**South Carolina General Assembly**

122nd Session, 2017-2018

**A186, R202, S337**

**STATUS INFORMATION**

General Bill

Sponsors: Senators Davis, Grooms, Reese and Shealy

Document Path: l:\council\bills\dka\3045sa17.docx

Companion/Similar bill(s): 5108

Introduced in the Senate on February 1, 2017

Introduced in the House on March 20, 2018

Last Amended on March 7, 2018

Passed by the General Assembly on May 4, 2018

Governor's Action: May 15, 2018, Signed

Summary: Credit unions

**HISTORY OF LEGISLATIVE ACTIONS**

Date Body Action Description with journal page number

2/1/2017 Senate Introduced and read first time ([Senate Journal‑page 16](file:///h:\sj\20170201.docx))

2/1/2017 Senate Referred to Committee on **Banking and Insurance** ([Senate Journal‑page 16](file:///h:\sj\20170201.docx))

3/1/2018 Senate Committee report: Favorable with amendment **Banking and Insurance** ([Senate Journal‑page 10](file:///h:\sj\20180301.docx))

3/2/2018 Scrivener's error corrected

3/7/2018 Senate Committee Amendment Adopted ([Senate Journal‑page 42](file:///h:\sj\20180307.docx))

3/8/2018 Senate Read second time ([Senate Journal‑page 11](file:///h:\sj\20180308.docx))

3/8/2018 Senate Roll call Ayes‑38 Nays‑0 ([Senate Journal‑page 11](file:///h:\sj\20180308.docx))

3/13/2018 Senate Read third time and sent to House ([Senate Journal‑page 18](file:///h:\sj\20180313.docx))

3/20/2018 House Introduced and read first time ([House Journal‑page 104](file:///h:\hj\20180320.docx))

3/20/2018 House Referred to Committee on **Labor, Commerce and Industry** ([House Journal‑page 104](file:///h:\hj\20180320.docx))

4/26/2018 House Committee report: Favorable **Labor, Commerce and Industry** ([House Journal‑page 80](file:///h:\hj\20180426.docx))

5/2/2018 House Requests for debate‑Rep(s). King, Gilliard, Brown, Pendarvis, Hart ([House Journal‑page 100](file:///h:\hj\20180502.docx))

5/3/2018 House Requests for debate removed‑Rep(s). Pendarvis, Brown ([House Journal‑page 21](file:///h:\hj\20180503.docx))

5/3/2018 House Read second time ([House Journal‑page 21](file:///h:\hj\20180503.docx))

5/3/2018 House Roll call Yeas‑99 Nays‑0 ([House Journal‑page 22](file:///h:\hj\20180503.docx))

5/3/2018 House Unanimous consent for third reading on next legislative day ([House Journal‑page 23](file:///h:\hj\20180503.docx))

5/4/2018 House Read third time and enrolled ([House Journal‑page 3](file:///h:\hj\20180504.docx))

5/14/2018 Ratified R 202

5/15/2018 Signed By Governor

5/23/2018 Effective date 05/15/18

5/31/2018 Act No. 186

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**VERSIONS OF THIS BILL**

[2/1/2017](file:///p:\pprever\2017-18\337_20170201.docx)

[3/1/2018](file:///p:\pprever\2017-18\337_20180301.docx)

[3/2/2018](file:///p:\pprever\2017-18\337_20180302.docx)

[3/7/2018](file:///p:\pprever\2017-18\337_20180307.docx)

[4/26/2018](file:///p:\pprever\2017-18\337_20180426.docx)

(A186, R202, S337)

**AN ACT TO AMEND SECTION 34‑26‑410, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO THE POWERS OF CREDIT UNIONS, SO AS TO PROVIDE THAT A CREDIT UNION MAY SELL CERTAIN FINANCIAL INSTRUMENTS TO PERSONS IN THE FIELD OF MEMBERSHIP; TO AMEND SECTION 34‑26‑500, RELATING TO MEMBERSHIP IN A CREDIT UNION, SO AS TO PROVIDE THE PROCEDURE FOR A CREDIT UNION TO SERVE NEW COMMUNITY GROUPS AND UNDERSERVED COMMUNITIES; TO AMEND SECTION 34‑26‑640, RELATING TO BOARD MEETINGS, SO AS TO REQUIRE THE BOARD TO MEET AT LEAST ONCE EACH YEAR AND TO ALLOW PARTICIPATION REMOTELY IN CERTAIN MEETINGS; AND TO AMEND SECTION 34‑26‑1020, RELATING TO PERMISSIBLE INVESTMENTS OF CREDIT UNION FUNDS, SO AS TO ALLOW FOR AN INVESTMENT IN CERTAIN CHARITABLE DONATION ACCOUNTS.**

Be it enacted by the General Assembly of the State of South Carolina:

**Credit union services**

SECTION 1. Section 34‑26‑410 of the 1976 Code is amended by adding an appropriately numbered item to read:

“( ) sell, to persons in the field of membership, negotiable checks, including traveler’s checks, money orders, and other similar money transfer instruments, including international and domestic electronic fund transfers and remittance transfers and cash checks and money orders for persons in the field of membership for a fee.”

**Credit union membership**

SECTION 2. Section 34‑26‑500 of the 1976 Code is amended to read:

“Section 34‑26‑500. (1) The membership of a credit union may consist of groups having different common bonds, having been duly admitted as members, having paid any required one‑time or periodic membership fee, or both, having subscribed to one or more shares, and having complied with such other requirements as the articles of incorporation and bylaws specify.

(2) Credit union membership may also consist of groups having different common bonds of occupation, association, community, or persons employed within a defined business district, building, industrial park or shopping center, and members of the family of such persons who are related by either blood or marriage.

