



June 26, 2014

To all Pennsylvania State-Chartered Credit Unions:

On behalf of the Commonwealth of Pennsylvania Department of Banking and Securities (the “Department”), I am pleased to announce that on June 18, 2014, Governor Corbett signed into law House Bill 2009 as Act 62 of 2014 (the “Act”), which updates and modernizes the Credit Union Code (the “Code”), 17 Pa.C.S. § 101 *et seq.* The Act is effective on August 18, 2014.

The Act was a joint effort of the Pennsylvania Credit Union Association and the Department, and provides a number of needed updates and clarifications to the Code that will benefit Pennsylvania state-chartered credit unions. Highlights of the Act, with references to the applicable Code section, include:

- Definition of “officer” under the statute as CEO, president, CFO, treasurer, secretary and any vice presidents (Section 103).
- Requirement for credit unions to maintain copies of their original articles of incorporation and by-laws, and all amendments to the articles and by-laws, at the credit union at all times (Sections 303(b) and 305(a)).
- Clarification of the protocols for board- and member-initiated amendments to, or repeals of, by-laws of credit unions (Section 305(b) and (d)).
- Enhanced authority for credit unions to collect fees paid to outside collection agencies that collect debts owed to credit unions, and ability for credit unions to recoup amounts expended in collection activities (Section 509(c) and (d)).
- Clarification that the interest rate and finance charge caps on loans made to members are consistent with that permitted for federally-chartered credit unions under the rules and regulations of the National Credit Union Administration (Section 510(a)).
- Revised provisions of the Code regarding loans to officers, directors and others affiliated with credit unions to more closely align the Code to the rules applicable to federally-chartered credit unions (revised Section 512).
- Clarification that credit unions may transfer share accounts to special inactive accounts after five years of inactivity (Section 514(b)).

GLENN E. MOYER – SECRETARY OF BANKING AND SECURITIES

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- Ability for credit unions to provide notices to members through fax, e-mail or other electronic communication (Section 704(a)).
- Permission for credit unions to expel members for cause, or suspend certain services for cause, with approval of the board of directors (revised Section 705).

This letter is not intended as and does not constitute legal advice. Please keep in mind that this letter contains generalizations regarding the Act discussed herein and is therefore not inclusive of all of its provisions, conditions, exceptions, and details. It is critically important for you to read the Act and seek guidance from your legal counsel regarding the effects of the Act on your business operations. A link to the Act may be found on the Department's website at www.dobs.state.pa.us.

Questions regarding the provisions of the Act should be addressed to Tim Blase, Director, Credit Unions Office, at (717) 787-7333. We at the Department look forward to working with you in order to seamlessly implement the Act in Pennsylvania in the coming months.

Sincerely,

/s/ Glenn E. Moyer
Secretary of Banking and Securities