

1
2 An act relating to financial institutions;
3 amending s. 655.005, F.S.; redefining the terms
4 "imminently insolvent" and "insolvent" with
5 respect to credit unions; creating s. 655.0201,
6 F.S.; prescribing methods of serving process,
7 notice, or demand on financial institutions;
8 amending s. 655.044, F.S.; requiring all
9 financial institutions to use the calendar year
10 as their fiscal year; amending s. 655.057,
11 F.S.; deleting obsolete provisions; amending s.
12 655.411, F.S.; conforming a cross-reference;
13 creating s. 655.4185, F.S.; authorizing
14 emergency action in cases of failing financial
15 entities; amending s. 657.002, F.S.; redefining
16 terms with respect to credit unions and
17 deleting obsolete and other terms; amending s.
18 657.005, F.S.; revising procedures applicable
19 to applying for authority to organize a credit
20 union; amending s. 657.0061, F.S.; providing
21 for disapproval of a proposed bylaw amendment
22 that is not in compliance with statutes or
23 rules; amending s. 657.008, F.S.; revising
24 provisions relating to changes of a credit
25 union's place of business and to establishing
26 branch locations; amending s. 657.021, F.S.;
27 revising duties of credit union boards of
28 directors; amending s. 657.022, F.S.; changing
29 the time within which the annual meeting of a
30 credit union board of directors must be held;
31 amending s. 657.023, F.S.; revising powers of a

1 credit union with respect to a member's rights
2 and continued membership; amending s. 657.024,
3 F.S.; deleting a requirement that distributing
4 ballots in advance of a membership meeting must
5 be done by mail; amending s. 657.026, F.S.;
6 deleting obsolete provisions; revising
7 standards for reporting by a supervisory or
8 audit committee; amending s. 657.027, F.S.;
9 revising duties of a credit union's credit
10 manager; amending s. 657.028, F.S.; prohibiting
11 compensation of a credit union treasurer but
12 authorizing compensation of its chief executive
13 officer; revising prerequisites for serving as
14 an officer, director, or committee member;
15 amending s. 657.031, F.S.; revising powers of
16 credit unions; amending s. 657.033, F.S.;
17 changing standards for when an account is
18 considered dormant, unclaimed, or abandoned;
19 prescribing limits on persons from whom credit
20 unions may accept deposits; allowing credit
21 unions to participate in systems that allow for
22 automated or electronic transfer, deposit, or
23 withdrawal of funds; requiring credit unions to
24 maintain certain insurance; amending s.
25 657.038, F.S.; revising credit unions' loan
26 powers, including the power to issue debit or
27 credit cards; amending s. 657.039, F.S.;
28 increasing the amount of credit that may be
29 extended to a credit union's own officers and
30 employees; amending s. 657.042, F.S.;
31 authorizing investment in stock of the Federal

1 Home Loan Bank; revising other limits on
2 investments; amending s. 657.043, F.S.;
3 revising standards for an
4 allowance-for-loan-losses account; deleting the
5 definition of risk assets; providing guidelines
6 for borrowing money; deleting provisions
7 relating to reserves and guaranty assistance
8 agreements; amending s. 657.062, F.S.; deleting
9 obsolete provisions; providing guidelines for
10 conservatorships; amending s. 657.063, F.S.;
11 revising provisions relating to involuntary
12 liquidation; amending s. 657.064, F.S.;
13 deleting obsolete provisions; revising
14 provisions relating to voluntary liquidation;
15 amending s. 657.065, F.S.; revising provisions
16 governing mergers of credit unions; amending s.
17 657.066, F.S.; revising provisions relating to
18 conversion of credit unions from state to
19 federal or from federal to state; repealing s.
20 657.0315, F.S., relating to contracts for
21 providing goods, products, or services, s.
22 657.051, F.S., relating to fiscal year, s.
23 657.055, F.S., relating to retention and
24 destruction of certain records, s. 657.068,
25 F.S., relating to central credit unions, and s.
26 658.43(7), F.S., relating to powers with
27 respect to failing financial entities;
28 providing an effective date.

29
30 Be It Enacted by the Legislature of the State of Florida:
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1 Section 1. Paragraphs (k) and (l) of subsection (1) of
2 section 655.005, Florida Statutes, are amended to read:

3 655.005 Definitions.--

4 (1) As used in the financial institutions codes,
5 unless the context otherwise requires, the term:

6 (k) "Imminently insolvent" means a condition in which
7 a financial institution has total capital accounts, or equity
8 ~~less the allowance for loan losses~~ in the case of a credit
9 union, of less than 2 percent of its total assets, after
10 adjustment for apparent losses.

11 (1) "Insolvent" means a condition in which:

12 1. The capital accounts, or equity ~~less the allowance~~
13 ~~for loan losses~~ in the case of a credit union, and all assets
14 of a financial institution are insufficient to meet
15 liabilities;

16 2. The financial institution is unable to meet current
17 obligations as they mature, even though assets may exceed
18 liabilities; or

19 3. The capital accounts, or equity ~~less the allowance~~
20 ~~for loan losses~~ in the case of a credit union, of a financial
21 institution are exhausted by losses and no immediate prospect
22 of replacement exists.

23 Section 2. Section 655.0201, Florida Statutes, is
24 created to read:

25 655.0201 Service of process, notice, or demand on
26 financial institutions.--

27 (1) Process against any financial institution
28 authorized by federal or state law to transact business in
29 this state may be served in accordance with chapter 48,
30 chapter 49, chapter 607, or chapter 608, as appropriate.

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1 (2) Any financial institution authorized by federal or
2 state law to transact business in this state may designate a
3 registered agent as the financial institution's agent for
4 service of process, notice, or demand required or permitted by
5 law to be served on the financial institution. If the
6 financial institution has no registered agent, or its
7 registered agent cannot with reasonable diligence be served,
8 service may be made to any executive officer of the financial
9 institution at its principal place of business in this state.

10 (3) If service cannot be made in accordance with
11 subsection (2), service may be made to any officer, director,
12 or business agent of the financial institution at its
13 principal place of business or at any other branch, office, or
14 place of business in the state.

15 (4) This section does not prescribe the only means, or
16 necessarily the required means, of serving notice or demand on
17 a financial institution.

18 Section 3. Subsection (5) is added to section 655.044,
19 Florida Statutes, to read:

20 655.044 Accounting practices; bad debts ineligible to
21 be carried as assets.--

22 (5) The fiscal year of a financial institution shall
23 end on the last day of December.

24 Section 4. Subsections (3) and (7) of section 655.057,
25 Florida Statutes, are amended to read:

26 655.057 Records; limited restrictions upon public
27 access.--

28 (3) The provisions of this section do not prevent or
29 restrict:

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1 (a) Publishing reports required to be submitted to the
2 office pursuant to s. 655.045(2)(a) or required by applicable
3 federal statutes or regulations to be published.

4 (b) Furnishing records or information to any other
5 state, federal, or foreign agency responsible for the
6 regulation or supervision of financial institutions, including
7 Federal Home Loan Banks.

8 ~~(c) Furnishing records or information, in the case of~~
9 ~~a credit union, to the Florida Credit Union Guaranty~~
10 ~~Corporation, Inc.~~

11 (c)(d) Disclosing or publishing summaries of the
12 condition of financial institutions and general economic and
13 similar statistics and data, provided that the identity of a
14 particular financial institution is not disclosed.

15 (d)(e) Reporting any suspected criminal activity, with
16 supporting documents and information, to appropriate law
17 enforcement and prosecutorial agencies.

18 (e)(f) Furnishing information upon request to the
19 Chief Financial Officer or the Division of Treasury of the
20 Department of Financial Services regarding the financial
21 condition of any financial institution that is, or has applied
22 to be, designated as a qualified public depository pursuant to
23 chapter 280.

24
25 Any confidential information or records obtained from the
26 office pursuant to this subsection shall be maintained as
27 confidential and exempt from the provisions of s. 119.07(1).

28 (7) Materials supplied to the office or to employees
29 of any financial institution by other governmental agencies,
30 federal or state, ~~or the Florida Credit Union Guaranty~~
31 ~~Corporation, Inc.,~~ shall remain the property of the submitting

1 agency or the corporation, and any document request must be
2 made to the appropriate agency. Any confidential documents
3 supplied to the office or to employees of any financial
4 institution by other governmental agencies, federal or state,
5 ~~or by the Florida Credit Union Guaranty Corporation, Inc.,~~
6 shall be confidential and exempt from the provisions of s.
7 119.07(1). Such information shall be made public only with
8 the consent of such agency or the corporation.

9 Section 5. Paragraph (b) of subsection (1) of section
10 655.411, Florida Statutes, is amended to read:

11 655.411 Conversion of charter.--

12 (1) Any financial entity may apply to the office for
13 permission to convert its charter without a change of business
14 form or convert its charter in order to do business as another
15 type of financial entity in accordance with the following
16 procedures:

17 (b) Following approval by the board of directors, the
18 conversion plan, together with a certified copy of the
19 authorizing resolution adopted by the board, must be submitted
20 to the office for approval before being submitted to the
21 members or stockholders of the financial entity. The
22 application for conversion must be in the form prescribed by
23 the commission, contain such additional information as the
24 commission or office reasonably requires, and be accompanied
25 by a filing fee in accordance with s. 657.066(3) ~~s. 657.066(4)~~
26 or s. 658.73. Additionally, the office is authorized to assess
27 any financial entity, applying to convert pursuant to this
28 section, a nonrefundable examination fee to cover the actual
29 costs of any examination required as a part of the application
30 process.

