

State of Arizona
House of Representatives
Fifty-second Legislature
Second Regular Session
2016

HOUSE BILL 2381

AN ACT

AMENDING SECTIONS 6-531, 6-533 AND 6-537, ARIZONA REVISED STATUTES; AMENDING TITLE 6, CHAPTER 4, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTION 6-543; AMENDING TITLE 6, CHAPTER 4, ARTICLE 6, ARIZONA REVISED STATUTES, BY ADDING SECTION 6-559; AMENDING SECTION 6-577, ARIZONA REVISED STATUTES; RELATING TO CREDIT UNIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 6-531, Arizona Revised Statutes, is amended to
3 read:

4 6-531. Authority and responsibility of directors; voting

5 A. The board of directors has the authority and responsibility for
6 directing the business affairs, monies and records of the credit union.

7 B. ~~EXCEPT AS PROVIDED IN SECTION 6-543,~~ directors may not vote by
8 proxy, absentee ballot or mail ballot but may vote by telephone conference if
9 all directors present can speak to and be heard by the other directors during
10 the telephone conference.

11 C. ~~THE BOARD OF DIRECTORS SHALL MEET AT LEAST TEN TIMES IN TEN~~
12 ~~DIFFERENT MONTHS DURING EACH CALENDAR YEAR.~~

13 Sec. 2. Section 6-533, Arizona Revised Statutes, is amended to read:

14 6-533. Compensation of officials

15 ~~An officer, director or committee member, other than an employee, may~~
16 ~~not be compensated for services, except that reasonable life, health,~~
17 ~~accident and similar insurance protection is~~ A CREDIT UNION MAY COMPENSATE AN
18 OFFICER, DIRECTOR OR COMMITTEE MEMBER FOR THE OFFICER'S, DIRECTOR'S OR
19 COMMITTEE MEMBER'S SERVICES TO THE CREDIT UNION. PROVIDING REASONABLE LIFE,
20 HEALTH, ACCIDENT AND SIMILAR INSURANCE PROTECTION IS not considered
21 compensation. Directors, officers and committee members may be reimbursed
22 for necessary ~~personal~~ expenses incidental to the performance of official
23 business of the credit union.

24 Sec. 3. Section 6-537, Arizona Revised Statutes, is amended to read:

25 6-537. Certain duties of directors; insurance

26 A. In addition to the duties prescribed in this chapter, the board of
27 directors ~~shall meet at least monthly and~~ shall:

28 1. Purchase adequate fidelity coverage for the credit union covering
29 the president and other officials and employees handling or having custody of
30 monies or property of the credit union.

31 2. Authorize the employment and compensation of the president, who may
32 hire other persons as are necessary to carry out the business of the credit
33 union.

34 3. Approve an operating budget for the credit union.

35 4. Authorize the conveyance of property.

36 5. Borrow or lend money to carry on the functions of the credit union.

37 6. Appoint special committees.

38 B. The board of directors shall perform other duties as the members
39 from time to time may direct and perform or authorize any action not
40 inconsistent with law or not specifically reserved by the bylaws to the
41 members.

42 C. The board of directors shall purchase and maintain insurance for
43 the credit union on behalf of a person who is or was a director, officer,
44 employee or agent of the credit union, or who is or was serving at the

1 request of the credit union as a director, officer, employee or agent of
2 another corporation, partnership, joint venture, trust or other enterprise,
3 against any liability asserted against the person and incurred by the person
4 in any such capacity or arising out of the person's status as such, whether
5 or not the credit union would have the power to indemnify the person against
6 the liability.

7 Sec. 4. Title 6, chapter 4, article 5, Arizona Revised Statutes, is
8 amended by adding section 6-543, to read:

9 6-543. Action without meeting

10 A. UNLESS THE ARTICLES OF INCORPORATION OR BYLAWS PROVIDE OTHERWISE,
11 ACTION REQUIRED OR ALLOWED TO BE TAKEN AT A BOARD OF DIRECTORS' MEETING MAY
12 BE TAKEN WITHOUT A MEETING BY ELECTRONIC MEANS AS PROVIDED IN THIS SECTION IF
13 NOTICE IS GIVEN TO EACH MEMBER OF THE BOARD. THE NOTICE SHALL STATE THE
14 ACTION TO BE TAKEN AND THE DATE AND TIME BY WHICH A DIRECTOR MUST RESPOND.

15 B. ACTION MAY BE TAKEN UNDER THIS SECTION ONLY IF, AT THE END OF THE
16 DATE AND TIME STATED IN THE NOTICE, BOTH OF THE FOLLOWING APPLY:

17 1. THE VOTES THAT ARE RECEIVED BY THE BOARD CHAIRMAN OR BOARD
18 PRESIDENT BY ELECTRONIC MEANS AND THAT ARE IN FAVOR OF THE ACTION EQUAL OR
19 EXCEED THE MINIMUM NUMBER OF VOTES THAT WOULD BE NECESSARY TO TAKE THE ACTION
20 AT A MEETING AT WHICH ALL OF THE DIRECTORS THEN IN OFFICE WERE PRESENT AND
21 VOTED.

