

CHAPTER 1 FINANCIAL INSTITUTIONS

Article 3

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ARTICLE 3 CREDIT UNIONS

PART 1 GENERAL PROVISIONS; ORGANIZATION

7-1-630. Initial subscribers; contents and filing of articles; other required filings; fee for investigation; selection of initial directors.

(a) Any number of persons, not less than eight, having a common bond, as defined in subsection (b) of this Code section, may incorporate for the purpose of organizing a credit union in accordance with this article. The persons so desiring to become incorporated shall execute articles which shall set forth the following:

- (1) The name of the proposed credit union;
- (2) The territory in which it will operate;
- (3) The location where its initial registered office will be located;
- (4) The names and addresses of the subscribers, their occupation, length of service, and that each has subscribed to one share and paid for same;
- (5) The names and addresses of the original directors;

(6) The proposed field of membership specified in detail and having the same common bond as the subscribers;

(7) That the purpose and nature of the business are to conduct a credit union with the rights and powers granted by this article; and

(8) The term of the existence of the credit union, which shall be perpetual unless otherwise limited.

(b) For purposes of this article, "common bond" is described as that specific relationship of occupation, association, or interest; residence within a well-defined neighborhood, community, or rural district; employees of a common employer; or members of a bona fide cooperative, educational, fraternal, professional, religious, rural, or similar organization which tends to create a mutual interest between persons sharing the relationship. Persons related by blood, adoption, or marriage to or living in the same household with a person within such common bond and the surviving spouses of deceased members shall also be considered within the common bond.

(c) The subscribers shall file the articles in triplicate with the department together with the fee specified in Code [Section 7-1-862](#). The department shall certify one copy of the articles and return it to the subscribers.

(d) The subscriber shall file with the department a certificate from the Secretary of State attesting that the name of the proposed credit union has been reserved as authorized by Code [Section 7-1-131](#).

(e) The subscriber shall file with the department two copies of proposed bylaws setting forth the following:

(1) The date of the annual meeting, the manner of conducting the same, the number of members constituting a quorum and regulations as to voting, and the manner of notification of the meeting, which shall comply with Code [Section 7-1-6](#), except that, if the credit union maintains an office and the board of directors so determines, notice of the annual meeting or of any special meeting may be given by posting such notice in a conspicuous place in the office of the credit union at least ten days prior to such meeting;

(2) The number of directors, which must be not less than five, all of whom must be members, and their powers and duties, together with the duties of the officers elected by the board of directors;

(3) The qualifications for membership of those coming within the initial common bond as required by this article;

(4) The conditions under which shares may be issued, paid for, transferred, and withdrawn; deposits received and withdrawn; loans made and repaid; and funds otherwise invested; and

(5) The charges which shall be made, if any, for failure to meet obligations punctually; whether or not the credit union shall have the power to borrow; the method of receipting for money; the manner of accumulating a reserve; the manner of determining and paying interest and dividends; and such other matters consistent with this article as may be requisite to the organization and operation of the proposed credit union.

(f) The subscriber shall pay such fee as shall be established by regulation of the department to defray the cost of the investigation required by Code [Section 7-1-632](#), provided that the

department shall not be required to set such fee if in its judgment the fee would discourage the organization of credit unions under this article.

(g) The subscriber shall select at least five qualified persons who agree to serve on the board of directors. A signed agreement to serve in these capacities until the first annual meeting or until the election of their successors, whichever is later, shall be executed by those who so agree and filed with the department along with the proposed bylaws.

(Ga. L. 1925, p. 165, 1; Code 1933, 25-101; Code 1933, 41A-3001, enacted by Ga. L. 1974, p. 705, 1; Ga. L. 1981, p. 1244, 1; Ga. L. 1989, p. 1257, 19; Ga. L. 2005, p. 826, 11/SB 82.)

7-1-631. Additional filings with department.

Reserved. Repealed by Ga. L. 2005, p. 826, 12, effective May 5, 2005.

7-1-632. Approval or disapproval by department; certificate of incorporation.

(a) The department shall make an appropriate investigation of the articles and bylaws for the purpose of determining:

(1) Whether the articles and bylaws conform to this article;

(2) The general character and qualifications of the subscribers and the financial stability and future prospects of the sponsoring company, if any;

(3) The economic advisability of establishing the proposed credit union and such other facts and circumstances bearing on the proposed credit union as in the opinion of the department may be relevant;

(4) That a common bond exists in accordance with Code [Section 7-1-630](#); and

(5) That the subscribers and person or corporation sponsoring the credit union are in agreement as to the services, if any, that the sponsor will provide.

(b) If the department determines to its satisfaction that the proposed credit union meets the criteria set forth above, it shall, within 90 days from receipt of the articles and in compliance with Code [Section 7-1-630](#), send a copy of the articles and written approval of the articles to the Secretary of State after making such changes in the articles or bylaws consistent with this article and with the consent of the subscribers that it deems appropriate. Such approval shall indicate any changes made to the articles including changes from the proposed field of membership. If the department shall disapprove the articles, the procedures of subsection (b) of Code [Section 7-1-635](#) shall be followed.

(c) Upon receipt of the approval of the department, the Secretary of State shall thereupon issue a certificate attesting to the incorporation of the credit union. The credit union shall, however, confine itself to organizational activities until it receives a permit to do business.

(Ga. L. 1925, p. 165, 3; Code 1933, 25-103; Code 1933, 41A-3003, enacted by Ga. L. 1974, p. 705, 1; Ga. L. 1983, p. 602, 17; Ga. L. 1989, p. 1257, 20; Ga. L. 2005, p. 826, 13/SB 82.)

7-1-633. Organizational meeting of directors; commencing of business.

(a) Within 30 days after receipt of the certificate of incorporation from the Secretary of State, an organizational meeting of the board of directors named in the articles of incorporation shall be held for the purpose of accepting the certificate and bylaws, appointing a credit committee or, in lieu thereof, loan officers and a supervisory committee, and electing or appointing the officers, as provided in Code [Section 7-1-655](#), who shall serve until the first directors' meeting after the first annual meeting. Notice of the meeting shall be given at least five days prior to the date of the meeting.