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1 Section 6. Section 655.4185, Florida Statutes, is
2 created to read:

3 655.4185 Emergency action.--

4 (1) Notwithstanding any other provision of the
5 financial institutions codes or of chapter 120, if the office
6 or the appropriate federal regulatory agency finds that
7 immediate action is necessary in order to prevent the probable
8 failure of one or more financial institutions, which in this
9 subsection may be referred to as a "failing financial entity,"
10 the office may, with the concurrence of the appropriate
11 federal regulatory agency in the case of any financial
12 institution the deposits of which are insured by the Federal
13 Deposit Insurance Corporation or the National Credit Union
14 Administration, issue an emergency order authorizing:

15 (a) The merger of any such failing financial entity
16 with an appropriate state financial entity;

17 (b) An appropriate state financial entity to acquire
18 assets and assume liabilities of any such failing financial
19 entity, including all rights, powers, and responsibilities as
20 fiduciary in an instance in which the failing financial
21 institution is actively engaged in the exercise of trust
22 powers;

23 (c) The conversion of any such failing financial
24 entity into a state financial entity; or

25 (d) The chartering of a new state financial entity to
26 acquire assets and assume liabilities of any such failing
27 financial entity and to assume rights, powers, and
28 responsibilities as fiduciary in a case in which such failing
29 financial entity is engaged in the exercise of trust powers.

30 (2) Any such finding by the office must be based upon
31 reports furnished to it by a state or federal financial

1 institution examiner or upon other evidence from which it is
2 reasonable to conclude that such financial institution is
3 insolvent or is threatened with imminent insolvency. The
4 office may disallow illegally obtained currency, monetary
5 instruments, funds, or other financial resources from the
6 capitalization requirements of the financial institution
7 codes. The stockholders of a failing bank, association, or
8 trust company that is acquired by another bank or trust
9 company under this section are entitled to the same procedural
10 rights and to compensation for the remaining value of their
11 shares as is provided for dissenters in s. 658.44, except that
12 they have no right to vote against the transaction. Any
13 transaction authorized by this section may be accomplished
14 through the organization of a successor institution.

15 Section 7. Section 657.002, Florida Statutes, is
16 amended to read:

17 657.002 Definitions.--As used in this chapter:

18 (1) "Capital" means shares, deposits, and equity.

19 ~~(2) "Central credit union" means a credit union the~~
20 ~~membership of which includes, but is not limited to, other~~
21 ~~credit unions, members of credit unions, credit union~~
22 ~~employees, employees of organizations serving credit unions,~~
23 ~~and the families of such members.~~

24 ~~(2)(3)~~ "Corporate credit union" means any ~~central~~
25 credit union organized pursuant to any state or federal act
26 for the purpose of serving other credit unions.

27 ~~(4) "The corporation" means the Florida Credit Union~~
28 ~~Guaranty Corporation, Inc.~~

29 ~~(3)(5)~~ "Correspondent" means that person designated on
30 an application to organize a credit union as the person to
31

1 | whom all correspondence regarding the application should be
2 | sent.

3 | ~~(4)(6)~~ "Credit union" means any cooperative society
4 | organized pursuant to this chapter.

5 | ~~(5)(7)~~ "Deposits" means that portion of the money
6 | placed ~~capital paid~~ into the credit union by members on which
7 | ~~a contractual rate of interest may will~~ be paid.

8 | ~~(6)(8)~~ "Equity" means undivided earnings, regular
9 | reserves, and other reserves ~~allowance for loan losses~~.

10 | ~~(7)(9)~~ "Foreign credit union" means a credit union
11 | organized and operating under the laws of another state.

12 | ~~(8)(10)~~ "Immediate family" means parents, children,
13 | spouse, or surviving spouse of the member, or any other
14 | relative by blood, marriage, or adoption.

15 | ~~(9)(11)~~ "Limited field of membership" means the
16 | defined group of persons designated as eligible for membership
17 | in the credit union who:

18 | (a) Have a similar profession, occupation, or formal
19 | association with an identifiable purpose; ~~or~~

20 | (b) Live or work ~~Reside~~ within an identifiable
21 | neighborhood, community, rural district, or county; ~~or~~

22 | (c) Are employed by a common employer; or

23 | (d) Are employed by the credit union; and

24 |
25 | members of the immediate family of persons within such group.

26 | ~~(10)(12)~~ "Shares" means ~~that portion of the~~ money
27 | placed ~~capital paid~~ into the credit union by members on which
28 | dividends may be paid.

29 | ~~(13)~~ ~~"Unimpaired capital" means capital which is not~~
30 | ~~impaired by losses that exceed applicable reserves.~~

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1 Section 8. Section 657.005, Florida Statutes, is
2 amended to read:

3 657.005 ~~Notice of intent to organize; investigation;~~
4 Application for authority to organize a credit union;
5 investigation.--

6 (1) The proposed organizers of the proposed credit
7 union shall file with the office an application ~~a notice of~~
8 ~~intent to organize~~, upon such form as the commission may, by
9 rule, prescribe.

10 (2) Any five or more residents of this state who
11 represent a limited field of membership may apply to the
12 office for permission to organize a credit union. The fact
13 that individuals within the proposed limited field of
14 membership have credit union services available to them
15 through another limited field of membership shall not preclude
16 the granting of a certificate of authorization to engage in
17 the business of a credit union.

18 (3) The application shall be submitted to the office
19 on forms and in the manner prescribed by rules adopted by the
20 commission and shall be accompanied by a nonrefundable filing
21 fee of \$250. Such application shall include:

22 (a) The proposed name and the proposed location where
23 the proposed credit union is to have its principal place of
24 business and where legal service must be served.

25 (b) Designation of the par value of each share of the
26 credit union.

27 (c) Designation of at least five persons who agree to
28 serve on the board of directors, and at least three other
29 persons who agree to serve on the supervisory committee or
30 audit committee, with a signed agreement to serve in these
31 capacities until the first annual meeting or until the

1 | election of their successors, whichever is later, executed by
2 | those who so agree.

3 | (d) Any information required by the commission or
4 | office to be submitted to the National Credit Union
5 | Administration ~~corporation or insuring agency~~.

6 | (e) Bylaws of the credit union, which bylaws shall be
7 | in the form and substance as required by the commission.

8 | (4) The office shall have the power of investigation
9 | to the extent necessary to make the finding required under
10 | this section.

11 | (5) The application shall be approved if the office
12 | determines that:

13 | (a) There is a showing of sufficient interest on the
14 | part of the proposed limited field of membership;

15 | (b) The qualifications of the proposed board of
16 | directors and committee members are such as to indicate a
17 | reasonable likelihood that the affairs of the proposed credit
18 | union will be administered consistently with applicable laws
19 | and sound financial and credit union practices;

20 | (c) The organization of the credit union would benefit
21 | its members; and

22 | (d) The limited field of membership is of sufficient
23 | financial viability to indicate reasonable promise of
24 | successful operation of the proposed credit union. In
25 | determining the financial viability of the proposed limited
26 | field of membership and chances for reasonable promise of
27 | success of the proposed credit union, the office shall
28 | consider:

29 | 1. The size of the proposed limited field of
30 | membership, excluding potential members based upon familial
31 | relationships; and

1 2. Any other evidence that tends to indicate the
2 reasonable promise of success of the proposed credit union.

3 (6) If the organization of a proposed credit union
4 would result in an overlapping limited field of membership,
5 the office may disapprove the application if it finds that the
6 formation of the proposed credit union will result in a
7 substantial, adverse financial impact to an existing credit
8 union having the same or substantially the same limited field
9 of membership.

10 (7) Concurrently with submission of the application to
11 the office, the applicant shall apply for insurance of
12 accounts with the National Credit Union Administration.

13 (8) The applicant shall not accept any payments for
14 credit to share or deposit accounts, or commence business
15 operations as a credit union, until the certificate of
16 authorization and the insurance certificate have been
17 delivered to the credit union.

18 (9) The office shall perform a preopening examination
19 to verify good faith compliance with all the requirements of
20 law. If the office finds that such requirements have been
21 met, it shall issue and deliver the certificate of
22 authorization to transact business. Any credit union which
23 fails to open for business within 6 months after the issuance
24 of such certificate will forfeit its existence as a credit
25 union, and the certificate of authorization shall be revoked.
26 For good cause shown, the office may extend the opening date
27 for an additional 6 months on its own motion or at the request
28 of the credit union. ~~Amounts credited on share accounts, less~~
29 ~~expenditures authorized by law, shall be returned pro rata to~~
30 ~~the respective account holders.~~

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1 (10) All preopening costs and expenses in connection
2 with the organization of the credit union and preparation for
3 opening for business may be paid only from funds provided by
4 the organizers or a sponsor ~~and may be reimbursed by the~~
5 ~~credit union only out of undivided earnings, after provision~~
6 ~~has been made for reserves and dividends.~~ However, the credit
7 union may record ~~reimburse~~, as an operating expense, costs for
8 forms, ~~and~~ supplies, insurance, rent, and other expenses
9 applicable to or consumed in the period after opening in
10 accordance with rules adopted by the commission.

