

COMMITTEE ON COMMERCE
HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2979
(Reference to printed bill)

Amendment instruction key:

[GREEN UNDERLINING IN BRACKETS] indicates text added to statute or previously enacted session law.

[Green underlining in brackets] indicates text added to new session law or text restoring existing law.

[GREEN STRIKEOUT IN BRACKETS] indicates new text removed from statute or previously enacted session law.

[Green strikeout in brackets] indicates text removed from existing statute, previously enacted session law or new session law.

<<Green carets>> indicate a section added to the bill.

<<Green strikeout in carets>> indicates a section removed from the bill.

1 The bill as proposed to be amended is reprinted as follows:

2 Section 1. Section 6-506, Arizona Revised Statutes, is amended to
3 read:

4 6-506. Organization procedure

5 A. Any seven or more residents of this state who are of legal age
6 and who have a common bond of interest or association may apply to the
7 deputy director for permission to organize a credit union under this
8 chapter.

9 B. The incorporators shall prepare, adopt and execute a certificate
10 of organization and shall agree to comply with the requirements of the
11 certificate and with all of the laws and rules applicable to credit
12 unions. The certificate shall state:

13 1. The credit union's name and the location of the proposed
14 principal place of business.

15 2. That the existence of the credit union is perpetual.

16 3. The names and addresses of the incorporators and the number of
17 shares subscribed to by each.

18 4. The purpose for which the credit union is formed.

19 C. The incorporators shall prepare, adopt and execute bylaws
20 consistent with this chapter for the general governance of the credit
21 union. The bylaws, among other things, shall provide:

22 1. The proposed field of membership that shall consist of one or
23 more groups having a common bond of interest, occupation or association or
24 to groups within a well-defined neighborhood, community or rural district
25 consistent with the purposes of the credit union.

26 2. The par value, IF ANY, of shares.

27 3. The number of directors of the credit union, which shall not be
28 fewer than five, all of whom shall be members, together with the titles of
29 the officers and the number of members of the supervisory committee, which
30 shall not be fewer than three.

1 4. The conditions under which shares may be issued, transferred or
2 withdrawn, loans may be made and repaid and monies may be otherwise
3 invested.

4 5. The number of members of the credit committee, which shall not
5 be fewer than three, or the authorization of a credit manager.

6 D. The incorporators shall select at least five persons who are
7 eligible for membership and who agree to become members and serve on the
8 board of directors, and at least three persons who are eligible for
9 membership and who agree to become members and serve on the supervisory
10 committee. The persons selected to serve on the board of directors and
11 the supervisory committee shall execute an agreement to serve in those
12 capacities until the first annual meeting or until the election of their
13 respective successors, whichever is later.

14 E. The incorporators shall forward to the deputy director such
15 application as is required by the deputy director, along with the
16 application fee provided for in section 6-126, the certificate of
17 organization, the bylaws and the agreements to serve and any additional
18 information that the deputy director may request.

19 F. The incorporators shall not transact any business in the name of
20 the credit union until the certificate of incorporation has been issued by
21 the corporation commission and the application and the bylaws have been
22 approved by the deputy director.

23 Sec. 2. Section 6-508, Arizona Revised Statutes, is amended to
24 read:

25 6-508. Certificate of organization and bylaws

26 A. The deputy director shall prepare standard forms of the
27 certificate of organization and bylaws, ~~which~~ **THAT ARE** consistent with this
28 chapter, ~~which~~ **AND THAT** may be used by credit union incorporators.

29 B. The board of directors may adopt proposed amendments to the
30 certificate of organization at a duly held meeting. The board of
31 directors shall submit the proposed amendments to the members for
32 ratification at a regular or special meeting, after which they shall be
33 submitted to the deputy director for the deputy director's approval or
34 disapproval. If approved by the deputy director, the board of directors
35 shall follow the procedure for organization prescribed in section 6-507,
36 subsection B.