(b) When the organization has been completed, the credit union shall notify the department of this fact and may commence business subject to its obtaining deposit insurance as required in Code [Section 7-1-666](#).

(Ga. L. 1925, p. 165, 4, 13; Code 1933, 25-106, 25-113; Ga. L. 1956, p. 742, 2; Ga. L. 1968, p. 465, 6; Code 1933, 41A-3004, enacted by Ga. L. 1974, p. 705, 1; Ga. L. 1981, p. 1244, 3; Ga. L. 2004, p. 458, 4.)

7-1-634. Amendment of articles and bylaws; fee for investigation; approval or denial by department.

(a) Amendments to the bylaws of a credit union may be adopted and amendments of the articles may be requested by the affirmative vote of two-thirds of the authorized number of members of the board of directors at any duly held meeting thereof if the members of the board have been given prior written notice of said meeting and the notice has contained a copy of the proposed amendment or amendments. No amendment of the bylaws or of the articles shall become effective until approved in writing by the department.

(b) Every proposed amendment of the articles shall be filed in triplicate with the department together with the fee specified in Code [Section 7-1-862](#). Proposed amendments of the bylaws shall be filed with the department.

(c) The credit union may amend its bylaws to change its field of membership by adding additional groups of persons subject to the following conditions:

(1) Each new group must have a common bond that meets one of the descriptions in subsection (b) of Code [Section 7-1-630](#); and

(2) The credit union must pay such fee as may be established by the department to defray the cost of investigation.

(d) The department shall grant or deny approval of a complete and accepted application to amend the bylaws within 90 days, subject to safety and soundness and other criteria established by the department for these applications.

(e) The department shall maintain a permanent record of any approved amendment to the bylaws of a credit union which changes the field of membership proposed in the original articles or as subsequently amended.

(Ga. L. 1925, p. 165, 6, 11; Code 1933, 25-104, 25-121; Ga. L. 1967, p. 595, 3; Code 1933, 41A-3005, enacted by Ga. L. 1974, p. 705, 1; Ga. L. 1976, p. 1681, 2; Ga. L. 1983, p. 602, 18; Ga. L. 1989, p. 1257, 21; Ga. L. 1995, p. 673, 25; Ga. L. 2005, p. 826, 14/SB 82.)

7-1-635. Procedures for department.

(a) The department shall, in its discretion, approve or disapprove of proposed amendments to the articles or to the bylaws within 90 days after they are submitted by the credit union and within that time shall so advise the Secretary of State of any changes to the articles and inform the credit union in writing of its approval or disapproval.

(b) If the department should disapprove any articles or proposed amendments to articles or bylaws, it shall state the reasons for its disapproval. The subscribers or credit union shall have reasonable time, not more than 90 days from the date of disapproval or such additional time as the department may allow, to correct any matters causing its disapproval. If such matter is corrected, the department shall then advise the Secretary of State and credit union in writing of its approval of changes to the articles or the credit union alone in writing of its approval in the case of amendment of the bylaws.

(c) Final action by the department in approving or disapproving articles or amendments thereto or to the bylaws shall be conclusive, except that it may be subject to judicial review under Code [Section 7-1-90](#).

(Ga. L. 1967, p. 595, 4; Code 1933, 41A-3006, enacted by Ga. L. 1974, p. 705, 1; Ga. L. 1989, p. 1257, 22; Ga. L. 2005, p. 826, 15/SB 82.)

7-1-635.1. Out-of-state credit unions.

(a) A credit union organized in another state may conduct business and establish a place of business in this state with the approval of the department. The department must find that the out-of-state credit union:

(1) Is a credit union organized under laws of a state other than the State of Georgia or of the United States, which state grants similar authority to credit unions organized under the laws of this state;

(2) Is financially solvent and operates in conformance with the laws and regulations of its charter jurisdiction; and

(3) Has deposit insurance comparable to that required for credit unions chartered in this state.

(b) The out-of-state credit union must agree to:

(1) Grant loans at rates not in excess of the rates permitted for credit unions incorporated under the laws of Georgia;

(2) Comply with the same consumer protection provisions that credit unions incorporated under this chapter must obey; and

(3) Designate and maintain an agent for the service of process in this state.

(c) The department may examine the operations of any out-of-state credit union for the purpose of determining that the scope of its activities does not exceed that allowed pursuant to this chapter and that the facility is otherwise operating in compliance with the applicable laws of this state. The department may by regulation establish minimum requirements for the maintenance of books and records in sufficient form to enable the department to carry out its responsibilities under this Code section.

(d) The department may enter into cooperative and reciprocal agreements with the credit union regulatory authority of any government for the periodic examination of credit union offices and facilities of any kind located within this state and may accept reports from such authorities in lieu of conducting its own examination for compliance with the laws of this state.

(e) A credit union which is approved under this Code section shall be exempt from the requirements of Article 15 of [Chapter 2](#) of [Title 14](#).

(Code 1933, 41A-3008, enacted by Ga. L. 1981, p. 753, 1; Ga. L. 1989, p. 1257, 23; Ga. L. 2005, p. 826, 16/SB 82.)

7-1-636. Effect on articles and duration of existing credit unions.

(a) Nothing in this chapter shall be construed to impair the validity of the articles of a credit union existing on April 1, 1975.

(b) Each credit union existing on April 1, 1975, shall have perpetual duration unless its articles are amended under this chapter to provide for a limited period of duration.

(Code 1933, 41A-3007, enacted by Ga. L. 1974, p. 705, 1.)

PART 2 OPERATION AND REGULATION

7-1-650. Powers.