11 (11) The commission shall adopt and the office shall
12 provide a form certificate of authorization and bylaws
13 consistent with this chapter which shall be used by applicants
14 for credit unions.

15 Section 9. Subsection (1) of section 657.0061, Florida
16 Statutes, is amended to read:

17 657.0061 Amendments to bylaws.--

18 (1) All bylaw amendments must be submitted to the
19 office. The office shall approve or disapprove bylaw
20 amendments within 60 days after receipt. The office shall
21 approve the proposed bylaw amendment unless it finds that the
22 amendment:

23 (a) Is not in the best interest of the membership;

24 (b) Is not in accord with sound credit union
25 practices; ~~or~~

26 (c) Exposes the assets of the credit union to
27 unnecessary risks; or-

28 (d) Is not in compliance with applicable statutes or
29 rules.

30 Section 10. Subsections (1), (2), (5), (6), and (7) of
31 section 657.008, Florida Statutes, are amended to read:

1 657.008 Place of doing business.--

2 (1) Every credit union authorized to transact business
3 pursuant to the laws of this state shall have one principal
4 place of doing business as designated in its bylaws and where
5 legal process may be served. A credit union may change its
6 place of business through an amendment to its bylaws.

7 (2)(a) With 30 days' prior written notification to the
8 office or within such other time as is approved by the office,
9 a credit union operating in a safe and sound manner may
10 maintain branches at locations other than its main office or
11 relocate branches previously established if the maintenance of
12 such branches is determined by the board of directors to be
13 reasonably necessary to furnish service to its members.

14 ~~(b) Investments in such branch offices shall comply~~
15 ~~with the limitations imposed by s. 657.042(5).~~

16 (b)(e) If any branch is located outside this state,
17 the cost of examining such branch shall be borne by the credit
18 union. Such cost shall include, but shall not be limited to,
19 examiner travel expense and per diem.

20 ~~(5) A credit union may change its principal place of~~
21 ~~business within this state upon approval by the office.~~

22 (5)(6)(a) The office may authorize foreign credit
23 unions to establish branches in Florida if all of the
24 following criteria are met:

25 1. The state in which the foreign credit union's home
26 office is located permits Florida credit unions to do business
27 in the state under restrictions that are no greater than those
28 placed upon a domestic credit union doing business in that
29 state. For this purpose, such restrictions shall include, but
30 are not limited to, any fees, bonds, or other charges levied
31 on domestic credit unions doing business in that state.

1 2. The deposits of such foreign credit union and its
2 proposed Florida branch shall have insurance of accounts with
3 the National Credit Union Administration ~~will be insured or~~
4 ~~guaranteed by an insurer or guarantor acceptable to the~~
5 office. ~~Insurance or guarantee of accounts comparable to that~~
6 ~~provided by the Florida Credit Union Guaranty Corporation is~~
7 ~~deemed to be acceptable; however, acceptance of insurance or~~
8 ~~guarantee of accounts by any insuring or guaranteeing agencies~~
9 ~~or companies shall be subject to a determination by the office~~
10 ~~that the insuring or guaranteeing agency or company is in~~
11 ~~sound financial condition and that its reserves with respect~~
12 ~~to its insured or guaranteed accounts are no less than those~~
13 ~~of the Florida Credit Union Guaranty Corporation.~~

14 3. The credit union's field of membership is so
15 limited as to be within that meaning of that term as defined
16 in s. 657.002.

17 (b) Every foreign credit union operating in Florida
18 shall keep the office informed of every location at which it
19 is operating.

20 (c) If the office has reason to believe that a foreign
21 credit union is operating a branch in this state in an unsafe
22 and unsound manner, it shall have the right to examine such
23 branch. If, upon examination, the office finds that such
24 branch is operating in an unsafe and unsound manner, it shall
25 require the branch office to make appropriate modifications to
26 bring such branch operations into compliance with generally
27 accepted credit union operation in this state. Such foreign
28 credit union shall reimburse the office for the full cost of
29 this examination. Costs shall include examiner salaries, per
30 diem, and travel expenses.

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1 (d) Any foreign credit union operating in this state
2 shall in any connection therewith be subject to suit in the
3 courts of this state, by this state and the citizens of this
4 state.

5 ~~(6)(7)~~ A credit union may provide, directly or through
6 a contract with another company, off-premises armored car
7 services to its members. Armored car services do not
8 constitute a branch for the purposes of this section.

9 Section 11. Section 657.021, Florida Statutes, is
10 amended to read:

11 657.021 Board of directors; executive committee.--

12 (1) The credit union shall have a board of directors
13 consisting of at least five directors to be elected from the
14 members in the manner and for such terms as prescribed in the
15 bylaws.

16 ~~(2) Directors shall hold office for such terms as the~~
17 ~~bylaws provide.~~

18 ~~(2)(3)~~ Each director, upon assuming office, shall
19 acknowledge that he or she is familiar with his or her
20 responsibilities as a director and that he or she will
21 diligently and honestly administer the affairs of such credit
22 union and will not knowingly violate, or willfully permit to
23 be violated, any of the provisions of the financial
24 institutions codes or pertinent rules of the commission. The
25 signed copy of such oath shall be filed with the office within
26 30 days after election.

27 ~~(3)(4)~~ The board of directors shall fill any vacancies
28 on the board by appointment until successors are elected as
29 provided in the bylaws.

30 ~~(4)(5)~~ The board of directors and the executive
31 committee shall meet as often as required in the bylaws.

1 ~~(5)(6)~~ The board of directors must ensure that
2 ~~determine~~ the general direction of the business affairs,
3 ~~manage the funds, and maintain the records~~ of the credit union
4 is managed in a manner that is consistent with safe and sound
5 credit union practices.

6 ~~(6)(7)~~ The board of directors shall ~~must exercise the~~
7 ~~following duties which are nondelegable:~~

8 (a) Obtain and maintain officer and director liability
9 insurance and blanket bond coverage under such terms, amounts,
10 and limitations as are established by rules adopted by the
11 commission. ~~Require any officer or employee who has custody of~~
12 ~~or handles funds to give bond with good and sufficient surety~~
13 ~~in an amount and character determined by the board of~~
14 ~~directors in compliance with rules adopted by the commission.~~

15 ~~(b)~~ ~~Establish the maximum amount of credit which may~~
16 ~~be extended to a member and establish written credit policies,~~
17 ~~including, without limitation, security requirements and terms~~
18 ~~of repayment.~~

19 ~~(b)(c)~~ Establish written policies governing all areas
20 of operations loans, investments, equity, personnel,
21 ~~collections, the conduct of officers, employees, and committee~~
22 ~~members, and continuing education for directors and committee~~
23 ~~members and other policies~~ necessary for prudent credit union
24 practices in accordance with the rules of the commission.

25 ~~(c)(d)~~ Declare any dividends on shares.

26 ~~(d)(e)~~ Adequately provide for reserves as required by
27 this chapter or by rules or order of the commission or office
28 or as otherwise determined necessary by the board.

29 ~~(e)(f)~~ Employ a chief executive officer, ~~whose title~~
30 ~~may be either president or general manager,~~ or, in lieu
31 thereof, designate any board member ~~the treasurer~~ to act as

1 the chief executive officer and to be in active charge of the
2 affairs of the credit union.

3 ~~(8) The board of directors must exercise the following~~
4 ~~duties, which may be delegated within specific guidelines and~~
5 ~~policies established by board resolutions:~~

6 (f)(a) Act on applications for membership, or appoint
7 one or more membership officers to approve or deny
8 applications for membership, under such conditions as are
9 determined by policy of the board of directors ~~may be~~
10 ~~prescribed in the bylaws. A record of a membership officer's~~
11 ~~approval or denial of membership must be made available to the~~
12 ~~board for inspection.~~ A person denied membership by a
13 membership officer may appeal the denial to the board.

14 (g)(b) Determine, from time to time, the interest rate
15 or rates which are charged on extensions of credit ~~and~~
16 ~~authorize any interest refunds to members from income earned~~
17 ~~and received in proportion to the interest paid by them on~~
18 ~~such classes of credit and~~ under such conditions as the board
19 prescribes.

20 (h)(c) Determine the interest rates which will be paid
21 on deposits and the manner of calculating those rates under
22 such conditions as the board prescribes.

23 (i)(d) Invest funds, except that the board may
24 designate an investment committee or any qualified individual
25 to make investments pursuant to written policies established
26 by the board.

27 (j) Designate a depository or depositories for the
28 funds of the credit union under such conditions as the board
29 prescribes.

30
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1 This subsection does not prohibit the board from delegating,
2 within specific guidelines and policies established by board
3 resolutions, those functions delineated in paragraphs (f),
4 (g), (h), (i), and (j).

5 ~~(7)(9)~~ The board of directors has authority, which may
6 not be delegated, to:

7 (a) Limit the number of shares and the amount of
8 deposits which may be owned by a member, which limitation must
9 apply to all members.

10 ~~(b) Designate a depository or depositories for the~~
11 ~~funds of the credit union.~~

12 ~~(b)(e)~~ Suspend and remove any member of any of its
13 committees for failure to perform his or her duties or for
14 other just cause.

