

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1084 Session of
1983INTRODUCED BY PECORA, O'PAKE, SHAFFER AND ANDREZESKI,
OCTOBER 12, 1983

AS AMENDED ON SECOND CONSIDERATION, APRIL 24, 1984

AN ACT

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

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

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

14 Section 2. Definition and Purpose.--The term "credit union,"
15 as used in this act, means a cooperative association
16 incorporated under this act or under the act of May 26, 1933
17 (P.L.1076, No.260), its amendments and supplements, for the
18 purpose of promoting thrift among its members [and], creating a
19 source of credit for such members[,] at reasonable rates of
20 interest[, for provident purposes] and providing an opportunity

1 for its members to use and control their own money on a
2 democratic basis in order to improve their economic and social
3 condition.

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

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

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

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

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

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

25 ~~(5) To perform such other financial services of benefit to~~ <—
26 ~~its members which are authorized by the Department of Banking.~~

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

29 Section 3. Method of Incorporation.--A. A credit union may
30 be formed, pursuant to the provisions of this act, by seven or

1 more incorporators. Such incorporators shall be natural persons
2 of full age, the majority of whom are residents of this
3 Commonwealth and who have a common bond of association as
4 provided in section 6 of this act. A central or corporate credit
5 union may be formed, pursuant to the provisions of this act, by
6 fifteen (15) or more credit unions chartered under the laws of
7 the United States of America or of any state, which have agreed
8 to purchase shares in the credit union in amounts not less than
9 the minimum specified in the bylaws.

10 * * *

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

14 Section 5. Powers.--* * *

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

16 * * *

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

23 * * *

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

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

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

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

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

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

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

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

23 ~~(6) Exercise such incidental powers or privileges conferred~~ <—
24 ~~upon a Federal corporate or central credit union, subject to the~~
25 ~~approval of the department.~~

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