

Public Law 86-354

AN ACT

To amend the Federal Credit Union Act.

September 22, 1959
[H. R. 8305]Federal Credit
Union Act.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Federal Credit Union Act (48 Stat. 1216; 12 U.S.C., secs. 1751-1772) is amended to read as follows:

"SHORT TITLE

"SECTION 1. This Act may be cited as the 'Federal Credit Union Act'.

"DEFINITIONS

"SEC. 2. As used in this Act—

"(1) the term 'Federal credit union' means a cooperative association organized in accordance with the provisions of this Act for the purpose of promoting thrift among its members and creating a source of credit for provident or productive purposes;

"(2) the term 'Bureau' means the Bureau of Federal Credit Unions; and

"(3) the term 'Director' means the Director of the Bureau of Federal Credit Unions.

"CREATION OF BUREAU

"SEC. 3. There shall be in the Department of Health, Education, and Welfare a Bureau of Federal Credit Unions, which shall be under the supervision of a Director appointed by the Secretary of Health, Education and Welfare. The Bureau of Federal Credit Unions and the Director shall be under the general direction and supervision of the Secretary.

"FEDERAL CREDIT UNION ORGANIZATION

"SEC. 4. Any seven or more natural persons who desire to form a Federal credit union shall subscribe before some officer competent to administer oaths an organization certificate in duplicate which shall specifically state—

"(1) the name of the association;

"(2) the location of the proposed Federal credit union and the territory in which it will operate;

"(3) the names and addresses of the subscribers to the certificate and the number of shares subscribed by each;

"(4) the par value of the shares, which shall be \$5 each;

"(5) the proposed field of membership, specified in detail;

"(6) the term of the existence of the corporation, which may be perpetual; and

"(7) the fact that the certificate is made to enable such persons to avail themselves of the advantages of this Act.

Such organization certificate may also contain any provisions approved by the Director for the management of the business of the association and for the conduct of its affairs and relative to the powers of its directors, officers, or stockholders.

"APPROVAL OF ORGANIZATION CERTIFICATE

"SEC. 5. The organization certificate shall be presented to the Director for approval. Before any organization certificate is approved, an appropriate investigation shall be made for the purpose of determining (1) whether the organization certificate conforms to the provisions of this Act; (2) the general character and fitness of the subscribers thereto; and (3) the economic advisability of establishing the proposed Federal credit union. Upon approval of such organization certificate by the Director it shall be the charter of the corporation, and one of the originals thereof shall be delivered to the corporation after the payment of the fee required therefor. Upon such approval the Federal credit union shall be a body corporate and as such, subject to the limitations herein contained, shall be vested with all of the powers and charged with all of the liabilities conferred and imposed by this Act upon corporations organized hereunder.

"FEES

"SEC. 6. For the purpose of paying the costs incident to the ascertainment of whether an organization certificate should be approved, the subscribers to any such certificate shall pay, at the time of filing their organization certificate, the amount prescribed by the Director, which shall not exceed \$20 in any case; and on the approval of any organization certificate they shall also pay a fee of \$5. Not later than January 31 of each calendar year, each Federal credit union shall pay to the Bureau, for the preceding calendar year, a supervision fee in accordance with a graduated scale prescribed by regulation on the basis of assets as of December 31 of such preceding year, but such fee shall in no event be less than \$10 nor more than the applicable amount specified in the following table:

"Total assets	Maximum fee
\$500,000 or less.....	30 cents per \$1,000.
Over \$500,000 and not over \$1,000,000.....	\$150, plus 25 cents per \$1,000 in excess of \$500,000.
Over \$1,000,000 and not over \$2,000,000.....	\$275, plus 20 cents per \$1,000 in excess of \$1,000,000.
Over \$2,000,000 and not over \$5,000,000.....	\$475, plus 15 cents per \$1,000 in excess of \$2,000,000.
Over \$5,000,000.....	\$925, plus 10 cents per \$1,000 in excess of \$5,000,000.

All such fees shall be deposited with the Treasurer of the United States for the account of the Bureau and may be expended by the Director for such administrative, supervisory, and other expenses incurred in carrying out the provisions of this Act as he may determine to be proper, the purpose of such fees being to defray such expenses as far as practicable. No annual supervision fee shall be payable by a Federal credit union with respect to the year in which its charter is issued, or in which final distribution is made in its liquidation or the charter is otherwise canceled.

