

No. 43

3rd Session, 13th Legislature, Alberta
5 Elizabeth II, 1957

BILL 43

A Bill to amend The Credit Union Act

HON. MR. REIERSON

EDMONTON, ALBERTA
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Explanatory Note

2. Section 20 now reads:

"20. (1) A credit union may for its purposes hold, purchase or acquire by lease in its own name, and may sell, exchange, mortgage or lease, any land.

"(2) The value of land held shall not exceed five thousand dollars or ten per cent of the total assets of the credit union, whichever is the greater."

Experience has indicated that in some cases 10% is not sufficient to carry out sound projects while conversely \$5,000.00 can be far too much for a small credit union to tie up in such an asset. There has also arisen some misunderstanding concerning the meaning of "land" as used in subsection (2) and the proposed amendment is also intended to correct this.

3. This section sets out the manner in which officers of credit unions may borrow and imposes certain necessary restrictions to prevent them from using their position to gain undue advantage. The purpose of the amendment is simply to embrace "officials and employees" within the provision.

Section 33 now reads:

"33. No person who is a director, officer or member of the credit committee or of the supervisory committee shall borrow in excess of the value of his shares and deposits and accumulated earnings unless the borrowing is approved at a joint meeting of the members of the board of directors, the credit committee and supervisory committee other than such person, by a vote which is equal to two-thirds of the number of all such members."

4. This section relates to the reserve fund for bad loans and requires that all fees and fines plus 20% of net earnings be placed into this fund each year end. Due to extremely low loan write-offs, demands on these funds have not been extensive and by this amendment the fund will be set at a realistic maximum commensurate with bad loan experience.

Section 41 now reads:

"41. The board of directors shall set aside as a reserve fund all entrance fees, fines collected from members and, at the end of each fiscal year, before the declaration of a dividend, at least twenty per cent of the net earnings of the credit union."

5. From time to time two credit unions find it advisable to consolidate their operations into one unit and up until the present there has been no satisfactory direct legislation to cover this matter.

BILL

No. 43 of 1957

An Act to amend The Credit Union Act

(Assented to _____, 1957)

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 67 of the Revised Statutes of Alberta, 1955, is hereby amended.

2. Section 20 is amended by striking out subsection (2) and by substituting the following:

“(2) Except where otherwise authorized by the Supervisor, the value of any land held or acquired by a credit union, together with any improvements thereon, shall not exceed ten per cent of the assets of the credit union.”.

3. Section 33 is amended by adding immediately before the word “shall” the words “nor any official or employee of the credit union who is a member thereof,”.

4. Section 41 is struck out and the following is substituted:

“**41.** (1) Subject to subsection (2) the board of directors shall set aside as a reserve fund all entrance fees, fines collected from members and, at the end of each fiscal year before the declaration of a dividend, at least twenty per cent of the net earnings of the credit union.

“(2) Where at the close of any fiscal year, the amount of the reserve fund is equal to at least ten per cent of the total of shares and deposits held by the credit union, the directors may, with the consent of the Supervisor, direct that no moneys other than fees and fines be set aside for the reserve fund for that year.”.

5. The following new section is added immediately after section 75:

“75a. (1) Subject to the approval of the Supervisor, any two or more credit unions may, by a supplemental by-law of all the credit unions concerned, become amalgamated as one credit union, with or without any dissolution of, or division of the funds of, any credit union concerned.

“(2) A credit union involved in an amalgamation may, by the supplementary by-law, transfer its obligations to any other registered credit union involved in the amalgamation and undertaking by its supplemental by-law to fulfil the obligations of the first mentioned credit union.

“(3) No amalgamation or transfer of obligations shall be deemed to prejudice any right of a creditor of any credit union that is a party to an amalgamation.

“(4) A copy of every supplementary by-law of a credit union, approved by the members thereof in accordance with the requirements of the standard by-laws, and passed for any of the purposes mentioned in this section shall be forwarded to the Supervisor for his approval and until registered with the Supervisor a supplementary by-law has no force or effect.”.

6. This Act comes into force on the day upon which the Revised Statutes of Alberta, 1955, come into force.

THIRD SESSION
THIRTEENTH LEGISLATURE
5 ELIZABETH II
1957

BILL

An Act to amend The Credit Union
Act

Received and read the

First time.....

Second time.....

Third time.....

HON. MR. REIERSON
