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An Act To Make Technical and Supervisory Amendments to the Laws Governing Banking and Consumer Credit

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 9-A MRSA §6-202, as amended by PL 1975, c. 767, §8, is further amended to read:

§ 6-202. Notification

1. Persons subject to this Part shall file notification with the administrator before commencing business in this State, and, thereafter, on or before January 31st of each year. ~~The notification shall state:~~The notification filings must be made to the administrator and must be in a form and contain information that the administrator considers appropriate for the proper supervision and regulation of such persons.

A. ~~Name of the person;~~

B. ~~Name in which business is transacted if different from A;~~

C. ~~Address of principal office, which may be outside this State;~~

D. ~~Address of all offices or retail stores, if any, in this State at which consumer credit transactions are entered into, or in the case of a person taking assignments of obligations, the offices or places of business within this State at which business is transacted;~~

E. ~~If consumer credit transactions are entered into otherwise than at an office or retail store in this State, a brief description of the manner in which they are entered into;~~

F. ~~Address of designated agent upon whom service of process may be made in this State, section 1-203; and~~

G. ~~Whether supervised loans are made.~~

2. ~~If information in a notification becomes inaccurate after filing, the administrator should be advised in writing of such new or corrected information.~~

3. In addition to the notification filings required in subsection 1, the administrator may require reports and other information at such times and in such form as the administrator considers appropriate for the proper supervision of the persons subject to this Part.

4. If information in a notification required in subsection 1 becomes inaccurate after filing, the administrator must be advised in writing of the new or corrected information.

Sec. 2. 9-B MRSA §222, sub-§3, as amended by PL 2001, c. 211, §7, is repealed and the following enacted in its place:

3. Condition and income reports. Every financial institution subject to this Title shall make quarterly, or at such times as the superintendent may direct, a report of condition and income to the superintendent. The report must be in such form and contain such information as the superintendent considers appropriate for the proper supervision and regulation of such financial institutions.

The report must contain a declaration that the report is true and correct and must be signed by an officer authorized to do so by the board of directors of the financial institution. The financial institution shall retain a copy of the report that is filed with the bureau, including the original signed declaration, and shall make it available to the bureau upon request.

Sec. 3. 9-B MRSA §223, sub-§2, as enacted by PL 1975, c. 500, §1, is amended to read:

2. Reports posted in offices. Every financial institution shall make available in all of its offices at least 10 days, but not more than 30 days, prior to the annual meeting of its stockholders, corporators or members, its latest condition report or a condition report for its most recently completed fiscal year, and a report of income for the institution's most recently completed fiscal year. In addition to making available its latest condition report or condition report for its most recently completed fiscal year, a nondepository trust company shall make available a report of its fiduciary assets and income.

Sec. 4. 9-B MRSA §342, as amended by PL 2007, c. 79, §7, is further amended to read:

§ 342. Conversion to new charter: federal to State; State to federal; out of state to State

1. Federal savings bank or savings and loan to state financial institution. Any federal association or federal savings bank may convert to a financial institution organized under the laws of this State in the following manner. A federal savings bank or savings and loan association converting to a financial institution organized under the laws of this State may continue to use the designation "Federal" or "FSB" or derivatives of "Federal" or "FSB" in its corporate title, as long as the converted federal savings bank or savings and loan association also uses the designation "state association" or "S.A." in its corporate title.

A. At an annual meeting or a special meeting called for that purpose, a majority, or more if required by the institution's organizational documents, of the members or investors casting votes in person or by proxy must approve of the conversion. Notice of the meeting must be mailed to each member or investor at least 30 and not more than 60 days prior to the date of the meeting at the member's or investor's last known address as shown on the books of the institution.

B. At the meeting required in paragraph A, the members or investors shall vote upon directors who will be the directors of the state-chartered institution after conversion becomes effective and the members shall also vote upon corporators if a board of corporators is to be established for the resulting state-chartered institution.

C. Within 10 days after the meeting, a copy of the minutes of the meeting, verified by affidavit of the clerk or secretary, together with such additional information as the superintendent may require, must be submitted to the superintendent for the superintendent's approval or disapproval in writing of the proposed conversion pursuant to the procedures and requirements of section 252. The verified copies of the minutes of the meeting when filed are presumptive evidence of the holding and action of the meeting.

D. Copies of the minutes of the meeting of members or investors, verified by affidavit of the clerk or secretary, and copies of the superintendent's written approval must be mailed to the Office of Thrift Supervision or its successor within 10 days after approval.