37 C. The board of directors may adopt proposed amendments to the
38 bylaws at any duly held meeting by a three-fourths majority vote. After
39 proposed amendments have been approved, the board shall submit the
40 proposed amendments to the deputy director for the deputy director's
41 approval. **WITHIN TEN BUSINESS DAYS AFTER RECEIVING A COMPLETED PROPOSED**
42 **AMENDMENT REQUEST, THE DEPUTY DIRECTOR SHALL SUBMIT AN ACKNOWLEDGMENT OF**
43 **RECEIPT OR REQUEST ADDITIONAL INFORMATION. THE DEPUTY DIRECTOR SHALL MAKE**
44 **A DECISION WITHIN THIRTY BUSINESS DAYS AFTER THE DATE THAT THE**
45 **ACKNOWLEDGMENT OF RECEIPT IS SUBMITTED TO THE CREDIT UNION. FOR GOOD**
46 **CAUSE SHOWN, THE DEPUTY DIRECTOR MAY EXTEND THE RESPONSE TIME.** The
47 amendments are effective on approval of the deputy director. At the next

1 regular or special meeting of the membership, the board shall submit all
2 amendments to the bylaws to the members for ratification.

3 Sec. 3. Section 6-509, Arizona Revised Statutes, is amended to
4 read:

5 6-509. Exclusive use of name; exception

6 A. The name of every credit union organized under this chapter
7 shall include the words "credit union". A credit union shall not adopt a
8 name either identical to the name of any other credit union doing business
9 in this state or so similar as to be misleading or cause confusion.

10 B. It is unlawful for any person to engage in this state in the
11 business of a credit union or to make use of the words "credit union" or
12 any other words in a manner reasonably calculated to convey the impression
13 that the person is engaged in the business of a credit union in this
14 state, unless the act is done by or on behalf of a person having authority
15 under this chapter, except an association of credit unions, or an
16 organization, corporation or association whose membership or ownership
17 consists primarily of credit unions or credit union organizations, may use
18 a name or title containing the words "credit union".

19 C. A credit union may change its name only on the written
20 authorization of the deputy director. **WITHIN TEN BUSINESS DAYS AFTER**
21 **RECEIVING A COMPLETED REQUEST FOR A CREDIT UNION NAME CHANGE, THE DEPUTY**
22 **DIRECTOR SHALL SUBMIT AN ACKNOWLEDGMENT OF RECEIPT OR REQUEST ADDITIONAL**
23 **INFORMATION. THE DEPUTY DIRECTOR SHALL MAKE A DECISION WITHIN THIRTY**
24 **BUSINESS DAYS AFTER THE DATE THAT THE ACKNOWLEDGMENT OF RECEIPT IS**
25 **SUBMITTED TO THE CREDIT UNION.**

26 Sec. 4. Section 6-510, Arizona Revised Statutes, is amended to
27 read:

28 6-510. Principal place of business; branch office

29 A. A credit union may change its principal place of business or
30 branch within this state with the prior approval of the deputy director
31 and the payment of the fee provided in section 6-126.

32 B. A credit union may establish a branch office with the prior
33 approval of the deputy director.

34 C. A credit union organized under this chapter may conduct business
35 in other states or territories of the United States where it is allowed to
36 do so on approval of the deputy director, if it is reasonably necessary to
37 service its members.

38 D. **WITHIN TEN BUSINESS DAYS AFTER RECEIVING A COMPLETED REQUEST FOR**
39 **A CHANGE IN THE CREDIT UNION'S PRINCIPAL PLACE OF BUSINESS OR BRANCH THAT**
40 **IS LOCATED IN THIS STATE, THE DEPUTY DIRECTOR SHALL SUBMIT AN**
41 **ACKNOWLEDGMENT OF RECEIPT OR REQUEST ADDITIONAL INFORMATION. THE DEPUTY**
42 **DIRECTOR SHALL MAKE A DECISION WITHIN SIXTY BUSINESS DAYS AFTER THE DATE**
43 **THAT THE ACKNOWLEDGMENT OF RECEIPT IS SUBMITTED TO THE CREDIT UNION. FOR**
44 **GOOD CAUSE SHOWN, THE DEPUTY DIRECTOR MAY EXTEND THE RESPONSE TIME.**

