

# SENATE BILL NO. 1424

103RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR CARTER.

6097S.011

KRISTINA MARTIN, Secretary

## AN ACT

To repeal sections 370.020, 370.080, and 370.200, RSMo, and to enact in lieu thereof three new sections relating to credit unions.

*Be it enacted by the General Assembly of the State of Missouri, as follows:*

Section A. Sections 370.020, 370.080, and 370.200, RSMo,  
2 are repealed and three new sections enacted in lieu thereof, to  
3 be known as sections 370.020, 370.080, and 370.200, to read as  
4 follows:

370.020. The certificate of organization shall state:

2 (1) The name of the proposed credit union and the  
3 city, town, or village in which its business office is  
4 located;

5 (2) The names and addresses of the subscribers to the  
6 certificate, and the number of shares subscribed by each;

7 (3) A statement that organization as a credit union is  
8 desired under this particular law;

9 (4) The par value of the regular shares, which shall  
10 not exceed one hundred dollars;

11 (5) The par value of membership shares, if any, which  
12 shall not be less than [twenty-five] **one dollar** nor more  
13 than one hundred dollars.

370.080. 1. The membership shall consist of the  
2 organizers and such persons, societies, associations,  
3 copartnerships and corporations as have been duly elected to

**EXPLANATION-Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.**

4 membership and have subscribed to one or more general  
5 shares, or one membership share and/or membership fee when  
6 required, and have paid for the same in the whole or in  
7 part, with the entrance fee as required by the bylaws, and  
8 have complied with such other requirements as the  
9 certificate of organization may contain.

10 2. A credit union shall be composed of one or more  
11 groups of persons. The members of each such individual group  
12 must share:

13 (1) A common occupation, association, employer or;  
14 (2) A geographic area which may include all those  
15 persons who reside or work in a city not within a county or  
16 a county, in which the main office of the credit union is  
17 located as reported on the National Credit Union  
18 Administration (NCUA) 2006 year-end 5300 call report, and  
19 counties contiguous to such areas as may be approved by the  
20 director. The director shall not allow a geographic area  
21 credit union to expand beyond counties contiguous to a city  
22 not within a county or a county in which its main office is  
23 located. The director shall not allow a credit union to  
24 expand its geographic area due to a relocation of the credit  
25 union's main office.

26 3. No individual shall be eligible for membership in a  
27 credit union on the basis of the relationship of such  
28 individual to another person who is eligible for membership  
29 in such credit union unless the individual is a member of  
30 the immediate family or household, as such terms are defined  
31 by the commission, of such person. Except as provided in  
32 section 370.340, once a person becomes a member of a credit  
33 union in accordance with this chapter, such person or  
34 organization may remain a member of such credit union until

35 the person or organization chooses to withdraw from the  
36 membership of the credit union.

37 4. Each credit union may, at the option of the board,  
38 create one or more classes of shares which shall be known as  
39 "membership share" representing the member's ownership  
40 interest in the credit union on such terms and conditions as  
41 the board of directors may determine, not inconsistent with  
42 the bylaws, provided that each membership share shall have a  
43 par value of not less than [twenty-five] **one dollar** nor more  
44 than one hundred dollars. A membership share shall not be  
45 pledged as security on any loan.

46 5. Notwithstanding any other provisions of this  
47 chapter to the contrary, in the event of liquidation of the  
48 assets of the credit union, the membership share shall be at  
49 risk, uninsured, and shall be subordinated to the claims of  
50 all nonmembers and participate in the assets of the credit  
51 union after all creditors and holders of all other shares,  
52 and the National Credit Union Administration.

370.200. 1. The board of directors shall have the  
2 general management of the affairs, funds, and records of the  
3 corporation, and unless they shall be specifically reserved  
4 to the members or delegated to the president or operating  
5 manager, it shall be the special duty of the directors:

6 (1) To act upon applications for membership in the  
7 credit union;

8 (2) To determine, from time to time, rates of interest  
9 which shall be charged on loans;

10 (3) To fix the maximum number of shares which may be  
11 held by and the maximum amount, both secured and unsecured,  
12 which may be loaned to any one member, such limitations to  
13 apply alike to all members; and

14           (4) To have charge of the investment of funds of the  
15 credit union, other than loans to members, and to perform  
16 such other duties as the members may, from time to time,  
17 authorize.

18           2. Additionally, the board shall have the duty to:

19           (1) Authorize the employment and compensation of the  
20 chief executive officer;

21           (2) Approve an annual operating budget for the credit  
22 union;

23           (3) Declare dividends on regular shares;

24           (4) Accept and act upon resignations and determine and  
25 fill vacancies on the board of directors, credit committee,  
26 and, if the bylaws so provide, the supervisory committee  
27 until the election or appointment of qualified successors;

28           (5) Amend the bylaws except for those provisions in  
29 other sections of this chapter specifically reserved for  
30 membership action; and

31           (6) Consider an appeal of a person denied membership  
32 by the credit union.

33           3. Unless specifically prohibited by the bylaws,  
34 directors may participate in and act at any meeting of the  
35 board through the use of a telephone, **video conference**, or  
36 other electronic means. Participation in the meeting in  
37 this manner shall constitute attendance, **and participation**  
38 **by directors in a meeting may be in any combination of in-**  
39 **person, telephone, or other electronic or virtual means**  
40 **provided that all directors participating can communicate**  
41 **simultaneously. Any action taken during such meeting shall**  
42 **have the same binding and legal effect as if conducted fully**  
43 **in person. Votes and other actions of the directors may be**  
44 **conducted by electronic means, including remote or online**  
45 **systems, provided that board approved procedures are**

46 established to verify the identity of voting directors and  
47 to ensure the integrity of the process.

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