E. Following compliance with all applicable requirements of federal law, if any, the directors elected pursuant to paragraph B shall execute 3 copies of the organizational documents upon which the superintendent shall endorse approval and those documents must be filed in accordance with the provisions of chapter 31 or 32. Each director shall sign and acknowledge the documents as a subscriber to the documents.

F. So far as applicable, the provisions of this Title apply to the resulting institution.

G. The rights of dissenting investors of a converting federal savings bank or federal savings and loan are governed by federal law.

H. Upon approval of the superintendent and evidence that the converting institution has complied with all applicable state and federal laws, rules and regulations, the superintendent shall issue to the resulting institution a certificate specifying the name of the converting institution and shall file a copy of the certificate with the Secretary of State. This certificate, once filed, is conclusive evidence of the conversion and of the correctness of all proceedings relating to the conversion in all courts and places. Unless a later date is specified in the certificate, the conversion is effective upon issuance of the certificate.

2. National bank to financial institution. A national bank may convert to a financial institution organized under the laws of this State in the following manner. A national bank converting to a financial institution organized under the laws of this State may continue to use the designation "National" or "NA" or derivatives of "National" or "NA" in its corporate title, as long as the converted national bank also uses the designation "state association" or "S.A." in its corporate title.

A. The national bank must comply with the conditions and limitations imposed by the laws of the United States governing the conversion.

B. The converting national bank may apply for a State charter by filing with the superintendent an application signed by its president and by a majority of its governing body setting forth the corporate action taken in compliance with the laws of the United States in paragraph A and affixing to the application the organizational documents governing the bank as a financial institution.

D. The rights of dissenting investors of a converting national bank are governed by federal law.

E. Upon approval of the superintendent and evidence that the converting institution has complied with all applicable state and federal laws, rules and regulations, the superintendent shall issue to the resulting institution a certificate specifying the name of the converting institution and shall file a copy of the certificate with the Secretary of State. This certificate, once filed, is conclusive evidence of the conversion and of the correctness of all proceedings related to the conversion in all courts and places. Unless a later date is specified in the certificate, the conversion is effective upon issuance of the certificate.

6. State to federal charter. A financial institution organized under provisions of this Title may convert to a federal association or to a national bank in accordance with applicable federal laws and regulations and the following provisions.

A. A majority of the institution's investors or mutual voters, or more if required by the institution's organizational documents, must approve the conversion at an annual meeting or at a special meeting. Notice of the meeting must be mailed not less than 20 nor more than 30 days prior to the meeting to each investor or mutual voter at the investor's or voter's last known address as shown on the books of the institution.

B. Upon completion of the conversion, the financial institution shall certify in writing that the conversion has been completed under applicable federal law. The charter of the converting financial institution terminates automatically upon issuance of the federal charter or certificate. Upon receipt of a copy of the charter or certificate showing the organization of the institution as a federal institution, the superintendent shall notify the Secretary of State that the conversion has been effected.

C. The rights of dissenting investors of a financial institution converting to a federal charter are those specified in section 352, subsection 5.

D. The financial institution must notify and provide the superintendent with a copy of the application filed with the appropriate federal regulator within 3 days of filing with the federal regulator.

7. Out of state to State charter. A financial institution organized under the laws of another state may convert to a financial institution organized under the laws of this State in the manner set out in this section.

A. The financial institution organized under the laws of another state must comply with the conditions and limitations imposed by the laws of that state governing the conversion.

B. The converting financial institution may apply for a state charter by filing with the superintendent an application signed by its president and by a majority of its governing body setting forth the corporate action taken in compliance with the laws of the state under which it is organized and affixing to the application the organizational documents governing the bank as a financial institution.

C. Upon approval of the superintendent and evidence that the converting institution has complied with all applicable state and federal laws, rules and regulations, the superintendent shall issue to the resulting institution a certificate specifying the name of the converting institution and shall file a

copy of the certificate with the Secretary of State. This certificate, once filed, is conclusive evidence of the conversion and of the correctness of all proceedings related to the conversion in all courts and places. Unless a later date is specified in the certificate, the conversion is effective upon issuance of the certificate.

The rights of dissenting investors of a converting financial institution organized under another state are governed by the laws of that state.

Sec. 5. 9-B MRSA §369, as enacted by PL 1991, c. 34, §8, is repealed and the following enacted in its place:

§ 369. Judicial review

1. Action by financial institution. A financial institution closed by action of the superintendent pursuant to this chapter may bring an action challenging the superintendent's appointment of a receiver in the Superior Court of Kennebec County within 10 days after the superintendent appoints a receiver.