A credit union shall have, in addition to the powers common to all corporations under the laws of this state, the following powers:

(1) It may receive funds from its members or other financial institutions in the form of shares and deposits on accounts or as evidenced by certificates of deposit issued by the credit union but shall not have the power to offer third-party payment services except as authorized under [Code Section 7-1-670](#);

(2) It may receive savings deposits from nonmembers in such manner as the bylaws may provide, but such deposits may not be subject to check and may not bear a greater rate of interest than the rate of interest paid to members for the same class of deposit;

(3) It may make loans to members subject to approval by its credit committee or authorized employees pursuant to [Code Section 7-1-658](#);

(4) It may also invest, on the authority of its board of directors or by employees authorized by the board of directors, funds in the following manner:

(A) In obligations of the United States, including bonds and securities upon which payment of principal and interest is fully guaranteed by the United States; obligations issued by banks for cooperatives, federal land banks, federal intermediate credit banks, federal home loan banks, the Federal Home Loan Bank Board, or any corporation designated in Section 846 of Title 31 of the United States Code as a wholly owned government corporation; or in obligations, participations, or other instruments of or issued by or fully guaranteed as to principal and interest by the Federal National Mortgage Association or the Government National Mortgage Association;

(B) In general and direct obligations of the State of Georgia, its counties, districts, and municipalities which have been validated as provided by law, if no more than 25 percent of the shares and deposits of a credit union shall be invested in the obligations of any one such obligor;

(C) In loans to other credit unions, provided the loans do not exceed 10 percent of the shares, deposits, and surplus of the investing credit union;

(D) By depositing its funds in banks, building and loan associations, savings and loan associations, and credit unions; by purchasing certificates of deposit and savings certificates which such financial institutions are authorized to issue; and by selling or purchasing federal or correspondent (daily) funds or loan participations through such financial institutions; subject to limitations prescribed in regulations issued by the department; and

(E) In any other types of investments authorized by the department, including commercial paper, provided such investments shall not, in the aggregate, exceed 10 percent of the shares, deposits, and surplus of the investing credit union. In lieu of the foregoing limitation, any credit union may invest up to 15 percent of its equity capital as defined by the department in authorized investments issued by any single obligor;

(5) It may borrow from any source, but the total of such borrowings shall at no time exceed 50 percent of paid-in shares, deposits, and surplus. The department may, notwithstanding the other provisions of this Code section, temporarily waive the requirements of this paragraph to permit an individual credit union to borrow for emergency purposes;

(6) It may undertake with the approval of the department other activities which are not inconsistent with this chapter or regulations adopted pursuant thereto, including such powers as are afforded to federally chartered credit unions, either directly, through a subsidiary corporation, or in cooperation with other credit unions; provided, however, no such approval shall be granted unless the commissioner determines the activities do not present undue safety and soundness risks to the credit union involved;

(7) It may organize and engage in business without having any stated amount of capital subscribed or paid in other than that derived from the subscribers' qualifying shares, may commence business with only such capital authorized and paid in as may be provided in its bylaws, and may provide for the payment and withdrawal thereof as and in the manner provided by its bylaws;

(8) It may purchase, hold, and convey real estate for the following purposes only:

(A) Such real estate as shall be necessary for the convenient transaction of its business, subject to the prior approval of the department;

(B) Such real estate as shall be conveyed to it in satisfaction of debt previously contracted in the course of its business; and

(C) Such real estate as it shall purchase at sales under judgments, decrees, or mortgage foreclosures pursuant to mortgages or security deeds held by it;

(9) No real estate acquired in the cases provided for by subparagraphs (B) and (C) of paragraph (8) of this Code section and no real estate which has ceased to be used as credit union premises shall be held for a longer period than five years, unless the time shall be extended by the department. Properties, other than real estate, which are acquired in satisfaction of debts previously contracted and which a credit union is not otherwise authorized to own shall be held for no longer than six months unless such time period is extended by the department. Disposition of such property may be financed by the credit union without the advance of additional funds irrespective of the purchasers' membership in the credit union and of ordinarily applicable collateral margin requirements;

(10) It may provide through an amendment to its bylaws which shall be approved by two-thirds of its membership present and voting as otherwise provided in this part for the elimination or limitation of the personal liability of a director to the members in their capacity as shareholders of the credit union to the same extent as a bank or trust company operating under the provisions of this chapter.

(Ga. L. 1925, p. 165, 8; Code 1933, 25-105; Ga. L. 1956, p. 742, 1; Ga. L. 1968, p. 465, 3; Code 1933, 41A-3101, enacted by Ga. L. 1974, p. 705, 1; Ga. L. 1979, p. 417, 1; Ga. L. 1981, p. 1244, 4; Ga. L. 1987, p. 1586, 12-14; Ga. L. 1989, p. 1211, 12; Ga. L. 1990, p. 300, 1; Ga. L. 1999, p. 674, 26; Ga. L. 2005, p. 826, 17/SB 82.)

7-1-651. Membership; shares.

(a) The membership of the credit union shall consist of the initial subscribers and such other persons within the field of membership as may have subscribed to one share and have paid for same together with the required entrance fee and complied with all other requirements contained in the bylaws. No subscriber or other member shall hold more than one share out of any class of shares. The bylaws may provide for separate classes of shares for borrowers and depositors and for the par value of each share for each class but in no event shall the par value be less than \$1.00.

(b) Societies, associations, partnerships, and corporations composed of persons who are eligible for membership may be admitted to membership in the same manner and under the same conditions as such persons.

(c) A person or corporation who leaves the field of membership may be permitted to retain his membership in the credit union at the discretion of the board of directors.

(Ga. L. 1925, p. 165, 1, 9; Code 1933, 25-101, 25-108; Code 1933, 41A-3102, enacted by Ga. L. 1974, p. 705, 1; Ga. L. 1985, p. 823, 1.)

7-1-652. Joint, minor, and trust shares and deposits; preferred capital base shares.

(a) A share may be issued and deposits received jointly in the names of a member and a nonmember with right of survivorship, but no joint tenant shall be permitted to vote, obtain loans, or hold office unless he is within the field of membership and is a qualified member.