22 2. THE BOARD CHAIRMAN, BOARD PRESIDENT OR BOARD SECRETARY HAS NOT
23 RECEIVED A WRITTEN DEMAND BY A DIRECTOR AS DESCRIBED IN SUBSECTION C OF THIS
24 SECTION.

25 C. ANY DIRECTOR MAY DEMAND THAT AN ACTION NOT BE TAKEN WITHOUT A
26 MEETING BY DELIVERING A SIGNED COMMUNICATION TO THE BOARD CHAIRMAN, BOARD
27 PRESIDENT OR SECRETARY BEFORE THE DATE GIVEN IN THE NOTICE PRESCRIBED BY
28 SUBSECTION A OF THIS SECTION.

29 D. ACTION TAKEN PURSUANT TO THIS SECTION:

30 1. HAS THE SAME EFFECT AS ACTION TAKEN AT A MEETING OF THE BOARD OF
31 DIRECTORS AND MAY BE DESCRIBED AS SUCH IN ANY DOCUMENT.

32 2. SHALL BE INCLUDED IN THE MINUTES FILED AT THE NEXT BOARD OF
33 DIRECTORS' MEETING ALONG WITH A RECORD OF HOW EACH DIRECTOR VOTED ON THE
34 ACTION.

35 E. ALL COMMUNICATION PURSUANT TO THIS SECTION MAY BE DONE BY
36 ELECTRONIC MEANS AND EACH DIRECTOR'S VOTE MUST BE SIGNED USING AN ELECTRONIC
37 SIGNATURE EMPLOYING A SECURITY PROCEDURE AS DEFINED IN SECTION 44-7002.

38 Sec. 5. Title 6, chapter 4, article 6, Arizona Revised Statutes, is
39 amended by adding section 6-559, to read:

40 6-559. Savings promotion accounts

41 NOTWITHSTANDING ANY OTHER LAW, A CREDIT UNION MAY OFFER A SAVINGS
42 PROMOTION ACCOUNT THAT IS A SAVINGS ACCOUNT OR CERTIFICATE OF DEPOSIT THAT
43 INCLUDES AN INCENTIVE IN WHICH THE SOLE REQUIREMENT TO OBTAIN THE INCENTIVE
44 IS THE DEPOSIT OF A SPECIFIED AMOUNT OF MONEY IN THE ACCOUNT.

1 Sec. 6. Section 6-577, Arizona Revised Statutes, is amended to read:
2 6-577. Authorized investments
3 A. Monies not used in loans to members may be invested in:
4 1. Securities, obligations or other instruments of or issued by or
5 fully guaranteed as to principal and interest by the United States or any
6 agency or instrumentality of the United States or in any trust or mutual fund
7 established for investing directly or collectively in the same.
8 2. Securities, obligations or other instruments, whose payment is
9 guaranteed by the general taxing authority of the issuer, of any state of the
10 United States or any political subdivision of A STATE OF the United States,
11 and on approval of the superintendent, the District of Columbia, the
12 Commonwealth of Puerto Rico and the several territories organized by Congress
13 or any political subdivision thereof.
14 3. Deposits of federally insured financial institutions organized
15 under state or federal law.
16 4. Loans to or share accounts or deposit accounts of other credit
17 unions or corporate credit unions organized under state or federal law.
18 5. Deposits in, loans to or shares of any federal reserve bank,
19 federal home loan bank or central liquidity facility established under state
20 or federal law.
21 6. Shares, obligations or preferred stock issues of any agency or
22 association organized either as a stock company, mutual association or
23 membership corporation, if the membership or stock holdings of such agency or
24 association are primarily confined or restricted to credit unions or
25 organizations of credit unions and the purpose for which such agency or
26 association is organized is to service or otherwise assist credit union
27 operations.
28 7. Stocks, bonds or other obligations of corporations organized in any
29 state of the United States, the District of Columbia, the Commonwealth of
30 Puerto Rico and the several territories organized by Congress and in
31 securities, obligations or other instruments of any state of the United
32 States or any political subdivision thereof, the District of Columbia, the
33 Commonwealth of Puerto Rico and the several territories organized by
34 Congress, but not in the aggregate to exceed three ~~per-cent~~ PERCENT of the
35 credit union's capital and not to exceed one ~~per-cent~~ PERCENT of the credit
36 union's capital in any one corporation's stock, bonds and obligations. These
37 investments are limited to the three highest ratings established by one or
38 more national rating services of corporate securities designated by the
39 superintendent.
40 8. Pools of participation loans with other credit unions, credit union
41 organizations or other financial institutions, not to exceed five ~~per-cent~~
42 PERCENT of the credit union's capital.
43 9. Other investments as approved by the superintendent.

1 10. ~~In Fixed assets, not to exceed five per cent of the credit union's~~
2 ~~capital except with the prior written approval of the superintendent.~~
3 B. Investments authorized under subsection A, paragraph 6 OF THIS
4 SECTION shall not exceed five ~~per cent~~ PERCENT of the credit union's capital,
5 without the prior written approval of the superintendent. The action of a
6 credit union in investing monies in accordance with subsection A, paragraph 6
7 OF THIS SECTION shall not be deemed a violation of this section if the
8 aggregate investments exceed the limitation of subsection A, paragraph 6 OF
9 THIS SECTION because of a subsequent reduction in the amount of the credit
10 union's capital.