The court must uphold the superintendent's finding that a financial institution is insolvent or that its condition is such as to render its further proceedings hazardous to the public or to those having funds in its custody and must uphold the appointment of a receiver unless the court finds that the superintendent's action was arbitrary and capricious.

2. Action by person adversely affected. A person affected adversely by an act or omission of the superintendent or receiver under this section and sections 365, 367-A and 368 may bring an action in the Superior Court of Kennebec County seeking an order to annul, alter or modify the act or to enjoin the performance of the act or to require that action be taken under any provision of this section.

A. Any proceedings under this section must be given precedence over other pending court cases and must be expedited. The person bringing the action has the burden of proof to show that the act or omission is unlawful or arbitrary and capricious.

B. The person must bring the action under this subsection within 10 business days after receiving notice of the act or omission in person, by registered mail or by publication of a certificate signed by the superintendent or receiver in a newspaper of general circulation in the county where the financial institution has its principal office.

C. Notwithstanding paragraph B, action may not be brought more than 30 days after the order of the superintendent determining that the business affairs of the receivership are substantially complete and that the receivership is terminated. Upon termination of the receivership, the superintendent is under no obligation to reopen the receivership.

D. The court may issue injunctions to prevent multiplicity of proceedings seeking to annul, alter or modify the actions of the superintendent or receiver made under the provisions of this chapter or to prevent undue interference with the regulation and liquidation of the financial institution.

E. The court, upon application by the superintendent or receiver, has jurisdiction to enforce orders relating to the receivership and the financial institution in receivership.

F. Notwithstanding Title 5, section 8003, the Maine Administrative Procedure Act does not apply to the procedures described in this subsection.

Sec. 6. 9-B MRSA §416, as amended by PL 1997, c. 207, §1, is further amended to read:

§ 416. Powers of federally chartered institutions

Notwithstanding any other provisions of law, a financial institution has the power to engage in any activity that financial institutions chartered by or otherwise subject to the jurisdiction of the Federal Government may be authorized to engage in by federal legislation or regulations issued pursuant to such legislation as long as the financial institution files with the superintendent prior written notice of its intention to engage in such activity. In the event any law of this State is preempted or declared invalid pursuant to applicable federal law, by a court of competent jurisdiction or by the responsible federal chartering authority with respect to any power that may be exercised by a financial institution chartered by or otherwise subject to the jurisdiction of the Federal Government, that law is invalid with respect to financial institutions authorized to do business in this State. The notice must include a description of the activity, a description of the financial impact of the activity on the financial institution, citation of the legal authority to engage in the activity under federal law, a description of any limitations or restrictions imposed on the activity under federal law and any other information the superintendent may require. The financial institution may engage in the activity unless the superintendent disapproves of the activity due to consumer protection or safety and soundness considerations, or if the superintendent requests further information, no later than 30 days after the notice is filed. As used in this section, "activity" includes any right, power, privilege or benefit or any loan, investment or transaction that a financial institution chartered by or otherwise subject to the jurisdiction of the Federal Government, directly or through a subsidiary, may lawfully exercise or lawfully engage in or enter. The superintendent may adopt rules to ensure that such powers are exercised in a safe and sound manner with adequate consumer protections. Rules adopted pursuant to this section are routine technical rules as defined in Title 5, chapter 375, subchapter H-A2-A.

Sec. 7. 9-B MRSA §828, as amended by PL 1997, c. 207, §2, is further amended to read:

§ 828. Powers of federally chartered credit unions

Notwithstanding any other provisions of law, a credit union has the power to engage in any activity that a credit union chartered by or otherwise subject to the jurisdiction of the Federal Government may be authorized to engage in by federal legislation or regulations issued pursuant to such legislation as long as the credit union files with the superintendent prior written notice of its intention to engage in such activity. In the event any law of this State is preempted or declared invalid pursuant to applicable federal law, by a court of competent jurisdiction or by the responsible federal chartering authority with respect to any power that may be exercised by a credit union chartered by or otherwise subject to the jurisdiction of the Federal Government, that law is invalid with respect to credit unions authorized to do business in this State. The notice must include a description of the activity, a description of the financial impact of the activity on the credit union, citation of the legal authority to engage in the activity under

federal law, a description of any limitations or restrictions imposed on the activity under federal law and any other information the superintendent may require. The credit union may engage in the activity unless the superintendent disapproves of the activity due to consumer protection or safety and soundness considerations, or unless the superintendent requests further information, no later than 30 days after the notice is filed. As used in this section, "activity" includes any right, power, privilege or benefit or any loan, investment or transaction that a credit union chartered by or otherwise subject to the jurisdiction of the Federal Government, directly or through a service corporation, may lawfully exercise or lawfully engage in or enter. The superintendent may adopt rules to ensure that such powers are exercised in a safe and sound manner with adequate consumer protections. Rules adopted pursuant to this section are routine technical rules as defined in Title 5, chapter 375, subchapter H-A2-A.