15 ~~(c)(d)~~ Establish any committee determined to be
16 necessary and appoint its membership.

17 ~~(d)(e)~~ Call special meetings of the members.

18 ~~(10) The board of directors has authority, which may~~
19 ~~be delegated within specific guidelines and policies~~
20 ~~established by board resolutions, to:~~

21 ~~(a) Authorize the employment of persons necessary to~~
22 ~~carry on the business of the credit union.~~

23 ~~(b) Authorize the purchase, lease, rental, or sale of~~
24 ~~personal property necessary to carry on the business of the~~
25 ~~credit union.~~

26 ~~(c) Borrow or lend money to carry on the functions of~~
27 ~~the credit union.~~

28 ~~(8)(11)~~ The board of directors may appoint an
29 executive committee that ~~which~~ may be authorized to act for
30 the board in all respects, subject to such conditions and
31 limitations as are prescribed by the board in writing. The

1 executive committee shall be composed of the executive
2 officers as defined in s. 657.022.

3 Section 12. Subsection (1) of section 657.022, Florida
4 Statutes, is amended to read:

5 657.022 Executive officers.--

6 (1) At the organizational meeting and within 31 7 days
7 following each annual meeting of the members, the directors
8 shall hold the annual meeting of the board of directors and
9 elect from their own number a presiding officer, who may be
10 designated as chair of the board or president; one or more
11 vice chairs or one or more vice presidents, as the case may
12 be; a treasurer; and a secretary. The treasurer and the
13 secretary may be the same individual. The persons so elected
14 shall be the executive officers of the organization.

15 Section 13. Subsection (3) of section 657.023, Florida
16 Statutes, is amended to read:

17 657.023 Membership.--

18 (3) A credit union may ~~not restrict any member's~~
19 ~~rights, except that the credit union may~~ close the account and
20 terminate the membership of any member whose actions have
21 resulted in any financial loss to the credit union or for good
22 cause.

23 Section 14. Subsection (2) of section 657.024, Florida
24 Statutes, is amended to read:

25 657.024 Membership meetings.--

26 (2) Each member shall have one vote. ~~Mail~~ Ballots may
27 be distributed in advance to the entire membership as
28 prescribed in the bylaws. No person shall exercise the vote
29 of any other member.

30 Section 15. Subsections (3) and (4) of section
31 657.026, Florida Statutes, are amended to read:

1 | 657.026 Supervisory or audit committee.--

2 | (3) The supervisory or audit committee shall:

3 | (a) Make or cause to be made a comprehensive annual
4 | audit of the credit union, in accordance with the rules of the
5 | commission.

6 | (b) Make or cause to be made such supplementary audits
7 | or examinations as it deems necessary or as are requested by
8 | the board of directors or the office.

9 | (c) Submit a report of every required audit or
10 | examination within a reasonable time to the board of directors
11 | with a copy to the office and, ~~depending upon which~~
12 | ~~organization is applicable, a copy to the corporation or the~~
13 | National Credit Union Administration.

14 | (d) Make a summary report, to the membership at the
15 | annual meeting, of any audits or examinations conducted during
16 | the preceding year.

17 | (4) The supervisory or audit committee shall notify
18 | the board of directors, the office, and, ~~as applicable, either~~
19 | ~~the corporation or~~ the National Credit Union Administration of
20 | any violation of this chapter, any violation of the
21 | certificate of authorization or bylaws of the credit union, or
22 | any practice of the credit union deemed by the supervisory or
23 | audit committee to materially affect, or which may potentially
24 | materially affect, the safety and soundness of the credit
25 | union ~~be unsafe, unsound, or unauthorized.~~

26 |
27 | For the purposes of this subsection, two-thirds of the members
28 | of the supervisory or audit committee constitutes a quorum.

29 | Section 16. Subsection (2) of section 657.027, Florida
30 | Statutes, is amended to read:

31 | 657.027 Credit committee and credit manager.--

1 (2) In lieu of a credit committee, the board of
2 directors may provide for a credit manager to approve or
3 disapprove credit under written conditions prescribed by the
4 board and as provided in the bylaws. The board of directors
5 may designate and empower the chief executive officer as the
6 credit manager, or may authorize the chief executive officer
7 to employ a credit manager, ~~as provided in the bylaws~~. In the
8 event a credit manager is designated or employed, the
9 procedures prescribed in subsection (1) do not apply, and no
10 credit shall be extended unless approved by the credit
11 manager; except that the credit manager may appoint one or
12 more loan officers with the power to approve or disapprove
13 credit, subject to such limitations or conditions as
14 prescribed by the chief executive officer.

15 Section 17. Subsections (2) and (3) of section
16 657.028, Florida Statutes, are amended to read:

17 657.028 Activities of directors, officers, committee
18 members, employees, and agents.--

19 (2) An elected officer or director or any committee
20 member, other than ~~the treasurer or~~ the chief executive
21 officer ~~serving in the capacity of treasurer~~, may not be
22 compensated for her or his service as such.

23 (3) A person may not serve as an officer, director, or
24 committee member of a credit union if she or he:

25 (a) Has been convicted of a felony or of an offense
26 involving dishonesty, a breach of trust, a violation of this
27 chapter, or fraud, except with the prior approval of the
28 office ~~upon a showing of rehabilitation~~;

29 (b) Has been adjudicated bankrupt within the previous
30 7 years;

31

1 (c) Has been removed by any regulatory agency as a
2 director, officer, committee member, or employee of any
3 financial institution, except with the prior approval of the
4 office ~~upon a showing of rehabilitation and upon showing of~~
5 ~~ability to be bondable;~~

6 (d) Has performed acts of fraud or dishonesty, or has
7 failed to perform duties, resulting in a loss which was
8 subject to a paid claim under a fidelity bond, except with the
9 prior approval of the office ~~upon a showing of rehabilitation~~
10 ~~and upon showing of ability to be bondable; or~~

11 (e) Has been found guilty of a violation of s. 655.50,
12 relating to the Florida Control of Money Laundering in
13 Financial Institutions Act; chapter 896, relating to offenses
14 related to financial transactions; or any similar state or
15 federal law.

16 Section 18. Section 657.031, Florida Statutes, is
17 amended to read:

18 657.031 Powers.--

19 (1) When not in direct conflict with or superseded by
20 specific provisions of the financial institutions codes, the
21 general powers authorized to corporations in s. 607.0302
22 extend to credit unions formed under this chapter. This
23 section shall be liberally construed to accomplish the
24 purposes stated herein. ~~Make contracts.~~

25 (2) Except as provided in s. 607.0304 or specific
26 provisions of the financial institutions codes, the validity
27 of a credit union's action, including, but not limited to, any
28 conveyance, transfer, or encumbrance of real or personal
29 property to or by a credit union, may not be challenged on the
30 ground that the credit union lacks or lacked power to act. Sue
31 ~~and be sued.~~

1 (3) A credit union formed under this chapter shall
2 operate as a financial institution, consistent with the
3 provisions of chapter 655 and this chapter, and may exercise
4 such incidental powers as are necessary or required to
5 effectively carry out the purposes for which the credit union
6 was organized, provided the exercise of powers is approved by
7 rule or order of the commission or office. ~~Acquire, lease,~~
8 ~~hold, and dispose of real and personal property necessary or~~
9 ~~incidental to its operations.~~

10 ~~(4) Incur and pay necessary and incidental operating~~
11 ~~expenses.~~

12 ~~(5) Require an entrance or membership fee.~~

13 ~~(6) Receive shares and deposits from its members and~~
14 ~~other credit unions; however, no credit union shall receive~~
15 ~~shares or deposits from persons, other than credit unions, who~~
16 ~~are not members of the credit union, except to a joint account~~
17 ~~in which at least one of the tenants is a member of the credit~~
18 ~~union.~~

19 ~~(7) Allow withdrawal of shares and deposits, as~~
20 ~~requested by a member orally, in writing, or through any other~~
21 ~~means of communication, including, but not limited to, drafts~~
22 ~~drawn on the credit union for payment to the member or any~~
23 ~~third party.~~

24 ~~(8) Charge fees for its services.~~

25 ~~(9) Extend credit to its members.~~

26 ~~(10) Borrow money and issue evidences of indebtedness~~
27 ~~for a loan or loans in the usual course of its business and~~
28 ~~secure such obligations by mortgage or pledge of any of its~~
29 ~~assets. Aggregate borrowings shall not exceed 50 percent of~~
30 ~~the unimpaired capital of the credit union. However, this~~
31

