

1970 Bill 19

Third Session, 16th Legislature, 19 Elizabeth II

THE LEGISLATIVE ASSEMBLY OF ALBERTA

BILL 19

An Act to amend the Credit Union Act

THE MINISTER OF INDUSTRY AND TOURISM

First Reading

Second Reading

Third Reading

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1970

An Act to amend The Credit Union Act

(Assented to _____, 1970)

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. Section 2 is amended
 - (a) by adding the following clause after clause (a):
 - (a1) "Director" means the Director of Credit Unions appointed under this Act and includes the Supervisor of Credit Unions appointed under this Act;
 - (b) by striking out clause (d).
3. The following section is added after section 2:
 3. In accordance with *The Public Service Act, 1968* there may be appointed a Director of Credit Unions and a Supervisor of Credit Unions, who shall be the deputy of the Director.
4. The word "Supervisor" is struck out wherever it occurs in the Act and the word "Director" is substituted.
5. Section 4 is amended by striking out subsection (1).
6. Section 5 is struck out.
7. Section 10, subsection (1) is amended by striking out the words "Savings and".
8. Section 16 is amended by striking out the words "suit of the creditors" and by substituting the words "suit of a creditor".
9. Section 17 is struck out and the following is substituted:

Explanatory Notes

1. This Bill amends chapter 67 of the Revised Statutes.

2. Section 2, clause (d) reads:

(d) "Supervisor" means the Supervisor of Credit Unions appointed under this Act and includes a Deputy Supervisor.

3. Appointment of personnel.

4. Correction of reference.

5. Section 4, subsection (1) reads:

4. (1) The Lieutenant Governor in Council may appoint a Supervisor of Credit Unions and, subject to the other provisions of this Act, prescribe his powers and duties.

6. Section 5 reads:

5. Subject to The Public Service Act, the Lieutenant Governor in Council may appoint a Deputy Supervisor of Credit Unions and such officers, clerks and employees as are necessary for the due administration of this Act and prescribe their respective duties.

7. Section 10, subsection (1) presently reads:

10. (1) No credit union shall be registered under a name identical with that by which any other existing credit union has been registered or so nearly resembling it as to be likely to deceive, and the words "Savings and Credit Union, Limited" shall form part of the name of every credit union registered under this Act.

8. Section 16 presently reads:

16. Every shareholder is individually liable to the creditors of the credit union for debts and liabilities of the credit union to the amount unpaid on the shares held by him, but no action shall be taken against a shareholder in respect of such liability until an execution at the suit of the creditors against the credit union has been returned unsatisfied in whole or part.

9. Section 17 presently reads:

17. The Securities Act does not apply to shares of a credit union incorporated under this Act.

17. *The Securities Act, 1967* does not apply to credit unions or to the bonds, debentures or other evidences of indebtedness of or to the shares of a credit union.

10. Section 19 is amended by striking out subsection (4) and by substituting the following:

(4) No officer or employee of a credit union shall permit any withdrawal of funds from the deposit account of a member unless the funds in the deposit account are equal to or in excess of the amount sought to be withdrawn, and an officer or employee who contravenes this subsection is guilty of an offence against this Act.

(5) Nothing in this section curtails, abridges or defeats any remedy for the recovery from a member of any amount withdrawn in excess of the amount standing to his credit in his deposit account.

11. Section 24, subsection (1) is amended by striking out clause (b).

12. Section 25 is struck out and the following is substituted:

25. (1) The first meeting of the directors shall be held within 10 days after their election.

(2) At their first meeting the directors shall choose from their own number

(a) a president, and

(b) a vice-president,

and the president (or, in his absence, the vice-president) shall be the chairman of the board of directors.

(3) At their first meeting the directors shall appoint a credit committee with the number of members (being not less than three) required by the supplemental by-laws, one of whom shall be named as chairman.

(4) At their first meeting the directors shall appoint

(a) a secretary who may but need not be a director, and

(b) a treasurer who shall not be a director, or a secretary-treasurer who shall not be a director.

(5) Notwithstanding subsection (4), the manager of the credit union may be appointed treasurer on a continuing basis, in which case it is not necessary to appoint a treasurer at every first meeting, but only when the position becomes vacant.

10. Section 19, subsection (4) presently reads:

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

11. Section 24, subsection (1), clause (b) reads:

24. (1) At the meeting called by the provisional secretary the credit union shall elect

- (a) a board of directors of not less than five members,
- (b) a credit committee of not less than three members, and
- (c) a supervisory committee of not less than three members.

12. Section 25 presently reads:

25. (1) At their first meeting, which shall be held within 10 days after their election, the directors shall choose from their own number a president and a vice-president, and shall appoint a secretary and a treasurer or a secretary-treasurer, who need not be a director.

(2) The president, or in his absence, the vice-president, shall be chairman of the board of directors.

13. Section 29 is amended by striking out subsection (2) and by substituting the following:

(2) No loan shall be considered by the credit committee unless a quorum of at least two of the members of the committee are present, and no loans shall be granted unless with the unanimous approval of the members present.

(3) A credit union shall not make any loan if the reserve funds under section 41a fall below the minimum statutory requirements.

14. Section 36 is amended by striking out subsection (1) and by substituting the following:

36. (1) The interest payable on a loan made by a credit union shall not exceed the interest rate prescribed by the standard by-laws.

15. Section 41 is amended

(a) as to subsection (3) by striking out the word "only" and by substituting the words "and expenses incurred in the collection thereof,"

(b) by striking out subsection (5) and by substituting the following:

(5) Every credit union shall make an annual investment in the credit union stabilization fund established pursuant to section 79 in the amount prescribed by the standard by-laws.

16. Section 45 is amended

(a) by striking out subsection (2) and by substituting the following:

(2) A dividend authorized in accordance with this section shall be calculated on the minimum quarterly share balance and paid for the preceding fiscal year, but no dividend may be paid to any person who has ceased to be a member of the credit union.

(b) as to subsection (4) by striking out the word "profits" and by substituting the word "surplus".

17. The Schedule is amended

(a) as to Form A, paragraph 2 by striking out the words "Savings and",

(b) as to Form B by striking out the words "Savings and".

13. Section 29, subsection (2) presently reads:

(2) No loan shall be considered by the credit committee unless a majority of the members of the committee are present and no loan shall be granted unless with the unanimous approval of the members present.

14. Section 36, subsection (1) presently reads:

36. (1) The interest paid on a loan made by a credit union shall not exceed 1 per cent per month on unpaid balances.

15. Section 41, subsections (3) and (5) presently read:

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

(5) Every credit union shall invest 5 per cent of its net earnings in the credit union stabilization fund established pursuant to section 79.

16. Section 45, subsections (2) and (4) presently read:

(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.

(4) Dividends and rebates may be allotted from undivided profits only.

17. Forms amended to conform to the amendment to striking out of the Act.

18. *The Credit Union Federation of Alberta Limited Act* is amended as to section 6, subsection (2), clause (b) by striking out the word “Supervisor” and by substituting the word “Director”.

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

18. Consequential amendment to chapter 22 of the Statutes of Alberta, 1969.