

A Bill for an Act Relating to Changes to the Field of Membership of Hawaii Credit Unions.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Section 412:10-109, Hawaii Revised Statutes, is amended to read as follows:

“§412:10-109 Membership. (a) The membership of a credit union shall consist of those persons who share a common bond set forth in the articles of association, have been duly admitted members, have paid any required one-time or periodic membership fee, or both, have subscribed to one or more shares and have complied with such other requirements as the articles of association and bylaws specify.

(b) Organizations comprised primarily of individuals who are eligible for membership in the credit union, and corporations whose total number of stockholders or whose majority stockholders are comprised primarily of such individuals, may be admitted to membership in the same manner and under the same conditions as individuals. Likewise, organizations one of whose principal functions is to provide services to persons who are eligible for membership in the credit union may be admitted to membership. Other organizations having a commonality of interest with the credit union may be admitted to membership with the approval of the commissioner.

(c) Any credit union organized under this article may accept as a member any other credit union organized under this chapter or federal law.

(d) The board of directors shall act on all membership applications, unless the board has appointed one or more membership officers, who shall be empowered to approve or disapprove membership applications according to criteria established in the bylaws and under the direction of the board. A record of the actions taken by a membership officer shall be made available in writing to the board of directors for inspection. Any person whose application has been disapproved may appeal such decision to the board in writing.

(e) Members who cease to be eligible for membership may be permitted to retain their membership in the credit union, under reasonable standards established by the board of directors.

(f) The members of a credit union shall not be personally or individually liable for the payment of the credit union's debts solely by virtue of holding membership.

(g) The board of directors may expel a member from membership in the credit union, if such member fails to comply with the articles, bylaws, rules, or regulations of the credit union, any law applicable to the credit union, or for any other just cause; provided[,] that no member may be expelled unless:

- (1) The member has been informed in writing of the reasons for the expulsion;
- (2) The member has, upon request, a reasonable opportunity to present evidence and argue against the expulsion, before a hearing panel consisting of the board of directors and the supervisory committee; and
- (3) If the hearing is requested, a majority of the hearing panel votes to expel the member.

The amounts paid by an expelled member for shares of the credit union shall be paid to such member after deducting any amounts due by such member to the credit

ACT 57

union; provided that such expulsion shall not relieve the expelled member from any remaining liability to the credit union.

(h) Any proposed change to a credit union's field of membership, whether it is an addition, deletion, or simple update, shall require the prior written approval of the commissioner. Upon receipt of the commissioner's approval, the change shall be reflected formally in the credit union's articles of association.'

SECTION 2. Statutory material to be repealed is bracketed. New statutory material is underscored.

SECTION 3. This Act shall take effect upon its approval.

(Approved April 25, 1995.)