1 ~~percentage limitation shall not apply to loans from the~~
2 ~~corporation or from the National Credit Union Administration.~~
3 ~~(11) Discount and sell notes and obligations.~~
4 ~~(12) Sell all or any portion of its assets to another~~
5 ~~credit union or purchase all or any portion of the assets of~~
6 ~~another credit union.~~
7 ~~(13) Invest funds, as provided in this chapter.~~
8 ~~(14) Maintain deposits in insured financial depository~~
9 ~~institutions.~~
10 ~~(15) Assess charges to its members.~~
11 ~~(16) Hold membership in central credit unions or~~
12 ~~corporate credit unions organized under this chapter or under~~
13 ~~any other state or federal acts and membership in associations~~
14 ~~and organizations of credit unions.~~
15 ~~(17) Declare and pay dividends on shares, contract for~~
16 ~~and pay interest on deposits, and pay refunds of interest on~~
17 ~~loans.~~
18 ~~(18) Collect, receive, and disburse funds in~~
19 ~~connection with the sale of negotiable and nonnegotiable~~
20 ~~instruments and for such other purposes as may provide~~
21 ~~benefits or conveniences to its members.~~
22 ~~(19) Perform tasks and render any services requested~~
23 ~~by the Federal Government or by this state or any agency,~~
24 ~~political subdivision, or municipality thereof, if approved by~~
25 ~~the office.~~
26 ~~(20) Participate in, hold membership in, and pay dues~~
27 ~~to any organization the services of which will benefit the~~
28 ~~credit union or its membership.~~
29 ~~(21) Make donations for the members' welfare or for~~
30 ~~civic, charitable, scientific, or educational purposes as~~
31 ~~authorized by the board of directors.~~

1 ~~(22) Contract for the provision of trust services to~~
2 ~~its members with a trust company or other financial depository~~
3 ~~institution with trust powers authorized to do business in~~
4 ~~this state, with representatives of the trust company or other~~
5 ~~financial depository institution with trust powers being~~
6 ~~authorized to serve members from credit union facilities on a~~
7 ~~full time or part time basis.~~

8 ~~(23) Act as trustee of funds permitted by federal law~~
9 ~~to be deposited in a credit union as a deferred compensation~~
10 ~~or tax deferral device, including, but not limited to,~~
11 ~~Individual Retirement Accounts as defined by the Internal~~
12 ~~Revenue Code.~~

13 ~~(24) Purchase reasonable disability insurance,~~
14 ~~including accidental death benefits, for directors and~~
15 ~~committee members through insurance companies licensed to do~~
16 ~~business in this state.~~

17 ~~(25) Reimburse directors and committee members for~~
18 ~~reasonable and necessary expenses incurred in the performance~~
19 ~~of their duties.~~

20 ~~(26) Participate in systems which allow the transfer,~~
21 ~~withdrawal, or deposit of funds of credit unions or credit~~
22 ~~union members by automated or electronic means and hold~~
23 ~~membership in entities established to promote and effectuate~~
24 ~~these systems, provided such participation is not inconsistent~~
25 ~~with those rules of the commission adopted to further service~~
26 ~~to the members and to protect members' funds against~~
27 ~~unreasonable risks.~~

28 ~~(27) Issue credit cards and debit cards to allow~~
29 ~~members to obtain access to their shares, deposits, and~~
30 ~~extensions of credit, provided such issuance is not~~
31 ~~inconsistent with the rules of the commission. The commission~~

1 ~~may, by rule, allow the use of devices similar to credit cards~~
2 ~~and debit cards to allow members to obtain access to their~~
3 ~~shares, deposits, and extensions of credit.~~

4 ~~(28) Perform any act necessary to obtain and maintain~~
5 ~~membership in the corporation or obtain and maintain insurance~~
6 ~~of accounts through the National Credit Union Administration.~~

7 ~~(29) Exercise such incidental powers as are necessary~~
8 ~~or requisite to effectively carry out the purposes for which~~
9 ~~it is organized, provided such exercise is approved by rule or~~
10 ~~order of the commission or office.~~

11 Section 19. Subsections (5) and (6) of section
12 657.033, Florida Statutes, are amended, and subsections (7),
13 (8), and (9) are added to that section, to read:

14 657.033 Accounts.--

15 (5) When there has not been any activity generated by
16 the member on the account for 12 ~~24~~ months, such account shall
17 be considered a dormant account and shall be placed under an
18 accounting control system.

19 (6) If the owner of a dormant account, a person named
20 on the account, or the beneficiary of the account has not had
21 any activity with a credit union for 5 ~~7~~ years and the
22 whereabouts of those interested parties are unknown to the
23 credit union, that account is unclaimed or abandoned property
24 and shall be maintained pursuant to chapter 717.

25 (7) A credit union may receive shares and deposits
26 from its members and other credit unions; however, a credit
27 union may not receive shares or deposits from persons, other
28 than credit unions, who are not members of the credit union,
29 except to a joint account in which at least one of the tenants
30 is a member of the credit union.

31

1 (8) A credit union may participate in systems that
2 allow the transfer, withdrawal, or deposit of funds of credit
3 unions or credit union members by automated or electronic
4 means and hold membership in entities established to promote
5 and effectuate these systems, if such participation is not
6 inconsistent with those rules of the commission adopted to
7 further service to the members and to protect members' funds
8 against unreasonable risks.

9 (9) A credit union shall obtain and maintain insurance
10 of accounts through the National Credit Union Administration.

11 Section 20. Section 657.038, Florida Statutes, is
12 amended to read:

13 657.038 Loan powers.--

14 (1) A credit union may extend credit to members for
15 such purpose and upon such security and terms as the credit
16 committee, credit manager, or loan officer approves, pursuant
17 to written loan policies established by the board of
18 directors, or as may otherwise be provided by law.

19 (2) For credit unions that have been opened for 5
20 years or more, the total unsecured obligations outstanding
21 from any member must not exceed the greater of \$500 or 15
22 percent of the equity of the credit union. However,

23 ~~(3)~~ the total obligations outstanding from any member
24 must not exceed the greater of \$1,000 or 25 percent of the
25 equity of the credit union. The limitations provided in this
26 subsection do not apply to loans ~~that~~ which are fully secured
27 by assignment of shares or deposits in the lending credit
28 union.

29 (3) For credit unions that have been opened for less
30 than 5 years, the limitation on total obligations outstanding
31 to any member is 10 percent of the credit union's capital. The

1 limitations provided in this subsection do not apply to loans
2 that are fully secured by assignment of shares or deposits in
3 the lending credit union.

4 ~~(4) A member may receive credit in installments or in~~
5 ~~one sum and may pay the whole or any part of his or her~~
6 ~~indebtedness on any day on which the office of the credit~~
7 ~~union is open for business.~~

8 ~~(4)(5)~~ The credit committee or credit manager may
9 approve in advance, upon request of a member, a line of
10 credit, and disbursements may be granted to such member within
11 the limit of such line of credit. When a line of credit has
12 been approved, no additional credit applications are required
13 as long as the aggregate obligation does not exceed the limit
14 of such line of credit; however, no additional disbursements
15 may be made to any member whose existing extensions of credit
16 are in default or are subject to adverse classification
17 without receiving current financial information.

18 ~~(5)(6)~~ Loans secured by mortgages on real property
19 must be made in accordance with written policies of the board
20 of directors and rules of the commission.

21 ~~(6)(7)~~ As used in this section, the term "related
22 interest" means a person's interest in a partnership as a
23 general partner, and any limited partnership, corporation, or
24 other business organization controlled by that person. A
25 limited partnership, corporation, or other business
26 organization is controlled by a person who:

27 (a) Owns, controls, or has the power to vote 25
28 percent or more of any class of voting securities of any such
29 business organization;

30 (b) Controls in any manner the election of a majority
31 of the directors of any such business organization; or

1 (c) Has the power to exercise a controlling influence
2 over the management or policies of such business organization.

3 ~~(7)(8)~~ In computing the total liabilities of any
4 person, all loans endorsed or guaranteed as to repayment by
5 such person and by any related interest of such person must be
6 included.

7 ~~(8)(9)~~ A loan may ~~not~~ be made to any corporation,
8 ~~except to the Florida Credit Union Guaranty Corporation, Inc.,~~
9 ~~or a corporation~~ in which the credit union holds an equity
10 interest.

11 ~~(9)(10)~~ The loan limitations stated in this section
12 shall not be enlarged by the provision of any other section of
13 this chapter.

14 ~~(10)(11)~~ Any approval of extension of credit requiring
15 approval of the board of directors shall be recorded in the
16 minutes of the board, including the borrower's account number
17 or other code, the amount of the loan, the maturity of the
18 loan, and the general type of security.

19 ~~(11)(12)~~ The commission may adopt rules to provide for
20 minimum documentation and safe lending procedures necessary to
21 protect the members' funds.

22 ~~(12)(13)~~ A credit union may participate in extensions
23 of credit ~~to its members~~ jointly with other credit unions,
24 corporations, or financial institutions.

25 ~~(13)(14)~~ A credit union may participate in guaranteed
26 loan programs of the federal and state governments, provided
27 the borrower is a member of the credit union.

28 ~~(14)(15)~~ If approved by the board of directors, a
29 credit union may extend credit to other credit unions, ~~or to~~
30 ~~the corporation,~~ in an amount not greater than 25 percent of
31 the ~~unimpaired~~ capital of the lending credit union.

1 ~~(15)(16)~~ A credit union may purchase the conditional
2 sales contracts, notes, and similar instruments of its
3 members, provided that the credit union could have originally
4 made the loan ~~to the member~~.

5 (16) A credit union may issue credit cards and debit
6 cards to allow members to obtain access to their shares,
7 deposits, and extensions of credit, if such issuance is not
8 inconsistent with the rules of the commission. The commission
9 may, by rule, allow the use of devices similar to credit cards
10 and debit cards to allow members to obtain access to their
11 shares, deposits, and extensions of credit.