"REPORTS AND EXAMINATIONS

"SEC. 7. Federal credit unions shall be under the supervision of the Director, and shall make financial reports to him as and when he may require, but at least annually. Each Federal credit union shall be subject to examination by, and for this purpose shall make its books and records accessible to, any person designated by the Director. The Director shall fix a scale of examination fees to be paid by Federal credit unions, giving due consideration to the time and expense incident to such examinations, and to the ability of Federal credit

unions to pay such fees, which fees shall be assessed against and paid by each Federal credit union promptly after the completion of such examination. Examination fees collected under the provisions of this section shall be deposited to the credit of the special fund created by section 6, and shall be available for the purposes specified in such section.

“POWERS

“SEC. 8. A Federal credit union shall have succession in its corporate name during its existence and shall have power—

“(1) to make contracts;

“(2) to sue and be sued;

“(3) to adopt and use a common seal and alter the same at pleasure;

“(4) to purchase, hold, and dispose of property necessary or incidental to its operations;

“(5) to make loans with maturities not exceeding five years to its members for provident or productive purposes upon such terms and conditions as this Act and its bylaws provide and as the credit committee or a loan officer may approve, at rates of interest not exceeding 1 per centum per month on unpaid balances, inclusive of all charges incident to making the loan; except that no loans to a director or member of the supervisory or credit committee shall exceed the amount of his holdings in the Federal credit union as represented by shares thereof plus the total unencumbered and unpledged shareholdings in the Federal credit union of any member pledged as security for the obligation of such director or committee member. No director or member of the supervisory or credit committee shall endorse for borrowers. A borrower may repay his loan, prior to maturity, in whole or in part on any business day. The taking, receiving, reserving, or charging of a rate of interest greater than is allowed by this paragraph, when knowingly done, shall be deemed a forfeiture of the entire interest which the note, bill, or other evidence of debt carries with it, or which has been agreed to be paid thereon. If such greater rate of interest has been paid, the person by whom it has been paid, or his legal representatives, may recover back from the credit union taking or receiving the same, in an action in the nature of an action of debt, the entire amount of interest paid; but such action must be commenced within two years from the time the usurious collection was made. Loans shall be paid or amortized in accordance with rules and regulations prescribed by the Director after taking into account the needs or conditions of the borrowers, the amounts and duration of the loans, the interests of the members and the credit unions, and such other factors as the Director deems relevant, but such rules and regulations shall not require payments more frequently than annually;

“(6) to receive from its members payments on shares;

“(7) to invest its funds (A) in loans exclusively to members; (B) in obligations of the United States of America, or securities fully guaranteed as to principal and interest thereby; (C) in accordance with rules and regulations prescribed by the Director, in loans to other credit unions in the total amount not exceeding 25 per centum of its paid-in and unimpaired capital and surplus; or (D) in shares or accounts of savings and loan associations, the accounts of which are insured by the Federal Savings and Loan Insurance Corporation;

"(8) to make deposits in national banks and in State banks, trust companies, and mutual savings banks operating in accordance with the laws of the State in which the Federal credit union does business;

"(9) to borrow, in accordance with such rules and regulations as may be prescribed by the Director, from any source, in an aggregate amount not exceeding 50 per centum of its paid-in and unimpaired capital and surplus: *Provided*, That any Federal credit union may discount with or sell to any Federal intermediate credit bank any eligible obligations up to the amount of its paid-in and unimpaired capital;

"(10) to levy late charges, in accordance with the bylaws, for failure of members to meet promptly their obligations to the Federal credit union;

"(11) to impress and enforce a lien upon the shares and dividends of any member, to the extent of any loan made to him and any dues or charges payable by him;

"(12) in accordance with rules and regulations prescribed by the Director, to sell to members negotiable checks (including travelers checks) and money orders, and to cash checks and money orders for members, for a fee which does not exceed the direct and indirect costs incident to providing such service; and

"(13) to exercise such incidental powers as shall be necessary or requisite to enable it to carry on effectively the business for which it is incorporated.

"BYLAWS

"SEC. 9. In order to simplify the organization of Federal credit unions the Director shall from time to time cause to be prepared a form of organization certificate and a form of bylaws, consistent with this Act, which shall be used by Federal credit union incorporators, and shall be supplied to them on request. At the time of presenting the organization certificate the incorporators shall also submit proposed bylaws to the Director for his approval.

