

No. 1978-256

AN ACT

SB 1457

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 share account insurance.

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

Section 1. Subsection C. of section 3, act of September 20, 1961 (P.L.1548, No.658), known as the "Credit Union Act," is amended by adding a clause to read:

Section 3. Method of Incorporation.—* * *

C. The articles of incorporation and two copies of the proposed bylaws for the general governance of the credit union shall be presented to the Department of Banking together with such reasonable fees as shall be established, by the department, for such examination and such investigation as it may deem necessary to ascertain:

* * *

(6) Whether the savings of members paid for shares will be insured by the National Credit Union Administration or other share insurance fund approved by the Department of Banking.

Section 2. Section 15 of the act is amended to read:

Section 15. Capital.—A. The capital of a credit union shall consist of the payments that have been made to it by the members thereof on shares. The credit union shall have an automatic lien on the shares of a member for any sum due it from such member or for any loan endorsed by him. Shares of a credit union shall be transferable only to other members of the credit union.

B. The shares representing the savings of members shall be insured in such amounts as provided by the National Credit Union Administration or other share insurance fund approved by the Department of Banking to insure the shares of credit unions, and all credit unions existing as of the passage of this act shall have two years from the date of this act to obtain share account insurance. After the expiration of the two-year period a credit union that has not obtained share account insurance from the National Credit Union Administration or other share insurance fund approved by the Department of Banking shall be prohibited from accepting payments from its members for the purchase of shares, except with the prior written approval of the Department of Banking.

Section 3. This act shall take effect immediately.

APPROVED—The 5th day of October, A. D. 1978.

MILTON J. SHAPP