12 Section 21. Section 657.039, Florida Statutes, is
13 amended to read:

14 657.039 Loan powers; extension of credit to directors,
15 ~~officers, committee members,~~ and certain others ~~employees~~--

16 (1) A credit union may extend credit to its executive
17 officers, directors, credit manager, members of its
18 supervisory, audit, and credit committees, ~~and any other~~
19 ~~person authorized to approve extensions of credit,~~ provided:

20 (a) The extension of credit complies with all
21 requirements under this chapter with respect to credit
22 extended to other borrowers and is not on terms more favorable
23 than those extended to other borrowers.

24 (b) The loan or aggregate of loans to any person or
25 any related interest of any person covered by this section
26 which exceeds ~~\$20,000~~\$5,000, except for share-secured or
27 deposit-secured credit, is approved in advance by the board of
28 directors with any interested person abstaining from voting.

29 (c) Approved lines of credit, such as open-end loans,
30 may be funded without further approval by the board, but all
31 extensions of credit over ~~\$20,000~~\$5,000 to such persons must

1 be reviewed at least annually by the board of directors.

2 Closed-end loans which have been fully funded do not require
3 annual review.

4 (2) As used in this section, the term "related
5 interest" means a person's interest in a partnership as a
6 general partner, and any limited partnership, corporation, or
7 other business organization controlled by that person. A
8 limited partnership, corporation, or other business
9 organization is controlled by a person who:

10 (a) Owns, controls, or has the power to vote 25
11 percent or more of any class of its voting securities;

12 (b) Controls in any manner the election of a majority
13 of its directors; or

14 (c) Has the power to exercise a controlling influence
15 over its management or policies.

16 (3) In computing the total liabilities of any person,
17 all loans endorsed or guaranteed as to repayment by such
18 person and by any related interest of such person must be
19 included.

20 (4) The limitations stated in this section shall not
21 be enlarged by the provision of any other section of this
22 chapter.

23 Section 22. Paragraph (i) of subsection (1),
24 subsection (4), and paragraph (b) of subsection (5) of section
25 657.042, Florida Statutes, are amended to read:

26 657.042 Investment powers and limitations.--A credit
27 union may invest its funds subject to the following
28 definitions, restrictions, and limitations:

29 (1) INVESTMENTS NOT SUBJECT TO LIMITATIONS.--There is
30 no limitation with respect to the capital of the investing
31 credit union on the following investments:

1 (i) Stock of the Federal National Mortgage
2 Association, Federal Home Loan Bank, or any other similar
3 entity designated by the office, designed to promote
4 investment in residential mortgages, which may be purchased
5 and retained as required in connection with mortgage
6 transactions with the association or entity.

7 (4) INVESTMENT SUBJECT TO LIMITATION OF ONE PERCENT OF
8 CAPITAL OF THE CREDIT UNION.--Up to 1 percent of the capital
9 of the credit union ~~or \$15,000, whichever is greater,~~ may be
10 invested in any of the following:

11 (a) Corporate obligations of any one corporation which
12 is an affiliate or subsidiary of the credit union or a service
13 corporation, except that the total investment in all such
14 corporate obligations shall not exceed 10 percent of the
15 capital of the credit union.

16 (b) Any capital participation instrument or evidence
17 of indebtedness issued by the Florida Black Business
18 Investment Board pursuant to the Florida Small and Minority
19 Business Assistance Act of 1985.

20 (5) INVESTMENTS IN REAL ESTATE AND EQUIPMENT FOR THE
21 CREDIT UNION.--

22 (b) The limitations provided by this subsection may be
23 exceeded with the prior written approval of the office. The
24 office shall grant such approval if it is satisfied that:

25 1. The proposed investment is necessary.

26 2. The amount thereof is commensurate with the size
27 and needs of the credit union.

28 3. The investment will be beneficial to the members.

29 4. A reasonable plan is developed to reduce the
30 investment to statutory limits.

31

1 Section 23. Section 657.043, Florida Statutes, is
2 amended to read:

3 657.043 Reserves.--

4 (1) ALLOWANCE FOR LOAN LOSSES ACCOUNT.--The credit
5 union shall maintain an account for loan and lease losses. The
6 amount in the account should be consistent with applicable
7 United States generally accepted accounting principles and
8 industry guidance provided by regulatory agencies or as
9 required by the office. The account must be provided for
10 before paying a dividend. TRANSFERS TO REGULAR

11 RESERVE. Immediately before paying each dividend, the total
12 of all income for the period shall be determined. From this
13 amount, there shall be set aside sums as a regular reserve in
14 accordance with the following schedule:

15 (a) ~~A credit union shall set aside:~~

16 1. ~~Five percent of the total of all income for the~~
17 ~~period, until the regular reserve equals 6 percent of the risk~~
18 ~~assets, then,~~

19 2. ~~Two percent of the total of all income for the~~
20 ~~period, until the regular reserve equals 8 percent of the risk~~
21 ~~assets.~~

22 (b) ~~Whenever the ratio of regular reserves to risk~~
23 ~~assets falls below the stated percent, it shall be replenished~~
24 ~~by regular contributions as provided in paragraph (a).~~

25 (c) ~~The office may decrease the reserve requirements~~
26 ~~set forth in this subsection when in its opinion such a~~
27 ~~decrease is necessary to preserve the fiscal soundness of the~~
28 ~~credit union.~~

29 (2) ~~ALLOWANCE FOR LOAN LOSSES ACCOUNT. The credit~~
30 ~~union shall maintain an account for loan losses. The amount~~
31 ~~in the account must equal the board's estimate of losses in~~

1 ~~the loan portfolio and be consistent with the rules of the~~
2 ~~commission. The account must be provided for, before paying a~~
3 ~~dividend, in the manner provided by rule. This account~~
4 ~~constitutes part of the regular reserve for the purpose of~~
5 ~~determining the ratio of regular reserves to risk assets.~~

6 (2)(3) REGULAR RESERVE.--The regular reserve shall
7 belong to the credit union and shall be used to meet losses.
8 ~~In the event of a decrease, the office may require additional~~
9 ~~transfers to the regular reserve above the amount required by~~
10 ~~subsection (1) until the decrease has been restored. The~~
11 regular reserve may not be decreased without the prior written
12 approval of the office or as provided by rule of the
13 commission.

14 ~~(4) RISK ASSETS DEFINED. The following assets shall~~
15 ~~be considered risk assets:~~

16 ~~(a) All loans, except:~~

17 ~~1. Loans fully secured by a pledge of shares or~~
18 ~~deposits in the lending credit union, equal to and maintained~~
19 ~~to at least the amount of the loan outstanding.~~

20 ~~2. Loans which are purchased from liquidating credit~~
21 ~~unions and guaranteed by the corporation or insured by the~~
22 ~~National Credit Union Administration or other insuring~~
23 ~~agencies.~~

24 ~~3. Investments in or loans to the corporation.~~

25 ~~(b) All investments that have remaining maturities~~
26 ~~greater than 3 years, unless a specific reserve has been~~
27 ~~established to mark the investment to current market value.~~

28 ~~(c) Uninsured or nonguaranteed deposits and shares in~~
29 ~~financial depository institutions, except deposits in the~~
30 ~~Federal Reserve Bank, the Federal Home Loan Bank, the~~
31

1 ~~Southeast Corporate Federal Credit Union, and any other~~
2 ~~corporate credit union.~~

3 ~~(d) All investments in commercial paper and bonds.~~

4 ~~(e) All investments in banker's acceptances.~~

5 ~~(f) All investments in federal funds.~~

6 ~~(g) All investments that are authorized pursuant to~~
7 ~~subsection (6) or subsection (7).~~

8 ~~(h) Fixed assets greater than the statutory limit~~
9 ~~imposed by this chapter, unless a specific reserve has been~~
10 ~~established for the excess.~~

11 ~~(3)(5)~~ ALLOWANCE FOR INVESTMENT LOSSES.--The credit
12 union may maintain a contra asset account to provide an
13 allowance for investment losses, which will not be included in
14 the determination of equity. The account must be maintained
15 consistent with the rules of the commission.

16 ~~(4)(6)~~ SPECIAL RESERVES.--In addition to such regular
17 reserve, special reserves shall be established:

18 (a) To protect members against losses resulting from
19 credit extended or from risk assets when required by rule, or
20 when found by the office, in any special case, to be necessary
21 for that purpose; or

22 (b) As authorized by the board of directors.

23 ~~(5)~~ BORROWING MONEY.--A credit union may borrow money
24 and issue evidences of indebtedness for a loan or loans in the
25 usual course of its business and secure such obligations by
26 mortgage or pledge of any of its assets. Aggregate borrowings
27 may not exceed 50 percent of the capital that is not impaired
28 by losses of the credit union. However, this percentage
29 limitation does not apply to loans from the National Credit
30 Union Administration.