"MEMBERSHIP

"SEC. 10. Federal credit union membership shall consist of the incorporators and such other persons and incorporated and unincorporated organizations, to the extent permitted by rules and regulations prescribed by the Director, as may be elected to membership and as such shall each, subscribe to at least one share of its stock and pay the initial installment thereon and the entrance fee; except that Federal credit union membership shall be limited to groups having a common bond of occupation or association, or to groups within a well-defined neighborhood, community, or rural district. Shares may be issued in joint tenancy with right of survivorship with any persons designated by the credit union member, 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.

"MEMBERS' MEETINGS

"SEC. 11. The fiscal year of all Federal credit unions shall end December 31. The annual meeting of each Federal credit union shall be held at such time during the month of the following January and at such place as its bylaws shall prescribe. Special meetings may be held in the manner indicated in the bylaws. No member shall be entitled to vote by proxy, but a member other than a natural person

may vote through an agent designated for the purpose. Irrespective of the number of shares held by him, no member shall have more than one vote.

"MANAGEMENT

"SEC. 12. The business affairs of a Federal credit union shall be managed by a board of not less than five directors, and a credit committee of not less than three members, all to be elected at the annual members' meeting by and from the members, and by a supervisory committee of three members, one of whom may be a director other than the treasurer, to be appointed by the board. Any vacancy occurring in the supervisory committee shall be filled in the same manner as original appointments to such committee. All members of the board and of such committees shall hold office for such terms, respectively, as the bylaws may provide. A record of the names and addresses of the members of the board and such committees and of the officers of the credit union shall be filed with the Bureau within ten days after their election or appointment. No member of the board or of either such committee shall, as such, be compensated.

"OFFICERS

"SEC. 13. At their first meeting after the annual meeting of the members, the directors shall elect from their number a president, one or more vice presidents, a secretary, and a treasurer, who shall be the executive officers of the corporation. No executive officer, except the treasurer, shall be compensated as such. The offices of secretary and treasurer may be held by the same person. The duties of the officers shall be as determined by the bylaws, except that the treasurer shall be the general manager of the corporation. Before the treasurer shall enter upon his duties he shall give bond with good and sufficient surety, in an amount and character to be determined by the board of directors in compliance with regulations prescribed from time to time by the Director, conditioned upon the faithful performance of his trust.

"DIRECTORS

"SEC. 14. The board of directors shall meet at least once a month and shall have the general direction and control of the affairs of the corporation. Minutes of all such meetings shall be kept. Among other things they shall act upon applications for membership; require any officer or employee having custody of or handling funds to give bond with good and sufficient surety in an amount and character to be determined by the board of directors in compliance with regulations prescribed from time to time by the Director, and authorize the payment of the premium or premiums therefor from the funds of the Federal credit union; fill vacancies in the board and in the credit committee until successors elected at the next annual meeting have qualified; have charge of investments other than loans to members; determine from time to time the maximum number of shares that may be held by an individual; subject to the limitations of this Act, determine the interest rates on loans and the maximum amount which may be loaned with or without security to any member; subject to such regulations as may be issued by the Director, authorize an interest refund to members of record at the close of business on December 31 in proportion to the interest paid by them during that year; and provide for compensation of necessary clerical and auditing assistance requested by the supervisory committee, and of loan officers appointed by the credit committee. The board may appoint an executive com-

mittee of not less than three directors to act for it in the purchase and sale of securities or the making of loans to other credit unions, or both. Such executive committee or a membership officer appointed by the board from among the members of the credit union, other than the treasurer, an assistant treasurer, or a loan officer, may be authorized by the board to approve applications for membership under such conditions as the board may prescribe; except 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 the board may require.

