

1981 BILL 8

Third Session, 19th Legislature, 30 Elizabeth II

THE LEGISLATIVE ASSEMBLY OF ALBERTA

BILL 8

THE CREDIT UNION AMENDMENT ACT, 1981

THE MINISTER OF CONSUMER AND
CORPORATE AFFAIRS

First Reading

Second Reading

Committee of the Whole

Third Reading

Royal Assent

Bill 8

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1981

THE CREDIT UNION AMENDMENT ACT, 1981

(Assented to , 1981)

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

1 The Credit Union Act is amended by this Act.

2 Section 25(3) is repealed and the following is substituted:

(3) At their first meeting the directors shall appoint a credit committee consisting of not less than 3 members, one of whom shall be named as chairman.

3 Section 25.1(2) is amended by striking out “or such greater number as required by the supplemental by-laws”.

4 Section 31 is repealed and the following is substituted:

31 A promissory note or a loan agreement shall be taken by a credit union for each loan granted by it.

Explanatory Notes

1 This Bill will amend chapter 74 of the Revised Statutes of Alberta 1970.

2 Section 25(3) presently reads:

(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.

3 Section 25.1(2) presently reads:

(2) A credit committee appointed under this section shall consist of not less than three members or such greater number as required by the supplemental by-laws, one of whom shall be designated as the chairman of the committee.

4 Section 31 presently reads:

31(1) An assignment of shares and

(a) a promissory note, or

(b) a line of credit loan agreement

shall be taken by a credit union for each loan granted by it.

(2) Notwithstanding subsection (1), a credit union may make a loan to a borrower described in section 19(3) without taking an assignment of shares.

5 Section 32 presently reads:

32(1) A credit committee shall not grant a loan in an amount greater than the sum obtained by adding together

(a) the amount prescribed by the standard by-laws for the purposes of this section, and

(b) the value of the unencumbered portion of the shares and savings deposits of the borrower,

unless adequate security is taken for the loan.

(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 33(2) presently reads:

(2) A 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 be greater than the sum obtained by adding together

(a) the amount prescribed by the standard by-laws for the purposes of this section, and

(b) the value of the unencumbered portion of the shares and savings deposits of the borrower.

7 Section 34(2) presently reads:

(2) A loan to a credit committee member shall not be made without the approval of a two-thirds majority vote of a quorum of the board of directors.

8 Section 36(1) presently reads:

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.

5 *Section 32 is repealed.*

6 *Section 33(2) is repealed.*

7 *Section 34(2) is repealed and the following is substituted:*

(2) A loan to a credit committee member shall be made only with the unanimous approval of the other members of the credit committee in attendance at the meeting at which the application is reviewed.

(3) The approval of a loan to a credit committee member shall be signed by not less than 2 members of the credit committee other than the applicant.

(4) A loan to a credit committee member approved under subsection (2) shall be reported by the credit committee at the first meeting of the board of directors subsequent to the making of the loan.

8 *Section 36(1) is repealed.*

9 *The following is added after section 59:*

59.1(1) Subject to section 59, a credit union may, by supplemental by-law, provide for voting by a member other than by attendance at a meeting.

(2) A supplemental by-law made under subsection (1) is of no effect until approved by

(a) the Director, and

(b) the members of the credit union at a general meeting.

10 *Section 65 is repealed and the following is substituted:*

65 A credit union shall give the Director or the Corporation any information with respect to the credit union that the Director or the Corporation requires.

11 *Section 89(1) is amended by adding the following after clause (j):*

(k) the standard of reporting, sound business and financial practices for all credit unions.

12 *Section 93(2) is amended by*

(a) *striking out “audited statement” and substituting “information”;*

(b) *striking out “section 64” and substituting “section 65”.*

In accordance with section 4(1) of The Interpretation Act, 1980, this Bill comes into force on the date it receives Royal Assent.

9 Voting other than by attendance at a meeting.

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10 Section 65 presently reads:

65 Every credit union shall furnish the Director with such information relating thereto as he may from time to time require.

11 Section 89(1) presently reads in part:

89(1) The Board may make by-laws governing

(a) the administration, management and control of the property and affairs of the Corporation;

(j) the conduct in all other particulars of the affairs and purposes of the Corporation.

12 Section 93(2) presently reads:

(2) The sum assessed upon each credit union shall be determined by the Board on the basis of the audited statement received pursuant to section 64.