

No. 66

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2nd Session, 15th Legislature, Alberta  
13 Elizabeth II

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## **BILL 66**

A Bill to amend The Credit Union Act

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HON. MR. REIERSON

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## **Explanatory Note**

**1.** The Credit Union Act which is chapter 67 of the Revised Statutes is amended by this Bill.

**2.** Section 10, subsection (1) reads in part:

“ . . . the words “Savings and Credit Union, Limited” shall form part of the name of every credit union registered under this Act.”.

The amendment is similar to a provision in The Companies Act.

**3.** Prohibition against overdrawing.

**4.** Section 29, subsection (1) presently reads:

**29.** (1) Subject to sections 32, 33 and 34, the credit committee shall have the general supervision of all loans to members and, subject to a general order of the board and the provisions of this Act, shall **fix** the amount of the rate of interest on each loan.

# BILL

No. 66 of 1965

## An Act to amend The Credit Union Act

(Assented to \_\_\_\_\_, 1965)

**H**ER 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* is hereby amended.

**2.** Section 10 is amended

(a) by adding the following subsection after subsection (1):

(1a) Notwithstanding subsection (1), a credit union may be registered with a name that uses the abbreviation "Ltd". instead of the word "Limited" and

(a) a credit union with the word "Limited" in the name thereof may use the abbreviation "Ltd.", and

(b) a credit union with the abbreviation "Ltd." in the name thereof may use the word "Limited", and reference thereto may be made in the same manner.

(b) by adding the following subsection after subsection (6):

(7) Every credit union shall provide itself with a corporate seal on which the full name of the credit union shall appear in legible characters.

**3.** Section 19 is amended by adding the following subsection:

(4) No credit union shall allow any member to overdraw his account.

**4.** Section 29 is amended by striking out subsection (1) and by substituting the following:

**29.** (1) Subject to sections 32, 33 and 34, the credit committee has the general supervision of all loans to members, subject to a general order of the board and the provisions of this Act.

**5. Section 32 presently reads:**

32. The credit committee shall not grant a loan of more than four hundred dollars in excess of the unencumbered portion of the shares of the borrower without requiring security.

**6. Section 36, subsection (2) presently reads:**

(2) Interest on loans shall not be compounded at any time.

**7. Section 39, subsection (1), clause (b) and subsection (3) presently read:**

39. (1) Subject to the consent of the Supervisor, a credit union from time to time

(b) may borrow moneys not exceeding in the aggregate fifty per cent of its combined capital, surplus and deposits upon a vote of three-fourths of the members present, or one-third of the total membership, whichever is the greater, taken at an annual meeting of the credit union or at a special meeting called for the purpose.

(3) No credit union shall incur overdrafts.

**8. Section 41, subsections (1), (3) and (4) presently read:**

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.

(3) The reserve fund shall be held as a reserve against bad loans or losses and shall not be distributed except on general liquidation of assets of the credit union.

(4) Where a credit union is participating in a stabilization fund established pursuant to section 79, a sum not exceeding five per cent of the net earnings may be paid into the stabilization fund and the allocation to the reserve fund under subsection (1) may be reduced by a like amount.

**9. Validity of acts of directors.**

**5.** Section 32 is struck out and the following is substituted:

**32.** (1) The credit committee shall not grant a loan of more than four hundred dollars in excess of the unencumbered portion of the shares of the borrower without requiring security.

(2) The security to be taken in each case shall be determined by the credit committee.

(3) The security taken on a loan may be an assignment of tangible assets or deposits or may be by the endorsement of a note.

**6.** Section 36, subsection (2) is amended by adding immediately at the end thereof the words "except in the manner authorized by the *Interest Act* (Canada)".

**7.** Section 39 is amended

(a) as to subsection (1), clause (b) by striking out the words "or one-third of the total membership, whichever is the greater,"

(b) by adding the following subsection after subsection (1):

(1a) A resolution passed pursuant to clause (b) of subsection (1) is effective only until the next annual meeting of the credit union.

(c) by striking out subsection (3) and by substituting the following:

(3) No credit union shall allow its account with a bank or other depository to become overdrawn.

**8.** Section 41 is amended

(a) as to subsection (1) by striking out the word "twenty" and by substituting the word "fifteen",

(b) as to subsection (3) by striking out the words "or losses" and by substituting the word "only",

(c) by striking out subsection (4) and by substituting the following:

(4) Every credit union shall invest five per cent of its net earnings in the credit union stabilization fund established pursuant to section 79.

**9.** The following section is added after section 55:

**55a.** An act done by a director or by any officer is not invalid by reason only of any defect that is thereafter discovered in his election, appointment or qualifications.

**10. Section 63, subsection (2) presently reads:**

(2) The credit union has a lien on the shares and deposits of a member for any sum due from him to the credit union and for any loan made by the credit union and endorsed by him.

**11. Commencement of Act.**

**10.** Section 63 is amended by striking out subsection (2) and by substituting the following:

(2) A credit union has a lien on the shares and deposits of a member

(a) for any debt due to the credit union by him, or

(b) for any loan endorsed by him,

and may set off any amount credited to the member thereon in or toward payment of the debt.

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

No. 66

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SECOND SESSION

FIFTEENTH LEGISLATURE

13 ELIZABETH II

1965

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**BILL**

An Act to amend The Credit Union  
Act

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Received and read the

First time.....

Second time.....

Third time.....

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HON. MR. REIERSON

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