31

1 ~~(7) RESERVE FOR CONTINGENCIES. The board of directors~~
2 ~~may, after the regular reserve required by this section and~~
3 ~~rules of the commission has been set aside, transfer a portion~~
4 ~~of undivided earnings to an auxiliary reserve account to~~
5 ~~provide for additional possible losses and expenses.~~

6 ~~(8) RESERVES. The ratio of equity to total assets for~~
7 ~~each credit union must be maintained at not less than 5~~
8 ~~percent. At the end of the calendar quarter when this ratio~~
9 ~~is determined to be less than 5 percent, the credit union~~
10 ~~shall, within 60 days thereafter, prepare and file with the~~
11 ~~office for approval a plan to achieve the minimum ratio within~~
12 ~~4 years, or such longer period of time approved by the office.~~
13 ~~Once achieved, each credit union must maintain a ratio of~~
14 ~~equity to total assets of not less than 5 percent, unless~~
15 ~~otherwise authorized by the office. The commission, by rule,~~
16 ~~shall prescribe the information, types of restrictions and~~
17 ~~limitations on operations, reporting requirements, and other~~
18 ~~criteria that are required to be included in an acceptable~~
19 ~~plan. An acceptable plan must recognize the unique~~
20 ~~characteristics and risk differences for the individual credit~~
21 ~~union.~~

22 ~~(9) GUARANTY ASSISTANCE AGREEMENT. The amount of any~~
23 ~~liability arising out of a guaranty assistance agreement with~~
24 ~~the corporation or National Credit Union Administration must~~
25 ~~be maintained as a reserve and be included in the~~
26 ~~determination of undivided earnings of the credit union.~~

27 Section 24. Section 657.062, Florida Statutes, is
28 amended to read:

29 657.062 Conservatorship Assumption of control by
30 ~~guarantor or insurer.--~~

31

1 (1) The office may appoint ~~direct the corporation or~~
2 the National Credit Union Administration as conservator over a
3 credit union to take possession and, whichever is applicable,
4 ~~to assume~~ control of the property, assets, and business of its
5 member credit union and to operate it subject to the
6 directions of the office whenever:

7 (a) ~~Whenever~~ The office finds that the credit union:

8 1. Is engaging or has engaged in an unsafe or unsound
9 practice;

10 2. Is violating or has violated any provision of this
11 chapter; or

12 3. Is violating or has violated any commission rule,
13 office order, or written agreement entered into with the
14 office,

15
16 in such a manner that the credit union is threatened with
17 imminent insolvency.

18 (b) ~~Whenever~~ A majority of the members of the board of
19 directors of the credit union have been removed by the office
20 or the National Credit Union Administration or shall have
21 resigned.

22 (c) The credit union is significantly undercapitalized
23 and has no reasonable prospect of becoming adequately
24 capitalized. The commission may define by rule criteria for
25 determining if a credit union is undercapitalized or
26 adequately capitalized. In defining such criteria, the
27 commission shall consider the definitions contained in s. 216,
28 the Federal Credit Union Act, codified at 12 U.S.C. 1790d.

29 (2) Except when prohibited by federal or state law, in
30 the event of conservatorship ~~assumption of control~~, the
31 conservator ~~guarantor or insurer~~ may appoint elect the board

1 of directors and the operating committees and may, without
2 penalty or liability, prepay any deposit accounts; terminate
3 any contracts or agreements with employees, independent
4 contractors, or consultants; terminate any contract or
5 agreement with any person to provide goods, products, or
6 services if the performance of such contract would adversely
7 affect the safety or soundness of the credit unions ~~or if such~~
8 ~~contract was entered into in violation of s. 657.0315(1); and~~
9 terminate or assign any lease for property. The authority of
10 the conservator ~~guarantor or insurer~~ to continue operation of
11 a credit union shall continue for a period not to exceed 180
12 days, unless extended by the office for an additional period
13 or periods, not to exceed 180 days each, at the request of the
14 conservator ~~guarantor or insurer~~, or unless involuntary
15 liquidation proceedings have been initiated by the office. In
16 the event that the conservator ~~guarantor or insurer~~ does
17 assume control pursuant to the direction of the office, a
18 meeting of the credit union shall be called within 180 days,
19 or within the period of extension as approved by the office,
20 for the specific purpose of electing a new board of directors,
21 who shall take office when the conservator ~~guarantor or~~
22 ~~insurer~~ surrenders control, or considering such other
23 recommendations as the conservator ~~guarantor or insurer~~ and
24 the office ~~may~~ make.

25 Section 25. Subsections (1), (2), and (3) of section
26 657.063, Florida Statutes, are amended to read:

27 657.063 Involuntary liquidation.--

28 (1) If the office finds that any credit union is
29 ~~bankrupt or insolvent~~ or imminently insolvent; ~~or is~~
30 transacting its business in an unsound, unsafe, or
31 unauthorized manner such that it is threatened with imminent

1 insolvency, and liquidation is in the best interest of the
2 members; or is undercapitalized and has no reasonable prospect
3 of becoming adequately capitalized, the office may, in its
4 discretion, order the credit union placed in involuntary
5 liquidation and designate and appoint a liquidator to take
6 charge of the assets and affairs of the credit union. The
7 order shall set forth the specific findings and reasons for
8 the action taken. The commission may define by rule criteria
9 for determining if a credit union is undercapitalized or
10 adequately capitalized. In defining such criteria, the
11 commission shall consider the definitions contained in s. 216,
12 the Federal Credit Union Act, codified at 12 U.S.C. 1790d.

13 (2) The liquidator must be appointed by the office.
14 ~~The corporation or the National Credit Union Administration,~~
15 ~~whichever is applicable,~~ must be given the right of first
16 refusal. The office may appoint another entity if refused by
17 the primary ~~guarantor or~~ insurer.

18 (3) Upon appointment and in accordance with the
19 directions of the office, the liquidator shall take possession
20 and charge of all of the assets, books, and records of the
21 credit union and shall take charge of the affairs, business,
22 and operations of the credit union and shall have all of the
23 powers of the board of directors, credit committee, credit
24 manager, and supervisory committee of the credit union. The
25 liquidator shall continue the business operation of the credit
26 union for a period not to exceed 180 days, subject to the
27 direction of the office. The liquidator shall have full
28 authority to make loans and investments and to permit deposits
29 to or withdrawals from accounts by members, except that during
30 the period of such operation by the liquidator, no withdrawal
31 from any account or accounts which are not fully insured ~~or~~

1 ~~guaranteed~~ shall be permitted. Except when prohibited by
2 federal or state law, the liquidator may, without penalty or
3 liability, prepay any deposit accounts; terminate any
4 contracts or agreements with employees, independent
5 contractors, or consultants; terminate any contract or
6 agreement with any person to provide goods, products, or
7 services if the performance of such contract would adversely
8 affect the safety or soundness of the credit union that was
9 ~~entered into in violation of s. 657.0315(1) or s. 657.062(2);~~
10 and terminate or assign any lease for property. The
11 liquidator shall proceed with a liquidation of assets by sale
12 or transfer of assets and conversion of assets into cash or
13 liquid investments in preparation for distribution to members
14 on account of shares and deposits. The liquidator shall have
15 specific authority to sell loan assets. The liquidator may
16 enter into agreements for the sale or transfer of loans and
17 other assets with the assumption of outstanding share and
18 deposit accounts, which assumption constitutes full and
19 complete distribution to members on account of shares and
20 deposits.

21 Section 26. Subsections (1), (4), (5), and (7) of
22 section 657.064, Florida Statutes, are amended to read:

23 657.064 Voluntary liquidation.--A credit union may
24 elect to dissolve voluntarily and liquidate its affairs in the
25 following manner:

26 (1) Before considering any resolution pertaining to
27 voluntary liquidation by the board of directors, the credit
28 union must inform the office and ~~the corporation or the~~
29 National Credit Union Administration, ~~whichever is applicable,~~
30 of the time and place of the meeting of the board of
31

1 directors. The notification must be transmitted at least 10 ~~5~~
2 days before the board of directors meets.

3 (4) Upon adoption by the board of directors of a
4 resolution recommending that the credit union be voluntarily
5 liquidated, the office ~~corporation~~ or the National Credit
6 Union Administration, ~~whichever is applicable~~, may restrict
7 control or give directions with respect to the continued
8 business of the credit union pending consideration of the
9 voluntary liquidation by the members. During such period, no
10 member shall withdraw an aggregate amount in excess of the
11 insurance or guaranty covered by the credit union. No new
12 extensions of credit shall be funded during the period between
13 the board of directors' adoption of the resolution
14 recommending the voluntary liquidation and the membership
15 meeting called to consider the voluntary liquidation, except
16 for loans fully secured by a pledge of shares and for the
17 funding of outstanding loan commitments approved before the
18 board of directors adopts the resolution.

19 (5) The notice required by subsection (3) shall also
20 be mailed to the office and the National Credit Union
21 Administration within 5 days after the action of the board of
22 directors. Within 10 days after the meeting of the
23 membership, the board of directors shall notify the office and
24 ~~the corporation or the National Credit Union Administration,~~
25 ~~whichever is applicable~~, in writing of the action taken by the
26 members.

27 (7) The ~~corporation or the~~ National Credit Union
28 Administration, ~~whichever is applicable~~, shall have the right
29 of first refusal to be appointed as liquidator of any
30 liquidating credit union which it ~~guarantees or~~ insures. The
31 liquidator shall have all of the powers provided in s. 657.063

1 regarding involuntary liquidation. If ~~the corporation or the~~
2 National Credit Union Administration declines ~~shall decline~~ to
3 serve as liquidator, the board of directors shall appoint a
4 reasonable person as liquidator and specify the extent of
5 responsibilities and authority delegated to the liquidator.