“CREDIT COMMITTEE

“SEC. 15. The credit committee shall hold such meetings as the business of the Federal credit union may require and not less frequently than once a month to consider applications for loans. Reasonable notice of such meetings shall be given to all members of the committee. No loan shall be made unless it is approved by a majority of the entire committee and by all members of the committee who are present at the meeting at which the application is considered; except that the credit committee may appoint one or more loan officers, and delegate to him or them the power to approve loans up to the unsecured limit, or in excess of such limit if such excess is fully secured by unpledged shares. Each loan officer shall furnish to the credit committee a record of each loan approved or not approved by him within seven days of the date of the filing of the application therefor. All loans not approved by a loan officer shall be acted upon by the credit committee. No individual shall have authority to disburse funds of the Federal credit union for any loan which has been approved by him in his capacity as a loan officer. Not more than one member of the credit committee may be appointed as a loan officer. Applications for loans shall be made on forms prepared by such committee, which shall set forth the purpose for which the loan is desired, the security, if any, and such other data as may be required. No loan shall be made to any member which causes such member to become indebted to the Federal credit union in an aggregate amount, upon loans made to such member, which is in excess of \$200 or 10 per centum of the credit union's paid-in unimpaired capital and surplus, whichever is greater, or in excess of \$750 unless such excess over \$750 is adequately secured. For the purposes of this section an assignment of shares or the endorsement of a note shall be deemed security.

“SUPERVISORY COMMITTEE

“SEC. 16. The supervisory committee shall make or cause to be made, at least quarterly, an examination of the affairs of the Federal credit union, including an audit of its books; shall make or cause to be made a report of its quarterly examination to the board of directors; shall make or cause to be made an annual audit, a report of which shall be submitted to the members at the next annual meeting of the corporation; may suspend by a unanimous vote any officer of the corporation or any member of the credit committee or of the board of directors, until the next members' meeting, which members' meeting shall be held not less than seven nor more than fourteen days after such suspension and at which meeting such suspension shall be acted upon by the members; and may call by a majority vote a special meeting of the shareholders to consider any violation of this Act, the charter, or the bylaws, or any practice of the corporation deemed by the supervisory committee to be unsafe or unauthorized. Any member of the super-

visory committee may be suspended by the board of directors. The members shall decide, at a meeting held not less than seven nor more than fourteen days after any such suspension, whether the suspended committee member shall be removed from or restored to the supervisory committee. The supervisory committee shall cause the passbooks and accounts of the members to be verified with the records of the treasurer from time to time, and not less frequently than once every two years. As used in this section, the term 'passbook' shall include any book, statement of account, or other record approved by the Director for use by Federal credit unions.

"RESERVES

"SEC. 17. All entrance fees and charges provided by the bylaws and 20 per centum of the net earnings of each dividend period, before the declaration of any dividends, shall be set aside as a regular reserve against losses on bad loans and such other losses as may be specified in the bylaws in accordance with regulations prescribed under this Act: *Provided, however*, That when the regular reserve thus established shall equal 10 per centum of the total amount of members' shareholdings, no further transfer of net earnings to such regular reserve shall be required except that such amounts not in excess of 20 per centum of the net earnings as may be needed to maintain this 10 per centum ratio shall continue to be transferred. In addition to such regular reserve, special reserves to protect the interests of members shall be established when required (1) by regulation, or (2) in any special case, when found by the Director to be necessary for that purpose.

"DIVIDENDS

"SEC. 18. Annually or semiannually, as the bylaws may provide, and after provision for the required reserves, the board of directors may declare a dividend to be paid from the remaining net earnings. Such dividends shall be paid on all paid-up shares outstanding at the end of the period for which the dividend is declared. Shares which become fully paid up during such dividend period and are outstanding at the close of the period shall be entitled to a proportional part of such dividend. Dividend credit for a month may be accrued on shares which are or become fully paid up during the first five days of that month.

"EXPULSION AND WITHDRAWAL

"SEC. 19. A member may be expelled by a two-thirds vote of the members of a Federal credit union present at a special meeting called for the purpose, but only after an opportunity has been given him to be heard. Withdrawal or expulsion of a member shall not operate to relieve him from liability to the Federal credit union. The amount to be paid a withdrawing or expelled member by a Federal credit union shall be determined and paid in the manner specified in the bylaws.

"MINORS

"SEC. 20. Shares may be issued in the name of a minor or in trust, subject to such conditions as may be prescribed by the bylaws. When shares are issued in trust, the name of the beneficiary shall be disclosed to the Federal credit union.

"CERTAIN POWERS OF DIRECTOR

"SEC. 21. (a) The Director may prescribe rules and regulations for the administration of this Act (including, but not by way of limitation, the merger, consolidation, and dissolution of corporations organized under this Act).

"(b) (1) The Director may suspend or revoke the charter of any Federal credit union, or place the same in involuntary liquidation and appoint a liquidating agent therefor, upon his finding that the organization is bankrupt or insolvent, or has violated any of the provisions of its charter, its bylaws, this Act, or any regulations issued thereunder.