(b) (1)

(b)(1) A minor shall be allowed to have deposits in a credit union in his own name, and the deposits made by the minor shall not be subject to the control of his parent, guardian, or trustee. A minor may have third-party payment accounts. A receipt or acquittance signed by such a minor depositor shall be a valid and sufficient release and discharge of such credit union for any payment of any deposit to such minor. In the transactions involving payments to third parties out of the minor's account, the payment of an order of the minor shall be a valid and sufficient release and discharge of the credit union for any payment of such funds from the minor's account. This subsection shall continue to include, without limitation:

(A) Deposits in such credit unions by a minor with one or more adults or other minors, as party to and with the same effect as a multiple-party account under Article 8 of this chapter;

(B) The rental to a minor by said credit unions of a safe-deposit box or other receptacle for the safe deposit of property from such minor (and the receipt of any such property), individually or jointly with one or more adults; and

(C) The dealing with a minor by said credit unions with respect to such a deposit account, third-party payment account, or safe-deposit agreement without the consent of a parent or guardian and with the same effect as though the minor were an adult.

(2) Any action of the minor with respect to such deposit account, third-party payment account, or safe-deposit agreement shall be binding on the minor with the same effect as though the minor were an adult.

(c) In addition to its regular shares, a credit union may offer to its members "preferred capital base" shares when permitted by its bylaws. Such shares may be held without limit, shall be subject to the following restrictions, and may entitle the holder to the following rights and preferences:

(1) Such shares shall have no par value;

(2) Such shares shall be redeemed only at a stated maturity of not less than one year or within ten days of such maturity;

(3) Such shares shall be transferable on the books of the credit union so long as the acquiring person is a member of the credit union;

(4) Such shares may have a preference on the payment of dividends and interest up to 2 percent over the dividend rate paid to members on regular shares and deposits or such higher rates as approved by the credit union members and the department. Any such preference shall be fixed at the time of issuance of the shares; and

(5) Such shares shall be subordinate to claims of depositors and other creditors in the event of liquidation of the credit union but shall rank ahead of the claims of regular shares.

(Ga. L. 1925, p. 165, 17; Code 1933, 25-111; Code 1933, 41A-3103, enacted by Ga. L. 1974, p. 705, 1; Ga. L. 1981, p. 1244, 5; Ga. L. 1985, p. 823, 2; Ga. L. 1986, p. 458, 9; Ga. L. 2003, p. 843, 8.)

7-1-653. Expulsions and withdrawals; disposition of deposits, interest, shares, or dividends; reinstatement.

(a) At any regular or called meeting of the members, by a two-thirds' vote of those present, the members may expel from the credit union any member thereof. A member may withdraw from a credit union and a nonmember may withdraw deposits as provided in this Code section by filing a written notice of such intention. All deposits of an expelled or withdrawing member or nonmember with any interest accrued shall be paid to such member or nonmember, subject to 60 days' notice, after deducting any amounts due to the credit union by such member or nonmember. A credit union, upon the resignation or expulsion of a member, shall cancel the share, deposits, or dividends or interest due thereon and may apply the withdrawal value of such funds toward the liquidation of such member's indebtedness. Said expelled or withdrawing member or nonmember shall have no further right in said credit union or to any of its benefits, but such expulsion or withdrawal shall not operate to relieve said member or nonmember from any remaining liability to the credit union.

(b) A member may be expelled for reasons defined in the bylaws by a two thirds' vote of the board of directors. An expelled member may obtain reinstatement by an affirmative vote of the majority of the members voting at the next annual meeting of the credit union.

(Ga. L. 1925, p. 165, 16, 21; Code 1933, 25-109, 25-110; Code 1933, 41A-3104, 41A-3105, enacted by Ga. L. 1974, p. 705, 1; Ga. L. 1981, p. 1244, 6; Ga. L. 1982, p. 3, 7; Ga. L. 2005, p. 826, 18/SB 82.)

7-1-654. Capital; right to offset loans, dues, and fines.

The capital of the credit union shall consist of the payments that have been made to it by the members on their qualifying shares. A credit union shall have a lien on a member's share and deposits and on dividends or interest payable thereon for and to the extent of any loan made by it to such member and of any dues and fines payable to it by such member.

(Ga. L. 1925, p. 165, 16; Code 1933, 25-110; Code 1933, 41A-3105, enacted by Ga. L. 1974, p. 705, 1.)

7-1-655. Boards of directors; credit and supervisory committees; officers; oaths of officials; removal from office.

(a) At the first annual meeting the members shall elect from among their number a board of directors and at each annual meeting thereafter shall elect successors to the members of the board of directors whose terms of office expire at such annual meeting.

(b) Except as this Code section permits the bylaws of a credit union to provide otherwise, members of the board of directors elected at the first annual meeting shall serve until the next annual meeting and until their successors are elected and qualified. A credit union may in its

bylaws provide for staggered elections for members of the board of directors; but in that event the bylaws shall provide that as nearly as possible one-third of the board shall be elected at each annual meeting.

(c) At the organizational meeting and at its first meeting after each annual meeting of the members, the board of directors shall appoint a supervisory committee, credit committee, chairperson, president, secretary, and such other officers consistent with the bylaws as the board deems desirable. No member of the supervisory committee may serve as a member of the credit committee or as an officer, unless the board of directors functions as the credit committee as provided for in subsection (f) of Code Section 7-1-658.

(d) The chairman of the credit and supervisory committees shall be appointed by the board from among its number. Both the credit and supervisory committees shall be accountable to the board and members of such committees may be removed by the board.

(e) Officers and the committee members elected or appointed at the organizational meeting shall serve until the first annual meeting. Thereafter, the terms of such persons shall be until their successors are chosen or have duly qualified. An officer elected or appointed to fill an unexpired term shall be elected or appointed for the balance of that term.

(f) All members of the board and all officers and committee members shall be sworn to perform faithfully the duties of their several offices in accordance with this chapter and the bylaws or as otherwise lawfully established. The oaths shall be subscribed in writing and a copy thereof shall be retained in the minutes of the meetings of the board.

(g) Directors may be removed from office as provided in Code [Section 7-1-485](#).

(Ga. L. 1925, p. 165, 12; Code 1933, 25-112; Ga. L. 1962, p. 74, 1; Code 1933, 41A-3106, enacted by Ga. L. 1974, p. 705, 1; Ga. L. 1976, p. 1681, 3; Ga. L. 1981, p. 1244, 7; Ga. L. 1989, p. 1211, 13.)