6 Section 27. Section 657.065, Florida Statutes, is
7 amended to read:

8 (Substantial rewording of section. See
9 s. 657.065, F.S., for present text.)

10 657.065 Merger.--

11 (1) Upon the filing of an application with the office
12 by the constituent credit unions, and upon approval by the
13 office, credit unions may be merged with a surviving state
14 credit union, as prescribed in this code, except that the
15 action by a merging federal credit union must be taken in the
16 manner prescribed by, and is subject to, any limitations or
17 requirements imposed by federal law and regulations. The
18 application must be accompanied by a merger plan and agreement
19 together with a certified copy of the authorizing resolutions
20 of the board of directors of constituent credit unions showing
21 approval by a majority of the entire board of directors of
22 each credit union, as provided in this section, and a
23 nonrefundable application fee of \$500. The fee may be waived
24 by the office for a merger under subsection (6).

25 (2) Nothing in the law of this state shall restrict
26 the right of a state credit union to merge with a surviving
27 federal credit union. In such case, the action to be taken by
28 a merging state credit union, and its rights and liabilities
29 and those of its members, shall be the same as those
30 prescribed for merging federal credit unions at the time of
31 the action by applicable federal law or regulations.

1 (3) If the resulting credit union will be a state
2 credit union, the merging credit unions shall adopt a merger
3 plan and agreement stating the method, terms, and conditions
4 of the merger, including all agreements concerning the merger.
5 The board of directors of each constituent credit union must,
6 by majority vote of the entire board, approve the merger plan
7 and agreement, which shall contain:

8 (a) The name and address of the merging and surviving
9 credit unions;

10 (b) The date, time, and place of the meeting where the
11 merger plan and agreement was approved by the merging and the
12 surviving credit unions' boards of directors;

13 (c) The name and address of the main office of the
14 surviving credit union and each continuing branch office;

15 (d) The names, terms, and board positions of the
16 surviving credit union's board of directors;

17 (e) The name and title of each executive officer;

18 (f) A list of any needed amendments to the surviving
19 credit union's bylaws, if applicable, and, attached to the
20 agreement, copies of the amendments;

21 (g) A statement that the merger and the merger plan
22 and agreement are subject to approval by the office and the
23 National Credit Union Administration; and

24 (h) Such additional provisions not contrary to law as
25 are agreed upon by the constituent credit unions and such
26 other provisions as the office requires to enable it to
27 discharge its duties with respect to the merger.

28 (4) The office shall approve the application and the
29 merger plan and agreement if it finds that:

30 (a) The surviving credit union's net worth is
31 adequate; and

1 (b) The merger will not impair the ongoing viability
2 of the surviving credit union.

3
4 If the office disapproves a merger plan and agreement, it
5 shall state its objections and, chapter 120 notwithstanding,
6 give an opportunity to the merging and surviving credit unions
7 to amend the merger plan and agreement to eliminate such
8 objections.

9 (5) Approval by the office, by final order or
10 otherwise, of the application and merger plan and agreement
11 shall be deemed subject to approval by the membership of the
12 merging credit union who vote on the merger at a meeting duly
13 called for that purpose. Such approval shall be documented by
14 the submission of a copy of:

15 (a) The notice of intent to merger given to the
16 surviving credit union;

17 (b) The notice to the members of the merging credit
18 union of the meeting duly called to consider the merger. Such
19 notice must disclose the purpose of the meeting and the date,
20 time, and place of the meeting; and

21 (c) The resolution adopted by the membership
22 confirming the vote on the merger.

23
24 Unless the approval of the merging credit union has been
25 obtained and proper evidence thereof submitted to the office
26 within 6 months after the approval by the office, the approval
27 by the office of the merger and merger plan and agreement
28 shall be deemed to be revoked and terminated; however, the
29 office on its own motion, or at the request of the merging or
30 surviving credit unions for good cause shown, may extend the
31 time for a period not to exceed 6 months.

1 (6) Notwithstanding any other provision of this
2 chapter or of chapter 120, a credit union may merge without
3 the vote of the membership when the office determines that the
4 credit union is in danger of insolvency or that the credit
5 union is significantly undercapitalized, as defined in s. 216,
6 the Federal Credit Union Act, codified at 12 U.S.C. 1790d and
7 the merger will enable the credit union to avoid liquidation.

8 (7) A merger with a resulting state credit union may
9 not take place or be effective unless approved by the National
10 Credit Union Administration and the office issues a
11 certificate of merger. Upon consummation of the merger, the
12 certificate of authorization of the merged credit union shall
13 be returned to the proper authority to be canceled. Also, at
14 consummation, all property and property rights of, and
15 members' interest in, the merged credit union shall vest in
16 the surviving credit union without deed, endorsement, or other
17 instrument of transfer, and all debts, obligations, and
18 liabilities of the merged credit union must be assumed by the
19 surviving credit union under the certificate of authorization
20 under which the merger was affected. All members of the
21 surviving credit union have the same rights, privileges, and
22 responsibilities after the merger is completed. The
23 certificate of merger must be recorded in the public records
24 of all counties in which the merging credit union owned any
25 real property at the effective date of the merger.

26 Section 28. Section 657.066, Florida Statutes, is
27 amended to read:

28 657.066 Conversion from state credit union to federal
29 credit union and conversely.--Any credit union organized under
30 this chapter may convert into a federal credit union and any
31 federal credit union may convert into a credit union organized

1 pursuant to this chapter upon approval of the authority under
2 the supervision of which the converted credit union will
3 operate and upon compliance with applicable laws.

4 (1) Any action by the board of directors proposing
5 conversion shall be by resolution and shall require the
6 affirmative vote of an absolute majority of the board of
7 directors. ~~Upon adoption of a resolution relating to~~
8 ~~conversion, a copy of the resolution shall be mailed to each~~
9 ~~member, together with a notice setting forth the time,~~
10 ~~location, and purpose of a meeting of the membership which~~
11 ~~shall be held not less than 10 nor more than 30 days following~~
12 ~~the mailing of the notice.~~

13 ~~(2) A ballot allowing an affirmative or negative vote~~
14 ~~on the proposed conversion shall also be mailed to each~~
15 ~~member. Any ballot received by the credit union prior to the~~
16 ~~meeting called to consider the conversion shall be counted~~
17 ~~along with the votes cast at the meeting. Each member shall~~
18 ~~have but one vote. A majority of the votes cast by the~~
19 ~~members shall be required to approve the conversion.~~

20 ~~(2)(3) Within 10 days after the approval of the~~
21 ~~membership,~~ The board of directors shall cause to be
22 transmitted to the authority under the supervision of which
23 the converted credit union will operate a copy of the
24 resolution adopted by the board of directors and a conversion
25 application ~~approved by the membership.~~

26 ~~(3)(4)~~ Upon the written approval of the authority
27 under the supervision of which the converting credit union is
28 to operate, the converting credit union shall become a credit
29 union under this chapter or under the laws of the United
30 States, as the case may be, and thereupon all assets shall
31 become the property of the converted credit union, subject to

1 all existing liabilities against the credit union. All shares
2 and deposits shall remain intact. Any federal credit union
3 seeking to convert to a state-chartered credit union shall pay
4 a nonrefundable filing fee of \$500. The office may conduct an
5 examination of any converting federal credit union before
6 approving the conversion and the converting credit union shall
7 pay a nonrefundable examination fee as provided in s.
8 655.411(1)(b).

9 (4) Upon the approval of the authority under the
10 supervision of which the converted credit union will operate,
11 a copy of the resolution shall be provided to each member,
12 together with a notice setting forth the time, location, and
13 purpose of a meeting of the membership which shall be held not
14 less than 10 or more than 30 days following the transmission
15 of the notice.

16 (5) A ballot allowing an affirmative or negative vote
17 on the proposed conversion shall also be provided to each
18 member. Any ballot received by the credit union prior to the
19 meeting called to consider the conversion shall be counted
20 along with the votes cast at the meeting. Each member shall
21 have one vote. A majority of the votes cast by the members is
22 required to approve the conversion.

23 (6) Within 10 days after the approval by the
24 membership, the board of directors shall cause to be
25 transmitted to the authority under the supervision of which
26 the converted credit union will operate a copy of the
27 resolution adopted by the board of directors and approved by
28 the membership with confirmation of the vote.

29 (7)(5) Every conversion must be completed within 90
30 days after the approval of the authority under the supervision
31 of which the converted credit union will operate. Upon

1 receiving its certificate of authorization or charter from the
2 authority under the supervision of which the converted credit
3 union will operate, the old certificate of authorization or
4 charter shall be returned to the proper authority and shall be
5 canceled.

6 ~~(8)(6)~~ In consummation of the conversion, the old
7 credit union may execute, acknowledge, and deliver to the
8 newly chartered credit union the instruments of transfer
9 necessary to accomplish the transfer of any property and all
10 right, title, and interest therein.

11 Section 29. Sections 657.0315, 657.051, 657.055, and
12 657.068 and subsection (7) of section 658.43, Florida
13 Statutes, are repealed.

14 Section 30. This act shall take effect July 1, 2005.
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