

Bill No. 20 of 1955

A BILL TO AMEND THE CREDIT UNION ACT

NOTE

This Bill amends *The Credit Union Act*, being chapter 257 of the Revised Statutes of Alberta, 1942.

Sections 2, 5 and 19 are amended to correct references.

Section 28 is amended. Clause (f) is removed and a new clause substituted. The new clause (f) provides that the directors of a credit union shall fix a limit to the size of individual loans of a certain class, i.e., loans extending over a two-year period, and that they also fix a limit to the amount of loans that can be outstanding at any one time. A subsection (2) is added, which authorizes the standard by-laws to set out rules for determining the limitation on the amount of outstanding loans.

Section 38 is amended. This section sets out the duties of the supervisory committee of a credit union. Clause (b) is amended to permit the committee to retain accountants to do the annual audit, instead of requiring, as now, that the committee itself do the audit. A new clause (f) adds a duty to verify members' accounts, and empowers the Supervisor of Co-operative Activities to prescribe the manner and time of such verification.

Section 39 is amended. Subsection (2) is amended to authorize a credit union, upon the authority of the directors, to borrow upon the security of its capital investments without the approval of the Supervisor of Co-operative Activities and to the full market value of its capital investments, if these investments are not investments for the purpose of the credit union's statutory reserve funds.

A new section 45a is added. This new section provides that where the overdue loans of a credit union exceed a certain amount,—the amount will be determined by the standard by-laws—no dividend can be apportioned and no rebate of interest made without the consent of the Supervisor. An overdue loan, for this provision, is one that is overdue for more than two months.

Section 60 is replaced by a new section. The new section differs from the old in that it requires that officers of a credit union who handle money be bonded in an amount not being less than the amount prescribed for this purpose in the standard by-laws.

Section 66 is amended by the addition of two new subsections (2) and (3). Subsection (2) provides authority for the standard by-laws to require that annual audits be conducted by chartered accountants or other qualified persons. This requirement of the by-laws is subject to the approval of the Lieutenant Governor in Council. Subsection (3) per-

mits the Supervisor to order an audit by qualified persons and at the expense of a credit union whenever **he thinks** that the interests of the members of the credit union require this action on his part.

This Bill comes into force upon assent.

J. W. RYAN,
Acting Legislative Counsel.

(This note does not form any part of the Bill but is offered in explanation of its provisions.)

BILL

No. 20 of 1955

An Act to amend The Credit Union Act

(Assented to _____, 1955)

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of the Province of Alberta, enacts as follows:

1. *The Credit Union Act*, being chapter 257 of the Revised Statutes of Alberta, 1942, is hereby amended.

2. Section 2, clause (d) is amended by striking out the words "Credit Unions" and by substituting the words "Co-operative Activities". Section 2
amended

3. Section 5 is amended by striking out the figures "1947" and by substituting the figures "1954". Section 5
amended

4. Section 19, subsection (2) is amended by striking out the words and figures "*The Co-operative Associations Act*, being chapter 250 of the Revised Statutes of Alberta, 1942, *The Co-operative Marketing Associations Act*, being chapter 251 of the Revised Statutes of Alberta, 1942 or". Section 19
amended

5. Section 28 is amended Section 28
amended

(a) by renumbering the section as subsection (1),

(b) by striking out clause (f) of subsection (1) and by substituting the following:

"(f) for loans extending over a period of two or more years, determine the maximum individual loan that may be made and, subject to subsection (2), the aggregate amount of individual loans that may be outstanding at any one time;"

(c) by adding immediately after subsection (1) the following new subsection:

"(2) The standard by-laws may prescribe, in the case of loans extending over a period of two or more years, rules for determining the aggregate amount of individual loans that may be outstanding at any one time."

6. Section 38 is amended Section 38
amended

(a) as to clause (b) by adding immediately after the word "audit" the words " or cause an annual audit to be made by a chartered accountant or other qualified persons,"

(b) by adding immediately after clause (e) the following new clause:

“(f) verify the accounts of the members in such manner and at such times as may be prescribed by the Supervisor.”.

Section 39 amended

7. Section 39 is amended by striking out subsection (2) and by substituting the following:

“(2) When a credit union is borrowing upon the security of its capital investments, the credit union may, without the consent of the Supervisor, borrow up to the amount of the market value of its capital investments, upon a vote of at least three-fourths of the members of the board of directors, but no investment representing all or any portion of its reserve fund shall be used as a basis for such borrowing.”.

New section 45a

8. The following new section is added immediately after section 45:

Overdue loans

“45a. (1) Where the overdue loans of a credit union exceed a minimum percentage of the amount on loan to members, which may be fixed in the standard by-laws,

“(a) no dividend shall be apportioned under section 45, and

“(b) no rebate of interest shall be made, without the consent of the Supervisor.

“Overdue loans”

“(2) For the purposes of this section, “overdue loans” means loans that are overdue for more than two months in respect of either a payment of interest or a repayment of principal or of any portion of either.”.

Section 60 amended

9. Section 60 is struck out and the following is substituted:

Bond

“60. A person who is appointed to an office that refers or relates to the receipt, management or expenditure of money for the purposes of a credit union, shall before entering upon the duties of the office be bonded in such amount as the directors may determine, but in no event shall the amount determined by the directors for this purpose be less than the amount which may be prescribed from time to time in the standard by-laws.”.

Section 66 amended

10. Section 66 is amended

(a) by renumbering the section as subsection (1),

(b) by adding immediately after subsection (1) the following new subsections:

“(2) Notwithstanding subsection (1) but subject to the approval of the Lieutenant Governor in Council, the standard by-laws may require that a credit union with share capital and deposits exceeding such amount as may be set out from time to time in the standard by-laws appoint chartered accountants or qualified persons, approved in either case by the Supervisor, to conduct an annual audit of the credit union.

“(3) When, in the opinion of the Supervisor, the affairs of any credit union require immediate investigation in order to safeguard the interests of the members, the Supervisor may order that an audit be made at the expense of the credit union by a chartered accountant or any qualified persons.”.

11. This Act comes into force on the day upon which it is assented to. Coming into force

THIRD SESSION
TWELFTH LEGISLATURE
4 ELIZABETH II
1955

BILL

An Act to amend
The Credit Union Act

Received and read the

First time.....

Second time.....

Third time.....

HON. MR. WILLMORE