7-1-656. Duties of directors; meetings; applicability of Code Section 7-1-490.

(a) The board of directors shall be responsible for the affairs, funds, and records of the credit union and shall meet as often as necessary, but at least once during ten different months of each calendar year. Unless the bylaws specifically reserve any or all of the duties to the members, it shall be the special duty of the directors:

(1) To act upon all applications for membership or approve the actions of an officer without loan granting authority, designated by the board of directors to approve applications for membership;

(2) To determine from time to time rates of interest and dividends which shall be allowed on deposits and charged on loans consistent with this article and other applicable laws and to authorize any interest refunds on such classes of loans and under such conditions as the board prescribes;

(3) To fix the amount of the fidelity bond which shall be required of all officers, employees, agents, or members having custody of funds, properties, or records; provided, however, that the amount of such fidelity bond shall not be less than such minimum requirements as shall be prescribed by regulation of the department and shall be in such form as may from time to time be approved by the department;

(4) To fix within the restrictions imposed by statute the maximum amount of deposits which may be made by and the maximum amount that may be loaned to any one member;

(5) To fill vacancies on the board of directors, credit committee, and supervisory committee until the election and qualification of a successor;

(6) To have charge of the investment of funds of the credit union other than loans to members within the restrictions imposed by statute or delegate investment authority to a qualified committee or officer as designated by the board of directors; and

(7) To perform such other duties as the members may from time to time authorize.

(b) The provisions of Code [Section 7-1-490](#) relative to the responsibilities of directors and officers and the delegation of investment decisions shall be applicable to the duties of directors, credit and supervisory committee members, and officers of credit unions.

(Ga. L. 1925, p. 165, 13; Code 1933, 25-113; Ga. L. 1956, p. 742, 2; Ga. L. 1968, p. 465, 6; Code 1933, 41A-3107, enacted by Ga. L. 1974, p. 705, 1; Ga. L. 1975, p. 445, 32; Ga. L. 1981, p. 1244, 8; Ga. L. 1989, p. 1211, 14; Ga. L. 2002, p. 1220, 6; Ga. L. 2005, p. 826, 19/SB 82.)

7-1-657. Duties of supervisory committee; inspections; comprehensive annual audits.

(a) The supervisory committee shall be responsible for securing a comprehensive audit of the credit union at least once each year. The committee may employ the services of an independent accountant or firm of such accountants or the internal auditors of any sponsoring group, concern, or association of credit unions to make such comprehensive audit. The results of the audit shall be submitted to the board and the committee shall present a summary of the results of the audit to the membership. The committee shall make recommendations to the board for the correction of any deficiencies disclosed by the audit. The annual audit shall include a confirmation of the share, deposit, and loan accounts of the members and such other procedures as the department might require. The annual audit shall be preserved with the records of the credit union and a copy shall be filed with the department.

(b) The supervisory committee, from time to time, may conduct or cause to be conducted other audit functions or reviews of operations or may make or cause to be made an inspection of the assets and the liabilities of the credit union. The committee shall report the results of any such reviews to the board of directors and shall be responsible for making specific recommendations to the board regarding any unsafe, unsound, or unauthorized activities discovered.

(Ga. L. 1925, p. 165, 15; Code 1933, 25-114; Code 1933, 41A-3108, enacted by Ga. L. 1974, p. 705, 1; Ga. L. 1981, p. 1244, 9; Ga. L. 2002, p. 1220, 7.)

7-1-658. Loans.

(a) Credit unions may lend money to their members at reasonable rates of interest, which shall not exceed 1 1/4 percent each month on the unpaid balance, or such greater rates as shall be

authorized for other financial institutions for such purposes as may be approved by the credit committee.

(b) Loans shall be supervised as follows:

(1) The credit committee shall have the general supervision of all loans to members. The credit committee shall hold such meetings as the business of the credit union may require and not less frequently than once each quarter to consider applications for loans. Reasonable notice of such meetings shall be given to all members of the committee. Actions of the credit committee shall be reported to the board in such form as the board shall prescribe at each regular meeting of the board. No loan shall be made unless it is approved by a majority of the entire committee, except as provided in this Code section;

(2) The credit committee may appoint one or more employees to be loan officers and delegate to such persons the power to approve or disapprove loans subject to such limitations or conditions as the credit committee prescribes. Records of loans approved shall be maintained in such form as the credit committee shall prescribe and shall be made available to the credit committee upon request. All loans in excess of 50 percent of a credit union's maximum loan limitation or such lower limit as the credit committee shall establish shall be acted upon by the credit committee. The credit committee may not appoint more than one of its members to be a loan officer. No person shall have the authority to disburse funds of the credit union for any loan which has been approved by such person;

(3) In lieu of a credit committee, the board of directors may appoint one or more loan officers and delegate to such persons the power to approve or disapprove loans subject to such limitations or conditions as the board prescribes. All other duties of the credit committee as described in this article shall become the duties of the board of directors. Records of loans approved shall be maintained by the loan officers in such form as the board shall prescribe and a listing of all loans made, including the name of the borrower and the amount of the loan, shall be submitted to the board at each meeting; and

(4) Members may appeal a credit decision made by a loan officer to the credit committee or to the board if denied by the credit committee. Where there is no credit committee, appeal shall be made to the board.

(c) Loans may be made to officers, directors, and committee members of the credit union under the same general terms and conditions as to other members of the credit union; provided, however, that no officer, director, committee member, or employee shall participate in approving any loan in which he or she has a direct or indirect financial interest. The approval of all loans to officers, directors, committee members, and employees of the credit union shall be reported to the board of directors at its next meeting.