Sec. 8. 9-B MRSA §842, sub-§2, as amended by PL 2003, c. 322, §§29 to 31, is further amended to read:

2. Powers and duties. The board of directors shall manage the affairs, funds and records of the credit union and shall meet as often as necessary, but not less than once a month, notice of such meeting to be made in the manner prescribed in the bylaws. ~~As set forth below, the~~The special duties of the board of directors shall be:

- A. To act upon applications for membership, or to appoint a membership committee of one or more membership officers from among the members of the credit union, other than the treasurer, an assistant treasurer or loan officer, who may be authorized by the board to approve applications for membership under such conditions as the board may prescribe; provided that such committee or membership officer so authorized shall submit to the board at each monthly meeting a list of approved or pending applications for membership received since the previous monthly meeting, together with such other related information as the bylaws or board may require;
- B. To fix from time to time the maximum amount, both secured and unsecured, which may be loaned to any one member, except as limited by chapter 85, and to establish a written loan policy pursuant to section 851, which must be reviewed and ratified at least annually;
- C. To authorize the employment of such person or persons as may be necessary to carry on the business of the credit union; and to fix the compensation of such employees, including the treasurer;
- D. To borrow money to carry on the functions of the credit union, subject to the limitation set forth in section 822;
- E. To authorize the conveyance of property;
- F. To purchase a blanket bond in an amount ~~which is~~ not less than an amount recommended by the superintendent, which ~~shall be~~ required of the treasurer and of each other officer and other employee having custody of funds or property;
- G. To limit the number of shares that may be owned by one member or nonmember as provided in section 817, and such limitation must be applied uniformly;

- H. To have charge of the investment of funds and to establish a written investment policy pursuant to section 861, which must be reviewed and ratified at least annually;
- I. To perform such other duties as the members may from time to time require;
- J. To appoint a supervisory committee of not less than 3 members, not more than one member of which may be a director. If the duties of the supervisory committee are conducted by an independent public accountant and the board has contracted for an annual audit by an independent public accountant pursuant to section 844, a supervisory committee need not be appointed;
- K. To appoint a credit committee of not less than 3 members, or establish a written loan policy ~~which~~that provides for the designation of one or more loan officers in lieu of a credit committee and with all loans subject to ratification by the full board;
- L. To appoint an executive committee, when the bylaws so provide, consisting of not less than 3 members of the board with authority to invest funds or borrow in the name of the credit union, except that the board may establish a written investment policy ~~which~~that provides for the designation of a qualified individual to have charge of making investments subject to ratification by the full board;
- M. To suspend any or all members of the credit and supervisory committees for failure to perform their duties;
- N. To fill vacancies occurring between annual meetings in the board of directors and in the credit committee and supervisory committee until the election or appointment and qualification of their successors;
- O. To establish and provide for compensation of loan officers appointed by the credit committee, and of auditing assistance requested by the supervisory committee;
- P. To designate a depository or depositories for the funds of the credit union;
- Q. To declare dividends in the way and manner provided in the bylaws and in accordance with this Part;
- R. To determine from time to time the rate of interest consistent with the laws of this State ~~which shall~~that will be charged on loans; and to determine from time to time the amount of interest rebate and the interval on which such rebate if any, ~~shall~~must be computed; ~~and~~
- S. To perform or authorize any action consistent with this Part not specifically reserved by the bylaws for the members; ~~and~~
- T. To fix the amount of director compensation, if any, in an amount up to \$300 to each director for attendance at a meeting, but not to exceed \$3,600 to an individual director in a year, subject to member approval at a meeting of the members held in accordance with section 846.

Sec. 9. 9-B MRSA §842, sub-§3, as enacted by PL 1975, c. 500, §1, is repealed.

