

## No. 1984-126

## AN ACT

## SB 1084

Amending the act of September 20, 1961 (P.L.1548, No.658), entitled "An act to provide for the organization, incorporation, operation and supervision of cooperative savings and credit associations, to be termed credit unions; designating such credit unions as corporations and defining their powers and duties; conferring certain powers and duties on the Department of Banking; and providing penalties," further providing for corporate or central credit unions.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. Section 2 of the act of September 20, 1961 (P.L.1548, No.658), known as the Credit Union Act, is amended to read:

Section 2. Definition and Purpose.—The term "credit union," as used in this act, means a cooperative association incorporated under this act or under the act of May 26, 1933 (P.L.1076, No.260), its amendments and supplements, for the purpose of promoting thrift among its members **[and]**, creating a source of credit for such members[, ] at reasonable rates of interest[, **for provident purposes**] *and providing an opportunity for its members to use and control their own money on a democratic basis in order to improve their economic and social condition.*

*The term "Department of Banking," as used in this act, means the Pennsylvania Department of Banking.*

*A central or corporate credit union formed primarily to serve other credit unions, including Federal credit unions and credit unions chartered under the laws of any other state, may be incorporated under this act and shall be subject to all provisions of this act not inconsistent with provisions specifically applicable to central or corporate credit unions. The purposes for which a corporate or central credit union may be incorporated are:*

*(1) To accumulate and prudently manage the liquidity of its member credit unions through interlending and investment services.*

*(2) To act as an intermediary for credit union funds between members and other corporate credit unions.*

*(3) To obtain liquid funds from other credit union organizations, financial intermediaries and other sources.*

*(4) To foster and promote, in cooperation with other state, regional and national corporate credit unions and credit union organizations or associations, the economic security, growth and development of member credit unions.*

Section 2. Subsection A of section 3 of the act, amended December 14, 1982 (P.L.1240, No.283), is amended to read:

Section 3. Method of Incorporation.—A. A credit union may be formed, pursuant to the provisions of this act, by seven or more incorporators. Such incorporators shall be natural persons of full age, the majority of

whom are residents of this Commonwealth and who have a common bond of association as provided in section 6 of this act. *A central or corporate credit union may be formed, pursuant to the provisions of this act, by fifteen (15) or more credit unions chartered under the laws of the United States of America or of any state, which have agreed to purchase shares in the credit union in amounts not less than the minimum specified in the bylaws.*

\* \* \*

Section 3. Clause (5) of subsection B of section 5, amended December 14, 1982 (P.L.1240, No.283), is amended and subsections are added to read:

Section 5. Powers.—\* \* \*

B. A credit union shall have the following special powers:

\* \* \*

(5) To make loans to credit unions organized under the laws of this Commonwealth or under the laws of any state or under the laws of the United States: Provided, *except for corporate or central credit unions*, That the aggregate amount outstanding on all such loans shall not exceed twenty-five per centum of the unimpaired capital of the lending credit union.

\* \* \*

C. *A corporate or central credit union shall have the following general powers:*

*To enjoy the powers and privileges of any other credit union incorporated under this act in addition to those powers enumerated in this subsection, or otherwise granted to corporate or central credit unions, regardless of any limitations or restrictions found elsewhere in this act.*

D. *A corporate or central credit union shall have the following special powers to:*

(1) *Accept shares or deposits in any form from its members, any credit union chartered under the laws of the United States or of any state, including corporate or central credit unions, and credit union organizations and associations.*

(2) *Make loans to its members, any credit union chartered under the laws of the United States or of any state, including corporate or central credit unions, and credit union organizations or associations.*

(3) *Buy and sell any form of marketable debt obligations of domestic or foreign corporations or of Federal, State or local government units.*

(4) *Borrow from any source without limitations, accept demand deposits from any source and issue notes and debentures.*

(5) *Acquire or sell the assets and assume the liabilities of a member and to enter into agreements with any credit union organized under the laws of the United States or any state to discount or purchase loans made pursuant to government guaranteed loan programs or real estate loans made by any credit union or any obligations of the United States or any agency thereof held by any credit union.*

Section 4. This act shall take effect in 60 days.

APPROVED—The 6th day of July, A. D. 1984.

DICK THORNBURGH