(d) No credit union shall be authorized to lend to any individual borrower on an unsecured loan more than 1 percent of the first \$100,000.00 of its deposits and shares plus one-fourth of 1 percent of its deposits and shares over \$100,000.00. No credit union shall be authorized to lend to any individual borrower on a secured loan more than 10 percent of the first \$100,000.00 of its deposits and shares plus 4 percent of the next \$1 million of its deposits and shares plus 2 percent of its deposits and shares over \$1.1 million. Deposits and shares reflected in the statement of condition on the last calendar day of the preceding quarter, to the nearest \$100,000.00, shall be used to establish loan limits for the subsequent calendar quarter, provided that where a credit union has less than \$1 million in total shares and deposits, the nearest \$1,000.00 shall be used to establish these limits. Any credit union may make loans up to \$200.00 regardless of the amount

of its shares and deposits. The amount loaned to any one borrower on an unsecured basis when added to the amount loaned to any one borrower on a secured basis shall not exceed the limitation set forth in this subsection for secured loans, such limitation being the maximum loan limit of the credit union.

(e) For purposes of subsection (d) of this Code section:

(1) "Borrower" means the member who actually received the proceeds from a loan and shall not include any obligation which he may incur by being an endorser, guarantor, comaker, or similar obligor for another borrower;

(2) "Secured loan" means a loan for which adequate collateral is given. A secured loan may include a loan for which there is an endorser, guarantor, comaker, or similar obligor.

(f) Approval of loans by the credit committee shall be evidenced, prior to disbursement of the loan proceeds, by a writing signed by a committee member stating that the committee has approved the loan. If the board appoints loan officers in lieu of a credit committee, it shall establish policies for approval of loans by those loan officers.

(Ga. L. 1925, p. 165, 14, 18; Code 1933, 25-115, 25-116; Ga. L. 1962, p. 74, 2; Ga. L. 1968, p. 465, 4, 5; Code 1933, 41A-3109, enacted by Ga. L. 1974, p. 705, 1; Ga. L. 1976, p. 1681, 4, 5; Ga. L. 1981, p. 1244, 10; Ga. L. 1994, p. 1780, 2; Ga. L. 2004, p. 458, 5.)

7-1-659. Entrance fees; reserves; exclusion of state and federal credit union reserves from tax calculations.

(a) A credit union may charge entrance fees as provided in the bylaws. All such fees shall, after payment of organizational expense, be known as reserve income and shall be added to the regular reserve of the credit union.

(b) Immediately before the payment of each dividend, the gross earnings of the credit union shall be determined. There shall be set aside from that amount as an allowance for loan and lease losses, sums adequate to cover such anticipated losses, based on the risk characteristics of the loan portfolio.

(c) All credit unions shall be subject to the capital and reserve requirements of Part 702 of the Rules and Regulations of the National Credit Union Administration, known as Prompt Corrective Action. Credit unions that are less than ten years old shall operate according to a business plan which shall contain requirements for reserves and which shall be approved by the department. The department shall have the discretion to require additional capital and reserves to assure the safety and soundness of any credit union.

(d) In addition to regular reserves, special reserves to protect the interest of members shall be established when found necessary in any special case by the board of directors of the credit union or by the department.

(e) All reserves of credit unions or federal credit unions established in accord with generally accepted accounting principles or upon the specific direction of the department or any federal regulatory body or for the purpose of complying with any conditions lawfully imposed by the department or any federal regulatory body shall not be considered as surplus or undivided profits of any credit union for tax purposes.

(Ga. L. 1925, p. 165, 19; Code 1933, 25-117; Ga. L. 1956, p. 742, 3; Code 1933, 41A-3110, enacted by Ga. L. 1974, p. 705, 1; Ga. L. 2002, p. 1220, 8.)

7-1-660. Dividends; interest.

At such intervals and for such periods as the board of directors may authorize, dividends and interest from retained earnings may be declared at such rates as are determined by the board, provided that such dividends and interest shall not be paid until provision for the transfer to the allowance for loan losses has been made. Dividends or interest in excess of 100 percent of a credit union's net earnings before dividends shall be approved in writing by the department prior to payment, provided that an application from a credit union with net worth equal to or in excess of the requirements for a well capitalized credit union, as defined by the National Credit Union Administration rules and regulations, shall be deemed to be approved five business days after the receipt of the dividend approval form by the department unless the department notifies the credit union that the dividend is not approved within this period. The proposed dividend or interest may be paid after approval by the department upon its determination that such payment would be in the continued best interest of the credit union, would promote its stability, and would not impair its ability to repay its creditors other than its shareholders and depositors.

(Ga. L. 1925, p. 165, 13; Code 1933, 25-113; Ga. L. 1956, p. 742, 2; Ga. L. 1968, p. 465, 6; Code 1933, 41A-3111, enacted by Ga. L. 1974, p. 705, 1; Ga. L. 1975, p. 445, 33; Ga. L. 1981, p. 1244, 11; Ga. L. 2005, p. 826, 20/SB 82; Ga. L. 2006, p. 72, 7/SB 465.)

7-1-661. Fiscal year; special meetings of members; voting and proxies.

The credit union fiscal year shall end at the close of business on December 31. Special meetings of the members may be held by order of the directors or on written request of 10 percent of the members. At all meetings a member shall have but one vote. No member may vote by proxy; but a society, association, partnership, or corporation having membership in the credit union may be represented by one person duly authorized by said society, association, partnership, or corporation to represent it. At any meeting the members may decide on any matter of interest to the credit union and may overrule the board of directors, provided the notice of the meeting shall have stated the question to be considered.

(Ga. L. 1925, p. 165, 11; Code 1933, 25-121; Code 1933, 41A-3112, enacted by Ga. L. 1974, p. 705, 1; Ga. L. 1981, p. 1244, 12.)

7-1-662. Taxes to which subject.

Credit unions shall not be subject to any tax except the ad valorem tax upon property imposed by the Constitution of this state unless made subject thereto by express provision of the law specifically naming credit unions and making them subject thereto. All ad valorem taxes against credit unions shall be assessed upon the value of their shares, including surplus and undivided profits, and not upon their assets, other than real estate; and the rate of taxation shall not exceed the rate of taxation imposed on banking corporations, provided that, so long as federal credit unions are exempt from the payment of the tax imposed under this Code section, state credit unions shall likewise be exempt.