Sec. 10. 9-B MRSA §844, sub-§5, as enacted by PL 2003, c. 322, §33, is amended to read:

5. Exception. Notwithstanding the provisions of subsections 1 and 1-A, any credit union that has total assets in excess of \$100,000,000 must employ an independent public accountant to conduct an annual audit of the credit union in accordance with section 453.

Sec. 11. 9-B MRSA §873, as amended by PL 1997, c. 398, Pt. L, §13, is further amended to read:

§ 873. Conversion: federal to State charter; out of state to State charter

1. Eligibility. A credit union ~~now or hereafter authorized to do business in this State and~~ organized pursuant to provisions of ~~Federal~~federal law ~~or organized under the laws of another state~~ may become subject to this Part and receive a charter as a state-chartered credit union by making application in writing to the superintendent for such conversion. The superintendent may approve or disapprove such conversion in accordance with the criteria set forth in section 253; ~~provided that as long as,~~ as a condition precedent to such approval, the credit union ~~shall show~~shows compliance with all applicable ~~Federal~~federal laws and regulations ~~and laws and regulations of the state under which it is organized~~ relating to such conversion.

2. Issuance of charter. Upon receiving approval from the superintendent, the credit union ~~shall~~must be issued a charter under this Part, which fact ~~shall~~must be certified by the superintendent to the Secretary of State; and, from and after the issuance of such charter, ~~said~~the credit union ~~shall~~must be subject to the provisions of this Part and all ~~regulations~~rules issued ~~hereunder~~under this Part.

3. Applicability of other sections. A credit union converting to a state charter pursuant to this section is subject to the provisions contained in sections 357 and 358 governing resulting institutions.

Sec. 12. 9-B MRSA §1052, sub-§3, as amended by PL 1993, c. 257, §4, is further amended to read:

3. Subsidiary universal bank. ~~"Subsidiary savings institution"~~"Subsidiary universal bank" means any ~~savings~~universal bank ~~or savings and loan association~~ organized under the laws of this State, at least 51% of the voting stock of which is wholly owned by a mutual holding company.

Sec. 13. 9-B MRSA §1053, sub-§1, as amended by PL 1993, c. 257, §5, is further amended to read:

1. Reorganization. Notwithstanding any other provision of law, a mutual financial institution may reorganize so as to become a mutual holding company by:

A. Chartering, pursuant to chapter 31, a subsidiary ~~savings institution~~universal bank; and

B. Transferring a substantial part of its assets and liabilities, including all of its insured liabilities to the subsidiary ~~savings institution~~universal bank. The subsidiary ~~savings institution~~universal bank must meet or exceed minimum capital requirements prescribed by federal law or regulations or state law or rules. Persons having liquidation rights with respect to the mutual financial institution pursuant to chapter 36, at the time of the formation of the subsidiary ~~savings institution~~universal bank, have those rights with respect to the mutual holding company.

Sec. 14. 9-B MRSA §1053, sub-§4, as amended by PL 2005, c. 65, Pt. C, §5, is further amended to read:

4. Issuance of stock and securities. A subsidiary ~~savings institution~~universal bank has the power to issue to persons other than the mutual holding company of which it is a subsidiary an amount of common stock and securities convertible into common stock that in the aggregate does not exceed 49% of the issued and outstanding common stock of that subsidiary ~~savings institution~~universal bank. For purposes of the 49% limitation, any issued and outstanding securities that are convertible into common stock, including warrants, options and rights to purchase common stock, are considered issued and outstanding common stock of the subsidiary. Each time common stock of the subsidiary ~~savings institution~~universal bank is offered by the institution to the general public for a price payable in cash, each eligible account holder of the subsidiary ~~savings institution~~universal bank of the mutual holding company must receive, without payment, nontransferable subscription rights to purchase that common stock at the same price and in accordance with guidelines or rules as may be adopted by the superintendent. For purposes of this chapter, an "offer to the general public" means an offer by means of public advertising or general solicitation and does not include:

- A. Issuances to the mutual holding company; or
- B. Offers or sales that are exempt from registration by virtue of Title 32, section 16202, ~~subsection~~subsection 16, 19 or 26.

Sec. 15. 9-B MRSA §1053, sub-§5, as enacted by PL 1993, c. 257, §6, is amended to read:

5. Reporting. A subsidiary ~~savings institution~~universal bank that issues, or has issued and outstanding, any common stock or securities convertible into common stock to persons other than the mutual holding company of which it is a subsidiary shall file consolidated financial statements, reports or proxy materials as required under federal law. If the consolidated financial statements, reports or proxy materials are not required to be filed with any federal authority or agency, copies of the consolidated financial statements, reports or proxy materials must be filed with the superintendent and must be public records.

