

No. 49

3rd Session, 15th Legislature, Alberta
14 Elizabeth II

BILL 49

A Bill to amend The Credit Union Act

HON. MR. PATRICK

Explanatory Note

- 1.** This Bill will amend chapter 67 of the Revised Statutes.
- 2.** Credit unions are authorized to ignore trusts in respect of moneys in their hands.

- 3.** Section 32a, subsection (2) presently reads:

(2) No loan shall be made by the loan officer in excess of the value of the unencumbered portion of an applicant's shares.

BILL

No. 49 of 1966

An Act to amend The Credit Union Act

(Assented to _____, 1966)

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* is hereby amended.

2. The following section is added after section 16:

16a. (1) A credit union is not bound to see to the execution of any trust, whether express, implied or constructive, to which any deposit, deposit moneys, deposit account, shares, share moneys or share account is subject.

(2) When all or any portion of any deposit, deposit moneys, deposit account, shares, share moneys or share account is subject to a trust of which the credit union has notice, the cheque, withdrawal slip, or receipt either of the person

(a) in whose name the deposit, deposit moneys, deposit account, shares, share moneys or share account stands, or

(b) who is according to the document creating the trust entitled to deal therewith

is, notwithstanding any such trust, sufficient authorization to the credit union and the credit union is not bound to see to the application of any money paid upon or with respect to any such cheque, withdrawal slip or receipt.

3. Section 32a is amended by striking out subsection (2) and by substituting the following:

(2) The loan officer may make a loan in excess of a member's shares to a maximum of one-half of one per cent of the assets of the credit union in a single loan, but in no case may the amount of the loan so granted by the loan officer be more than five hundred dollars greater than the unencumbered portion of an applicant's shares.

4. Section 33 presently reads:

33. (1) A loan in excess of the value of his shares and deposits and accumulated earnings shall not be made to a director, officer, or member of the credit committee or supervisory committee, or to an official or employee of the credit union who is also a member thereof, unless the loan is approved by a joint meeting of the board of directors, the credit committee and the supervisory committee at which a majority of the members of each body is present.

(2) The person who is applying for the loan is not entitled to be present or to vote at the joint meeting.

(3) The loan shall not be granted unless it is approved by two-thirds of all the members present at the joint meeting.

(4) A person who is a member of the board of directors and a member of the credit committee has only one vote.

5. Section 41, subsection (1) presently reads:

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 fifteen per cent of the net earnings of the credit union.

6. Section 45, subsections (1), (1a) and (2) presently read:

45. (1) After making provision for the reserve fund, as required by section 41, and for the educational fund, if any, the board may declare a dividend from the remainder of the net earnings, and in such case shall present its resolution to the annual meeting of the credit union for confirmation.

(1a) The members present at the annual meeting may not increase the dividend recommended but may, upon a two-thirds majority vote, reduce the dividend and in such case the amount of the reduction shall remain in the undivided earnings account for the remainder of the fiscal year.

(2) A dividend authorized at that meeting shall be paid on all shares outstanding at the end of the preceding fiscal year according to the amount credited on the books of the credit union as having been paid on such shares.

4. Section 33 is struck out and the following is substituted:

33. (1) A loan in excess of the value of his shares and deposits and accumulated earnings shall not be made to a director, officer or member of the credit committee or supervisory committee, unless the loan is approved by a two-thirds vote of all the members present at a joint meeting of the board of directors, the credit committee and the supervisory committee at which a majority of the members of each body is present.

(2) A loan in excess of the value of his shares and deposits and accumulated earnings shall not be made to an official or employee of the credit union who is a member thereof, unless the loan

(a) is first approved by a two-thirds' vote of all the members present at a meeting of the credit committee at which a majority of the members are present, and

(b) is then ratified by a two-thirds' vote of all the members present at a meeting of the board of directors at which a majority of the members are present.

(3) The person who is applying for the loan is not entitled to be present or to vote at any meeting at which a vote is being taken with respect to the approval or ratification of his loan.

(4) A person who is a member of the board of directors and a member of the credit committee has only one vote at a joint meeting under subsection (1).

5. Section 41 is amended by striking out subsection (1) and by substituting the following:

41. (1) Subject to subsection (2), the board of directors shall set aside as a reserve fund

(a) all entrance fees and fines collected from members, and

(b) at the end of each fiscal year before the declaration of a dividend, such portion of the net earnings of the credit union as shall be necessary to provide adequate reserves for delinquent loans in accordance with such scale as may be provided in the standard by-laws.

6. Section 45 is amended by striking out subsection (2) and by substituting the following:

(1b) Notwithstanding subsection (1) or (1a), a credit union may pass a by-law which, after registration, will allow dividends to be declared by the board of directors without further approval from the membership and in that

7. Duty to supply members with latest annual return.

8. At present a corporation incorporated outside the Province can not deal in land within the Province unless it is registered under The Companies Act to carry on business in the Province. This new section provides an exception for credit unions which may not want to carry on business in the Province but may wish to take mortgages on land owned by members in the Province as security for loans.

9. Commencement of Act.

case, after making provision for the reserve funds, as required by section 41, and for the educational fund, if any, the board may declare a dividend from the remainder of the net earnings, and shall instruct the treasurer to credit the members' accounts accordingly.

(2) A dividend authorized in accordance with this section shall be paid on all shares outstanding at the end of the preceding fiscal year, or held by a member for not less than any three month period of that year, but no dividend may be paid to any person who has ceased to be a member of the credit union.

7. Section 57 is amended by adding the following subsection:

(3) The credit union shall supply without charge to each member on his application a summary of the latest annual return of the credit union.

8. The following section is added after section 79:

80. (1) If it holds a certificate of authority issued by the Supervisor under this section, a credit union that

- (a) is not incorporated in Alberta, and
- (b) is not registered under *The Companies Act* as a foreign company,

is capable of acquiring and holding lands or any interest therein within Alberta and capable of registering any title thereto under *The Land Titles Act*.

(2) The Supervisor, in his discretion, may issue a certificate of authority for the purposes of subsection (1) to a credit union incorporated in another province or territory of Canada where

- (a) the credit union is carrying on business in close proximity to the Alberta boundary, and
- (b) any members of the credit union own land within Alberta, whether or not they live in Alberta.

(3) A certificate of authority issued under this section does not authorize the credit union to carry on business in Alberta.

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

No. 49

THIRD SESSION
FIFTEENTH LEGISLATURE
14 ELIZABETH II
1966

BILL

An Act to amend The Credit Union
Act

Received and read the

First time

Second time

Third time

HON. MR. PATRICK