"(2) The Director, through such persons as he shall designate, may examine any Federal credit union in voluntary liquidation and, upon his finding that such voluntary liquidation is not being conducted in an orderly or efficient manner or in the best interests of its members, may terminate such voluntary liquidation and place such organization in involuntary liquidation and appoint a liquidating agent therefor.

"(3) Such liquidating agent shall have power and authority, subject to the control and supervision of the Director and under such rules and regulations as the Director may prescribe, (A) to receive and take possession of the books, records, assets, and property of every description of the Federal credit union in liquidation, to sell, enforce collection of, and liquidate all such assets and property, to compound all bad or doubtful debts, and to sue in his own name or in the name of the Federal credit union in liquidation, and defend such actions as may be brought against him as liquidating agent or against the Federal credit union; (B) to receive, examine, and pass upon all claims against the Federal credit union in liquidation, including claims of members on shares; (C) to make distribution and payment to creditors and members as their interests may appear; and (D) to execute such documents and papers and to do such other acts and things which he may deem necessary or desirable to discharge his duties hereunder.

"(4) Subject to the control and supervision of the Director and under such rules and regulations as the Director may prescribe, the liquidating agent of a Federal credit union in involuntary liquidation shall (A) cause notice to be given to creditors and members to present their claims and make legal proof thereof, which notice shall be published once a week in each of three successive weeks in a newspaper of general circulation in each county in which the Federal credit union in liquidation maintained an office or branch for the transaction of business on the date it ceased unrestricted operations; except that whenever the aggregate book value of the assets and property of a Federal credit union in involuntary liquidation is less than \$1,000, unless the Director shall find that its books and records do not contain a true and accurate record of its liabilities, he shall declare such Federal credit union in liquidation to be a 'no publication' liquidation, and publication of notice to creditors and members shall not be required in such case; (B) from time to time make a ratable dividend on all such claims as may have been proved to his satisfaction or adjudicated in a court of competent jurisdiction and, after the assets of such organization have been liquidated, make further dividends on all claims previously proved or adjudicated, and he may accept in lieu of a formal proof of claim on behalf of any creditor or member the statement of any amount due to such creditor or member as shown on the books and records of the credit union; but all claims not filed before payment of the final dividend shall be barred and claims rejected or disallowed by the liquidating agent shall be likewise barred unless

suit be instituted thereon within three months after notice of rejection or disallowance; and (C) in a 'no publication' liquidation, determine from all sources available to him, and within the limits of available funds of the Federal credit union, the amounts due to creditors and members, and after sixty days shall have elapsed from the date of his appointment distribute the funds of the Federal credit union to creditors and members ratably and as their interests may appear.

"(5) Upon certification by the liquidating agent in the case of an involuntary liquidation, and upon such proof as shall be satisfactory to the Director in the case of a voluntary liquidation, that distribution has been made and that liquidation has been completed, as provided herein, the Director shall cancel the charter of such Federal credit union; but the corporate existence of the Federal credit union shall continue for a period of three years from the date of such cancellation of its charter, during which period the liquidating agent, or his duly appointed successor, or such persons as the Director shall designate, may act on behalf of the Federal credit union for the purpose of paying, satisfying, and discharging any existing liabilities or obligations, collecting and distributing its assets, and doing all other acts required to adjust and wind up its business and affairs, and it may sue and be sued in its corporate name.

"(c) After the expiration of five years from the date of cancellation of the charter of a Federal credit union the Director may, in his discretion, destroy any or all books and records of such Federal credit union in his possession or under his control.

"(d) The Director is authorized and empowered to execute any and all functions and perform any and all duties vested in him hereby, through such persons as he shall designate or employ; and he may delegate to any person or persons, including any institution operating under the general supervision of the Bureau, the performance and discharge of any authority, power, or function vested in him by this Act.

"(e) All books and records of Federal credit unions shall be kept and reports shall be made in accordance with forms approved by the Director.

"(f) The Director is authorized to make investigations and to conduct researches and studies of the problems of persons of small means in obtaining credit at reasonable rates of interest, and of the methods and benefits of cooperative saving and lending among such persons. He is further authorized to make reports of such investigations and to publish and disseminate the same.