(Ga. L. 1925, p. 165, 24; Code 1933, 25-123; Ga. L. 1943, p. 279, 2; Code 1933, 41A-3113, enacted by Ga. L. 1974, p. 705, 1.)

7-1-663. Rules and regulations of department.

Without limitation on the authority conferred by Article 1 of this chapter, the department is authorized to make such rules and regulations not inconsistent with this article and other applicable statutes governing the operation of credit unions as it may consider reasonable and proper for the protection of all funds invested. The department shall solicit comments from credit unions at least annually for recommended changes to the department's rules and regulations.

(Code 1933, 25-123.1, enacted by Ga. L. 1968, p. 465, 1; Code 1933, 41A-3114, enacted by Ga. L. 1974, p. 705, 1; Ga. L. 2005, p. 826, 21/SB 82.)

7-1-664. Payment of deposits of deceased depositors in state and federal credit unions.

Reserved. Repealed by Ga. L. 1983, p. 661, 2, effective July 1, 1983.

7-1-665. Subsidiary offices.

A credit union shall not be prohibited from maintaining offices at locations other than its principal offices if the maintenance of such offices shall be reasonably necessary to furnish service to its membership. The establishment of additional offices shall be subject to the prior approval of the department upon application to it in such form as it may prescribe by regulation. Participation in shared branching networks does not constitute the establishment of additional offices under this Code section.

(Code 1933, 41A-3116, enacted by Ga. L. 1974, p. 705, 1; Ga. L. 2005, p. 826, 22/SB 82.)

7-1-666. Deposit insurance requirements; public notices when deposits not properly insured.

(a) Every credit union shall be required to obtain deposit insurance satisfactory to the department before it may conduct business and accept deposits, except that credit unions which have had their deposit insurance coverage withdrawn or canceled may, in the discretion of the department, continue to accept deposits, provided that, within six months after withdrawal or cancellation of insurance, such credit unions shall obtain deposit insurance written by an insurance company authorized to transact business in this state and acceptable to the department or by the National Credit Union Administration. The department may, in its discretion, for cause shown, extend the time limitation in which deposit insurance must be obtained.

(b) Deposit insurance required to be obtained in subsection (a) of this Code section need not be in excess of amounts insured by the National Credit Union Administration at the time the insurance is obtained; but, whenever the insurance coverage is, in the opinion of the department,

less than amounts insured by the National Credit Union Administration, the credit union shall be required to post a sign in boldface print, in letters at least four inches high, at a conspicuous place near the entrance of such credit union, which states "Deposits Not Insured" or "Deposits Insured Up To (insert amount of deposit insurance)." Such wording shall also follow the name of the credit union wherever it is written or printed and shall be posted in writing which is easily legible in letters at least one inch high at each window or desk receiving deposits.

(Code 1933, 41A-3117, enacted by Ga. L. 1974, p. 705, 1.)

7-1-667. Mergers.

(a) A credit union may, with the approval of the department and in accordance with such uniform rules and regulations as it shall make and promulgate, be merged with another credit union under the articles of such credit union, upon any plan agreed upon by the majority of the board of each credit union joining the merger and approved by not less than two-thirds of the members of each credit union present and eligible to vote at meetings called for that purpose. The department may allow waiver of the member vote if in its judgment the merger is necessary to protect the safety and soundness of either or both credit unions. All property, property rights, and interests of the credit union so merging shall, upon merger, be transferred to and vested in the credit union under whose articles the merger is effected without deed, endorsement, or other instrument of transfer; and the debts and obligations of the credit union so merging shall be deemed to have been assumed by the credit union under whose articles the merger is effected; and thereafter the articles of the credit union so merging shall be void.

(b) The provisions of Article 8 of [Chapter 4](#) of [Title 14](#), relating to merger and consolidation, shall no longer be applicable to credit unions.

(c) For purposes of this Code section, the term "credit union" shall include a federal credit union.

(Code 1933, 41A-3118, enacted by Ga. L. 1974, p. 705, 1; Ga. L. 1980, p. 972, 7; Ga. L. 2005, p. 826, 23/SB 82.)

7-1-668. Conversion of state and federal credit unions.

(a) Any credit union operating in this state may convert into a federal chartered credit union, and any federal credit union may convert into a credit union organized under this chapter upon approval of the authority under whose supervision the converted credit union will operate and upon compliance with applicable federal laws as to a converted federal credit union and upon compliance with applicable state laws as to a converted credit union. In the case of a federal credit union converting to a state credit union, such converting credit union may keep its existing members at the time of conversion, but after conversion eligibility for membership in the converted credit union must comply with state law. If there are other areas of noncompliance with state law, the credit union must provide the department with a plan to bring those areas into compliance with Georgia law within a reasonable period, to be determined by the department.

(b) The procedure for obtaining such approval and effecting the conversions in the case of a credit union shall be as follows:

(1) A meeting of the board of directors, either regular or special, shall be called for the purpose of voting on converting from a federal credit union to a credit union or from a credit union to a federal credit union. A majority of the board of directors shall adopt a resolution approving the contemplated conversion;

(2) A meeting, either regular or special, of the shareholders shall then be called for voting on the proposed conversion. Notice of said meeting shall be given in the manner prescribed in Code [Section 7-1-6](#) and shall include a statement indicating that the proposed conversion will be considered at the meeting. Proof of giving of the notice shall be by the affidavit of the president of the credit union. A majority of the members present at this meeting shall then approve the proposed conversion;

(3) Within ten days after such approval of the conversion, the president or vice-president and treasurer shall file a verified copy of the resolution adopted by the board of directors with the state or federal authority under whose supervision the converting credit union is to operate.

(c) Upon the written approval of the department for conversions to credit unions and with the written approval of the National Credit Union Administration for conversions to federal credit unions, the converting credit union shall then become a credit union under the laws of this state or the United States, as the case may be; and thereupon all assets shall become the property of the new credit union or federal credit union, as the case may be, subject to all existing liabilities, and every person who was a member of the converting credit union shall be a member in the new credit union or federal credit union.