45 Sec. 5. Section 6-516, Arizona Revised Statutes, is amended to
46 read:

47 6-516. General powers

1 A. In addition to the powers prescribed elsewhere in this chapter
2 and except as prohibited by law, a credit union may:
3 1. Enter into contracts of any nature.
4 2. Sue or be sued.
5 3. Adopt, use and display a corporate seal.
6 4. Acquire, lease, hold, assign, pledge, hypothecate, sell,
7 discount or otherwise dispose of property or assets, either in whole or in
8 part, necessary or incidental to its operations.
9 5. Borrow money from any source, except that a credit union shall
10 obtain the prior written approval of the deputy director to borrow in
11 excess of an aggregate of fifty percent of its capital.
12 6. Purchase all or a portion of the assets and assume all or a
13 portion of the liabilities of a credit union chartered under the laws of
14 any state, a federal credit union, a bank or an out-of-state bank.
15 7. Offer financial services incidental to the purposes of a credit
16 union, including electronic fund transfers, safe deposit boxes and leasing
17 and correspondent arrangements with other financial institutions.
18 8. Hold membership in other credit unions organized under this
19 chapter or other laws or in other associations and organizations.
20 9. Engage in activities and programs offered by any governmental
21 unit that are incidental or reasonably related to credit union activities.
22 10. Act as a fiscal agent for and receive payments on share and
23 deposit accounts from a governmental unit.
24 11. Make contributions to any nonprofit civic, charitable or
25 service organizations.
26 B. A credit union may exercise all incidental powers that are
27 convenient, suitable or necessary to enable it to promote or carry out its
28 purposes.
29 C. A credit union shall not delegate the management of a credit
30 union ~~or the exercise of any power set forth in this section~~ to any person
31 who is not an officer, director or employee of the credit union without
32 the prior written approval of the deputy director. The deputy director
33 may examine the books, records and business affairs of any person or
34 entity to whom the credit union proposes to delegate any such authority.
35 Sec. 6. Section 6-517, Arizona Revised Statutes, is amended to
36 read:
37 6-517. Federal parity
38 In addition to all other rights, powers and privileges, a credit
39 union **THAT IS** organized under the laws of this state **AND** whose accounts
40 are insured by an insuring organization:
41 1. Has all of the rights, powers and privileges and is entitled to
42 the same exemptions and immunities as any credit union **THAT IS** chartered
43 under the laws of the United States.
44 2. **MAY EXERCISE ALL OF THE RIGHTS, POWERS AND PRIVILEGES OF ANY**
45 **OUT-OF-STATE CREDIT UNION [WITH THE PRIOR APPROVAL OF THE DEPUTY**
46 **DIRECTOR]. [BEFORE EXERCISING ANY SUCH RIGHT, POWER OR PRIVILEGE,] THE**
47 **CREDIT UNION SHALL SUBMIT A REQUEST TO THE DEPUTY DIRECTOR ON A FORM**

1 PRESCRIBED BY THE DEPUTY DIRECTOR AND REFERENCE THE SPECIFIC STATUTORY OR
2 REGULATORY SOURCE OF THE RIGHTS, POWERS OR PRIVILEGES THAT THE CREDIT
3 UNION WISHES TO EXERCISE.

4 Sec. 7. Section 6-538, Arizona Revised Statutes, is amended to
5 read:

6 6-538. Credit committee

7 A. The credit committee has the general supervision of all loans to
8 members, unless it is replaced by a credit manager as provided in section
9 6-539. The credit committee may approve or disapprove loans subject to
10 written policies established by the board of directors.

11 B. The credit committee shall meet as often as the business of the
12 credit union requires but not less frequently than monthly, to review the
13 lending activities of the credit union and to consider applications for
14 loans. ~~A loan shall not be made unless it is~~ APPEALS TO THE CREDIT
15 COMMITTEE AS PROVIDED IN SECTION 6-540 SHALL BE approved OR DENIED by a
16 majority of the members of the committee who are present at the meeting at
17 which the application is considered.

18 C. The credit committee or the credit manager shall keep a record
19 of all actions taken and shall report on such actions to the board at its
20 next meeting.

21 Sec. 8. Section 6-551, Arizona Revised Statutes, is amended to
22 read:

23 6-551. Share accounts

24 A. Share accounts shall be subscribed to and paid for in such
25 manner as the board of directors prescribes. A credit union may require
26 its members to subscribe to and make payments on membership
27 shares. Membership shares may not be pledged as security on any loan.

28 B. The par value, IF ANY, of any membership shares may differ from
29 the par value of other shares.

30 C. A credit union may limit the amount in share accounts and
31 deposit accounts and any such limit must apply to all account holders.

32 Enroll and engross to conform

33 Amend title to conform

JEFF WENINGER
CHAIRMAN

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