"(g) Any officer or employee of the Bureau is authorized, when designated for the purpose by the Director, to administer oaths and affirmations and to take affidavits and depositions touching upon any matter within the jurisdiction of the Bureau.

"(h) The Director is authorized, empowered, and directed to require that every person appointed or elected by any Federal credit union to any position requiring the receipt, payment, or custody of money or other personal property owned by a Federal credit union, or in its custody or control as collateral or otherwise, give bond in a corporate surety company holding a certificate of authority from the Secretary of the Treasury under the Act approved July 30, 1947 (6 U.S.C., secs. 6-13), as an acceptable surety on Federal bonds. Any such bond or bonds shall be in a form approved by the Director with a view to providing surety coverage to the Federal credit union with reference to loss by reason of acts of fraud or dishonesty including forgery, theft, embezzlement, wrongful abstraction, or misapplication on the part of the person, directly or through connivance with others, and such other surety coverages as the Director may determine to be reasonably

appropriate or as elsewhere required by this Act. Any such bond or bonds shall be in such an amount in relation to the money or other personal property involved or in relation to the assets of the Federal credit union as the Director may from time to time prescribe by regulation for the purpose of requiring reasonable coverage. In lieu of individual bonds the Director may approve the use of a form of schedule or blanket bond which covers all of the officers and employees of a Federal credit union whose duties include the receipt, payment, or custody of money or other personal property for or on behalf of the Federal credit union. The Director may also approve the use of a form of excess coverage bond whereby a Federal credit union may obtain an amount of coverage in excess of the basic surety coverage.

"FISCAL AGENTS AND DEPOSITORIES

"SEC. 22. Each Federal credit union organized under this Act, when requested by the Secretary of the Treasury, shall act as fiscal agent of the United States and shall perform such services as the Secretary of the Treasury may require in connection with the collection of taxes and other obligations due the United States and the lending, borrowing, and repayment of money by the United States, including the issue, sale, redemption, or repurchase of bonds, notes, Treasury certificates of indebtedness, or other obligations of the United States; and to facilitate such purposes the Director shall furnish to the Secretary of the Treasury from time to time the names and addresses of all Federal credit unions with such other available information concerning them as may be requested by the Secretary of the Treasury. Any Federal credit union organized under this Act, when designated for that purpose by the Secretary of the Treasury, shall be a depository of public money, except receipts from customs, under such regulations as may be prescribed by the Secretary of the Treasury.

"TAXATION

"SEC. 23. The Federal credit unions organized hereunder, their property, their franchises, capital, reserves, surpluses, and other funds, and their income shall be exempt from all taxation now or hereafter imposed by the United States or by any State, Territorial, or local taxing authority; except that any real property and any tangible personal property of such Federal credit unions shall be subject to Federal, State, Territorial, and local taxation to the same extent as other similar property is taxed. Nothing herein contained shall prevent holdings in any Federal credit union organized hereunder from being included in the valuation of the personal property of the owners or holders thereof in assessing taxes imposed by authority of the State or political subdivision thereof in which the Federal credit union is located; but the duty or burden of collecting or enforcing the payment of such a tax shall not be imposed upon any such Federal credit union and the tax shall not exceed the rate of taxes imposed upon holdings in domestic credit unions.

"PARTIAL INVALIDITY; RIGHT TO AMEND

"SEC. 24. (a) If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the remainder of the Act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

"(b) The right to alter, amend, or repeal this Act or any part thereof, or any charter issued pursuant to the provisions of this Act, is expressly reserved.

"SPACE IN FEDERAL BUILDINGS

"SEC. 25. Upon application by any credit union organized under State law or by any Federal credit union organized in accordance with the terms of this Act, at least 95 per centum of the membership of which is composed of persons who either are presently Federal employees or were Federal employees at the time of admission into the credit union, and members of their families, which application shall be addressed to the officer or agency of the United States charged with the allotment of space in the Federal buildings in the community or district in which such credit union does business, such officer or agency may in his or its discretion allot space to such credit union if space is available without charge for rent or services.