(3) A credit union may add additional occupation and association groups not to exceed two hundred fifty potential members to its field of membership, as necessary, provided the groups reasonably are served by one of the credit union’s service facilities, and the group has provided a written request for service to the credit union. However, the Board of Financial Institutions may revoke the power of a credit union to add groups provided by this section upon a finding that permitting additions pursuant to the provisions of this section are not in the best interest of the credit union. The adding of these groups must be consistent with the following:

(a) In order to add additional groups, a credit union first shall obtain a letter on the group’s letterhead, if possible, signed by an official representative identified by title, requesting credit union service. The groups shall indicate the number of potential members seeking service. This document must be maintained by the credit union permanently with its bylaws.

(b) A credit union adding groups shall maintain a log of these groups. The log must include the following: the date the group obtained service, the name and location of the group, the number of potential members added, the number of miles to the nearest main or branch office, and the date of the approval of the group by the board of directors.

(c) Upon complying with the above procedures, board approval is not necessary to add groups with no more than two hundred fifty potential members to a credit union’s field of membership. Approval of the Board of Financial Institutions must be obtained before the addition of groups in excess of two hundred fifty.

(4)(a) For the purposes of this subsection:

(i) ‘Well‑defined’ means that the area has specific geographic boundaries.

(ii) ‘Geographic boundaries’ may include a municipality, city, county, or clearly identifiable neighborhood.

(b) State chartered credit unions may apply to the board to serve community groups. A community group shall consist of persons who live in, attend school in, or work in a community and have common interests or interact. The area to be served must be a well‑defined neighborhood, business district, community, or rural district where the credit union maintains a service facility, has a membership presence, and has the ability to serve those who qualify for and request credit union service. More than one credit union may share the same community. The credit union requesting to serve a community must provide to the board:

(i) documentation describing how the area meets standards for community interaction or common interests and clearly defining the geographic boundaries of the proposed service area;

(ii) documentation establishing the area as a well‑defined local neighborhood, community, rural district, or business district; and

(iii) current financial statements and a plan showing how the credit union intends to market its products and services to the entire community, and the credit union must have been determined by recent examinations to have a strong financial position.

(c) Upon compliance with the above procedures, approval of the Board of Financial Institutions must be obtained in order to add a community group to a credit union’s field of membership.

(5)(a) For the purposes of this subsection:

(i) ‘Underserved community’ means a local community, neighborhood, or rural district that is an investment area.

(ii) ‘Investment area’ means an area:

(A) encompassed or located in an Empowerment Zone or Enterprise Community designated under Section 1391 of the Internal Revenue Code of 1996 (26 U.S.C. 1391);

(B) where the percentage of the population living in poverty is at least twenty percent;

(C) in a metropolitan area where the median family income is at or below eighty percent of the metropolitan area median family income or the national metropolitan area median family income, whichever is greater;

(D) outside of a metropolitan area where the median family income is at or below eighty percent of the statewide nonmetropolitan area median family income or the national nonmetropolitan area median family income, whichever is greater;

(E) where the unemployment rate is at least one and a half times the national average;

(F) where the percentage of occupied distressed housing, as indicated by lack of complete plumbing and occupancy of more than one person per room, is at least twenty percent; or

(G) located outside of a metropolitan area with a county population loss between 1980 and 1990 and subsequent ten year intervals of at least ten percent.

(b) State chartered credit unions may apply to include underserved communities in their field of membership. More than one credit union may serve the same underserved community. A credit union requesting to serve an underserved community must provide to the board:

(i) documentation establishing that the community meets the definition of an investment area; and

(ii) current financial statements and a business plan showing how the credit union intends to serve the community. The business plan must identify the credit and depository needs of the community and detail how the credit union plans to serve those needs. The credit union must have been determined by recent examinations to have a strong financial position.

(c) Upon compliance with the above procedures, approval of the Board of Financial Institutions must be obtained in order to add a community group to a credit union’s field of membership.”

**Credit union board meetings**

SECTION 3. Section 34‑26‑640 of the 1976 Code is amended to read:

“Section 34‑26‑640. (A) The board of directors shall meet at least monthly and at other times as is necessary.

(B) Unless the bylaws provide otherwise, one regular meeting each calendar year must be conducted in person. If a quorum is present in person for the annual in person meeting, then the remaining board members may participate using audio or video teleconference methods. The other regular meetings may be conducted using audio or video teleconference methods.”

**Investment of credit union funds**

SECTION 4. Section 34‑26‑1020 of the 1976 Code is amended to read:

“Section 34‑26‑1020. Funds not used in loans to members may be invested:

(1) in any investment which is legal for state‑chartered banks;

(2) in deposits, obligations, or other accounts of financial institutions organized under state or federal law;

(3) in loans to or in shares or deposits of other credit unions or corporate credit unions;

(4) in deposits, in loans to, or shares of any Federal Reserve Bank, U.S. Central Credit Union, or of any central liquidity facility established under state or federal law;

(5) in shares, stocks, deposits in, loans to, or other obligations of any credit union service organization, or association exclusively providing services associated with the credit union or engaging in activities incidental to the operations of a credit union. Investments in the aggregate may not exceed fifteen percent of the credit union’s reserves and undivided profits;

(6) in participation loans with other credit unions;

(7) in fixed assets; and

(8) in charitable donation accounts if those accounts meet the requirements of 12 C.F.R. 721.3. A credit union shall notify the commissioner before it establishes a charitable donation account.”

**Time effective**

SECTION 5. This act takes effect upon approval of the Governor.

Ratified the 14th day of May, 2018.

Approved the 15th day of May, 2018.

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