Sec. 16. 9-B MRSA §1053, sub-§6, as enacted by PL 1993, c. 257, §6, is amended to read:

6. Powers of subsidiary universal banks. A subsidiary ~~savings institution~~universal bank may continue to exercise its powers, rights and privileges and is subject to limitations not inconsistent with this chapter and applicable to a savings bank or savings and loan association organized under the laws of the State, including, but not limited to, the powers of a stock financial institution organized under chapter 31.

Sec. 17. 9-B MRSA §1054, sub-§3, as amended by PL 1993, c. 257, §8, is further amended to read:

3. Powers. A mutual holding company may:

- A. Invest in the stock of a financial institution, subject to section 1013;

- B. Acquire a mutual financial institution through merger into a subsidiary ~~savings institution~~universal bank or an interim subsidiary ~~savings institution~~universal bank of the mutual holding company;
- C. Merge with or acquire a mutual holding company, one of whose subsidiaries is a savings bank or savings and loan association;
- D. Exercise any power, right or privilege, with the exception of deposit taking, granted to mutual financial institutions under the laws of the State, and, unless specifically noted otherwise, any reference to "savings bank" or "savings and loan association" in any other law of this State also applies to a subsidiary ~~savings institution~~universal bank chartered pursuant to this chapter;
- E. Invest in the capital stock of a company, which is a legal investment for a savings bank under the laws of the State;
- F. Exercise any power or engage in any activity authorized for a bank holding company or savings and loan holding company under federal law or rule or chapter 101; and
- G. Exercise any other power or engage in any other activity authorized by the superintendent.

Sec. 18. 9-B MRSA §1055, as amended by PL 1993, c. 257, §9, is further amended to read:

§ 1055. Rules

The superintendent shall adopt such rules as necessary to effectuate the purposes of this chapter and to ensure that the reorganization of a mutual financial institution is conducted in a fair and equitable manner to ensure the safety and soundness of the subsidiary ~~savings institution~~universal bank and the protection of the subsidiary ~~savings institution~~'universal bank's net worth.

SUMMARY

This bill eases regulatory burdens under Article 6 of the Maine Consumer Credit Code by eliminating the requirement for information concerning creditors and other entities subject to Article 6 that the administrator under the Maine Consumer Credit Code does not need or that can be found elsewhere, and allows the administrator under the Maine Consumer Credit Code to collect only the information considered necessary.

Currently, the filing deadline for financial institutions organized under the laws of this State is semiannually for condition reports and annually for income reports. The bill changes the filing deadlines to quarterly for both condition and income reports.

The bill requires a nondepository trust company to report the total fiduciary assets and income under management, in order to provide a more complete picture of the nondepository trust company's operations.

The bill clarifies that a financial institution that is chartered in a state other than this State may convert to become a financial institution chartered in this State.

The bill clarifies that 3rd parties may seek judicial review of the activities of a receiver charged with liquidating a financial institution. The proposed amendment creates a review process for receivers that is similar to the review process that currently exists for conservators.

The bill establishes the Superintendent of Financial Institutions as a gatekeeper in deciding which activities are appropriate for state-chartered financial institutions under existing federal parity law. The bill ensures that the superintendent is informed of new activities undertaken by financial institutions and authorizes the superintendent to disapprove of any new activities based on consumer protection and safety and soundness considerations.

The bill establishes the Superintendent of Financial Institutions as a gatekeeper in deciding which activities are appropriate for state-chartered credit unions under existing federal parity law. The bill ensures that the superintendent is informed of new activities undertaken by credit unions and authorizes the superintendent to disapprove of any new activities based on consumer protection and safety and soundness considerations.

The bill allows the option of compensating those who serve on a credit union's board of directors in order to attract and retain well-qualified directors. The bill also contains an annual fee cap to prevent directors from receiving excessive compensation.

The bill clarifies the procedure with respect to the requirement that a credit union having total assets in excess of \$100,000,000 employ an independent public accountant to conduct an annual audit of the credit union.

This bill clarifies that a credit union that is chartered in a state other than this State may convert to become a credit union chartered in this State. The bill also permits a federally chartered credit union located outside of the State to convert to a credit union chartered in this State.

This bill replaces outdated terminology, "subsidiary savings institution," with current terminology, "subsidiary universal bank."