof, bonds, notes, and warrants of the State of Nebraska or any political subdivision thereof, or in other securities approved by the Department of Banking and Finance, (c) the shares or accounts of savings and loan associations organized within this state to the extent that such shares or accounts are insured, or, with the approval of the Department of Banking and Finance, in (i) the shares or accounts of savings and loan associations organized in the State of Nebraska which are uninsured up to the insured limit, or (ii) the shares or accounts of savings and loan associations organized outside the State of Nebraska to the extent that such shares or accounts are insured, and (d) the shares of or loans to other credit unions organized in this state,

either under the laws of this state or under the Federal Credit Union Act; Provided, that no credit union organized under sections 21-1760 to 21-17,126, except a credit union organized under section 21-17,117, shall invest in the shares of other credit unions more than fifteen per cent of the sum of its share balances; and provided further, no such credit union, except a credit union organized under section 21-17,117, shall have an aggregate of loans from any source and shares issued to other credit unions in an amount in excess of forty per cent of its paid-in and outstanding shares; (9) make deposits in national and state banks operating in accordance with the laws of the United States or the State of Nebraska; (10) insure the loans made by the credit union to members and share balances of members in the credit union; (11) make a minimum loan or use charge on loans on which the interest rate charged does not exceed two dollars; Provided, that such loan or use charge including the interest on such loan shall not exceed two dollars; (12) sell and assign loans to the central credit union or other financial institutions without recourse; (13) establish, operate, and maintain, or participate by agreement in the establishment, operation, and maintenance of electronic transmission terminals and systems for the purpose of transmitting credit union transactions authorized by this section for its members and terminating within the State of Nebraska, except that loans may not be initiated by electronic transmission transactions without specific prior approval of the credit unions involved; and (14) have and exercise such incidental powers as shall be necessary or convenient to enable it to effectively carry on its activities.

Sec. 2. That section 21-1786, Revised Statutes Supplement, 1976, be amended to read as follows:

21-1786. The credit committee shall approve every loan made by the credit union to members. On or before January 1, 1974, the credit committee may apply to the Department of Banking and Finance on forms supplied by the department for the licensing of one or more loan officers in order to delegate to him or them the power to approve loans and disburse loan funds up to a limit set by the credit committee in its application. Such application shall include information deemed necessary by the Department of Banking and Finance and shall be signed by the entire credit committee as well as the new officer for whom it is seeking a license. After January 15, 1974, no person shall act in the capacity of a loan officer for more than thirty days until so approved by the department. Each loan officer shall furnish to the credit committee a record of each loan approved or not

approved by him within seven days of the date of filing of the application therefor. All loans to members not approved by a loan officer shall be acted upon by the credit committee. ~~No individual shall have authority to disburse funds of the credit union for any loan which has been approved by him in his capacity as a loan officer.~~ A loan officer shall be a member of the credit union and may, but need not be, a member of the credit committee or an officer or director of the credit union. Not more than one member of the credit committee shall be appointed as a loan officer. The term of such loan officer or officers shall be at the will of the credit committee.

Sec. 3. That section 21-1790, Revised Statutes Supplement, 1976, be amended to read as follows:

21-1790. A credit union may make loans to its members for provident and productive purposes and upon such security and terms as the by-laws shall provide and the credit committee shall approve. Security shall be taken for any loan in excess of ~~two~~ four thousand five hundred dollars. The adequacy of all security shall be within the determination of the credit committee. A member may receive a loan in installments or in one sum and may repay the whole or any part of a loan on any day on which the office of the credit union is open for transaction of business.

Sec. 4. That section 21-1791, Revised Statutes Supplement, 1976, be amended to read as follows:

21-1791. The supervisory committee shall inspect the loans of the credit union at least once in every calendar quarter and supervise the acts of its officers, directors and credit committee. Annually, the committee shall audit, or cause to be audited by an accountant approved by the Department of Banking and Finance, the books and records of the credit union and make a full report upon its affairs for the year to the board of directors, which report shall be read at the annual meeting of the credit union. Such committee shall have the power, by the unanimous vote of the entire committee at a meeting called for that purpose, to suspend any or all officers, directors or members of the credit committee or, by a majority vote, to call a meeting of the credit union to consider any violation of the law or of the by-laws. Within seven days after the suspension of any officer, director or member of the credit committee, the supervisory committee shall present the matter before a special meeting of the credit union. The supervisory committee shall verify, or cause to be verified by an accountant approved by the Department of

Banking and Finance, all of the accounts of the members with the accounts of the treasurer ~~annually~~ biennially. Such verification shall be made by sending notices to each member.

Sec. 5. Notwithstanding any or the other provisions of Chapter 21, article 17, or any other Nebraska statute, any credit union incorporated under the laws of the State of Nebraska and organized under the provisions of such article shall have all the rights, powers, privileges, benefits, and immunities which may be exercised as of the effective date of this act by a federal credit union doing business in Nebraska; Provided, that such rights, powers, privileges, benefits, and immunities shall not relieve such credit union from payment of state taxes assessed under any applicable laws of this state.

Sec. 6. That original sections 21-1773, 21-1786, 21-1790, and 21-1791, Revised Statutes Supplement, 1976, are repealed.