"CONVERSION FROM FEDERAL TO STATE CREDIT UNION AND FROM STATE TO FEDERAL CREDIT UNION

"SEC. 26. (a) A Federal credit union may be converted into a State credit union under the laws of any State, the District of Columbia, the several Territories and possessions of the United States, the Panama Canal Zone, or the Commonwealth of Puerto Rico, by complying with the following requirements:

"(1) The proposition for such conversion shall first be approved, and a date set for a vote thereon by the members (either at a meeting to be held on such date or by written ballot to be filed on or before such date), by a majority of the directors of the Federal credit union. Written notice of the proposition and of the date set for the vote shall then be delivered in person to each member, or mailed to each member at the address for such member appearing on the records of the credit union, not more than thirty nor less than seven days prior to such date. Approval of the proposition for conversion shall be by the affirmative vote of a majority of the members, in person or in writing.

"(2) A statement of the results of the vote, verified by the affidavits of the president or vice president and the secretary, shall be filed with the Bureau within ten days after the vote is taken.

"(3) Promptly after the vote is taken and in no event later than ninety days thereafter, if the proposition for conversion was approved by such vote, the credit union shall take such action as may be necessary under the applicable State law to make it a State credit union, and within ten days after receipt of the State credit union charter there shall be filed with the Bureau a copy of the charter thus issued. Upon such filing the credit union shall cease to be a Federal credit union.

"(4) Upon ceasing to be a Federal credit union, such credit union shall no longer be subject to any of the provisions of this Act. The successor State credit union shall be vested with all of the assets and shall continue responsible for all of the obligations of the Federal credit union to the same extent as though the conversion had not taken place.

"(b) (1) A State credit union, organized under the laws of any State, the District of Columbia, the several Territories and possessions of the United States, the Panama Canal Zone, or the Commonwealth of Puerto Rico, may be converted into a Federal credit union by (A) complying with all State requirements requisite to enabling it to convert to a Federal credit union or to cease being a State credit union, (B) filing with the Bureau proof of such compliance, satisfactory to the Director, and (C) filing with the Bureau an organization certificate as required by this Act.

"(2) When the Director has been satisfied that all of such requirements, and all other requirements of this Act, have been complied with, the Director shall approve the organization certificate. Upon such approval, the State credit union shall become a Federal credit union as of the date it ceases to be a State credit union. The Federal credit union shall be vested with all of the assets and shall continue responsible for all of the obligations of the State credit union to the same extent as though the conversion had not taken place.

"TERRITORIAL APPLICABILITY OF ACT

"SEC. 27. The provisions of this Act shall apply to the several States, the District of Columbia, the several Territories and possessions of the United States, the Panama Canal Zone, and the Commonwealth of Puerto Rico."

SEC. 2. Section 2113(g) of title 18 of the United States Code is amended by inserting before the period at the end thereof ", and any 'Federal credit union' as defined in section 2 of the Federal Credit Union Act".

62 Stat. 796.

SEC. 3. The Director of the Bureau of Federal Credit Unions shall make a study of the desirability of providing for federally chartered central credit unions, and shall submit to the Secretary of Health, Education, and Welfare, for transmission to the Congress on or before April 15, 1960, a report of the results thereof and such recommendations for legislation thereon as the Director deems appropriate.

Report to Congress.

Approved September 22, 1959.

Public Law 86-355

AN ACT

To authorize the Secretary of the Army to lease a portion of Twin Cities Arsenal, Minnesota, to Independent School District Numbered 16, Minnesota.

September 22, 1959
[H. R. 2449]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Army is authorized and directed to lease for a two-year period to the Independent School District Numbered 16, State of Minnesota (Spring Lake Park School District) space it occupies in Building Numbered 105, and adjacent land area at the Twin Cities Arsenal, Minneapolis, Minnesota, subject, however, to conditions and restrictions set forth in sections 2, 4, and 5 of this Act.

Twin Cities Arsenal, Minn.
Lease.

SEC. 2. The lease authorized by this Act shall be made upon condition that the lessee pay the cost of utilities or other special services furnished the lessee by the Government, and upon condition that the property shall be used for the operation and maintenance of a public school only and in the event that it shall not be used for such purpose the lease shall immediately terminate and title to all improvements made by the school district during its occupancy shall vest in the United States without compensation therefor. The lease shall further provide that the school district shall at all times keep the premises in good repair; that use of the premises shall be subject to regulations by the commanding officer of the arsenal and shall in no way interfere with operations of the United States; that no change shall be made in the building or grounds without the prior consent of the district engineer, United States Army Engineer District, St. Paul, Minnesota; that no claim shall be made against the United States by the school district for damage to any of its property on the premises; that the school district will protect the United States against any claim for personal

Conditions.