(d) Conversions by state chartered credit unions to financial institutions other than credit unions shall be effected by approval of the department and compliance with any other applicable law. Procedures provided in subsection (b) of this Code section shall be followed for obtaining approval and effecting such conversions, provided that two-thirds of the members voting shall be required to approve a proposed conversion. The department may prescribe other requirements in order to protect the rights of members or the funds invested.

(Code 1933, 41A-3119, enacted by Ga. L. 1974, p. 705, 1; Ga. L. 2005, p. 826, 24/SB 82.)

7-1-669. Central credit union.

(a) A "central credit union" means a credit union which is organized to serve a field of membership which consists primarily of other credit unions operating pursuant to this chapter, any other state credit union law, or the Federal Credit Union Act. A central credit union may be organized and operated under this chapter and subject to all provisions of this chapter which are not inconsistent with this Code section. Such credit union shall use the word "central" in its name.

(b) The field of membership of a central credit union shall include credit unions organized and operating under this chapter or under the Federal Credit Union Act. In addition, the field of membership may include:

(1) Members of credit unions which are members of the central credit union;

(2) Officials and employees of any organization or association of credit unions and of the central credit union;

(3) Except as limited in Article 1 of this chapter, employees of the department or of the National Credit Union Administration;

(4) Organizations and associations of persons or credit unions included in the foregoing;

(5) Persons who are:

(A) Members of a credit union that has entered into voluntary or involuntary dissolution; or

(B) Indebted to a credit union which has entered into voluntary or involuntary dissolution; or

(C) Nonmember depositors of a credit union which has entered into voluntary or involuntary dissolution; and

(6) Groups within a common bond which are determined by the commissioner to lack the potential membership required for approval of their own credit union.

(c) The central credit union may make loans to individuals who are members pursuant to paragraph (1) of subsection (b) of this Code section only upon approval of the credit committee of the member credit union of which the individual is a member and to individuals who are members pursuant to paragraph (3) of subsection (b) of this Code section only upon reporting such loan to the appropriate supervisory authority.

(d) The commissioner may, in his discretion, approve greater borrowings than provided in this chapter when required to enable the credit union to meet its obligations to its members and otherwise assist its members during any emergency or hardship.

(e) A central credit union may:

(1) Make loans to other credit unions, but loans to any one credit union shall not exceed:

(A) For unsecured loans and lines of credit, excluding pass through and guaranteed loans from the Central Liquidity Fund and the National Credit Union Share Insurance Fund, more than 50 percent of capital; or

(B) For secured loans and lines of credit, excluding those secured by shares or marketable securities and member reverse repurchase transactions, more than 100 percent of capital.

For the purposes of this paragraph, the definition of capital shall be consistent with federal law and regulations. The department may utilize other definitions found in the National Credit Union Administration rules and regulations in interpreting this subsection;

(2) Make loans to other members as specified in Code [Section 7-1-658](#);

(3) Purchase shares of and make deposits in other credit unions;

(4) Obtain or acquire the assets and liabilities of any credit union which enters into liquidation;

(5) Invest in and grant loans to associations of credit unions and to organizations chartered to provide service to credit unions; and

(6) Borrow money and accept deposits from any source.

(f) The commissioner may issue such special regulations as he or she may deem prudent or necessary to allow a central credit union to promote effectively the liquidity and sound financial

management of its member credit unions without unduly endangering its own liquidity and sound financial condition. Such special regulations need not be applicable to all credit unions but may be applicable only to the central credit union. The central credit union shall maintain an adequate allowance for loan and lease losses in accordance with generally accepted accounting principles and such other reserves as may be required by the rules and regulations of the department.

(g) A central credit union shall have all the rights and powers of any other credit union organized under this chapter and the additional rights and powers specified in this Code section.

(Code 1933, 41A-3120, enacted by Ga. L. 1974, p. 705, 1; Ga. L. 2002, p. 1220, 9; Ga. L. 2005, p. 826, 25/SB 82.)

7-1-670. Third-party payment services.

(a) Any credit union may apply to the department for permission to offer third-party payment services to its members. The department shall exercise its discretion in determining whether to approve such request but shall not grant its approval until it is satisfied that:

(1) The convenience and need of the membership will be served by the proposed change;

(2) There is reasonable promise of adequate support of the program in light of:

(A) The competition offered by existing financial institutions;

(B) The financial history of the credit union and its membership; and

(C) The opportunities for profitable employment of depositors' funds as indicated by the average demand for credit, the number of potential depositors, the volume of transactions, and stability of the common bond;

(3) The managerial resources, internal controls, and operating procedures of the credit union are sufficient to administer the program in a safe and sound manner; and

(4) The capital and reserves of the credit union are adequate in light of current economic conditions and asset quality of the credit union.

(b) A credit union meeting certain financial and managerial criteria specified by department rule, regulation, or policy shall be exempt from the need for prior approval. Prior notice of intent to offer third-party payment services will be provided to the department.

(c) Upon the commencement of third-party payment services, a credit union shall be subject to Code [Sections 7-1-287](#), pertaining to investment securities; [7-1-288](#), pertaining to corporate stock and securities; [7-1-371](#), pertaining to legal reserve requirements; and rules and regulations of the department relating to the foregoing Code sections of law and shall not pay a greater rate of interest on third-party payment accounts than is allowed to be paid by commercial banks.

(d) A credit union that is approved to offer third-party payment services may apply to the department to offer other services, such as check-cashing services, sale of money orders, or international remittances, which services are determined by the department to be safe, sound, convenient, and necessary and responsive to those consumers eligible for membership. The department may impose restrictions on these services if approved.

(e) Authority to offer third-party payment services may be suspended or revoked in accordance with Code [Section 7-1-91](#).

(Code 1933, 41A-3121, enacted by Ga. L. 1979, p. 417, 2; Ga. L. 1983, p. 602, 19; Ga. L. 2001, p. 970, 9; Ga. L. 2005, p. 826, 26/SB 82; Ga. L. 2007, p. 502, 16/SB 70.)