

HB

452

(RULES)

COMMITTEE REPORT
SENATE

FURTHER: None

3/6/80

Date: 7 Mar 6, 1980

Mr. President:

The Committee on COMMERCE has had CSHB 452 (Rules)
credit unions

under consideration and (a majority of the committee) (the committee)
reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without ^{individual} recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

Brad Bradley

Tom Kelly

Antoni Sturgulinski

MEMBERS HAVING
OTHER RECOMMENDATIONS:

~~_____~~

_____ (work)

Brad Bradley
CHAIRMAN

STATE OF ALASKA
THE LEGISLATURE

POUCH V, STATE CAPITOL
JUNEAU, ALASKA 99811

SENATE

TO

Christian Basler

REMARKS:

Commerce Committee

FY Note on HB 452

FROM

Senate Secretary's
Office

DATE

3/7/90

LAA 25-5

CS58-225

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. HB-452
 Title Act providing for state-chartered Credit Unions
 Requested by Senator Bradley Date _____

II. FISCAL DETAIL
 Agency Affected Commerce and Economic Development
 Program Category Affected Public Protection
 BRU, Program, or Subprogram(s) Affected Banking & Securities
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		120.4	178.7	196.6	216.3	237.9
200 TRAVEL		32.1	32.0	40.0	50.0	62.5
300 CONTRACTUAL		40.9	34.9	37.0	39.2	40.4
400 COMMODITIES		3.0	3.3	3.6	4.0	4.4
500 EQUIPMENT		5.0	7.5	1.5	1.7	1.9
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		201.4	256.4	278.7	311.2	347.2

FUNDING (Thousands of Dollars)

GENERAL FUND		157.9	202.9	222.0	251.1	283.5
FEDERAL FUNDS						
OTHER (Specify Fund Source)		43.5	53.5	56.7	60.1	63.7

POSITIONS

FULL TIME		3	4	4	4	4
PART TIME		0	0	0	0	0
TEMPORARY		0	0	0	0	0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

This is a revision of the fiscal note prepared for SB 225 in July, 1979. If the bill should have an effective date in FY 80 an immediate startup is desired, supplemental funding would be necessary. The bill provides for the incorporation and regulation of credit unions. In addition, it provides the state-chartered credit unions will pay the cost incurred by the department in conducting examinations application investigations in accordance with AS 06.01.010. The bill requires an annual examination of each state-chartered credit union. Assuming there are approximately 1 credit unions chartered and doing business in the state and 10 man-days per credit union examination or application and including one-half the time of an administrative assistant to support the examiner would bring the total to \$43,518.

It will be necessary to hire an experienced credit union examiner at the start of the program. This will involve out-of-state hire in order to find a qualified examiner.

IV. DATE 1/29/80 PREPARED BY Julius J. Brecht
 AGENCY Banking & Securities
 PHONE 465-2521
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. CSSB 225
 Title Act providing for state-chartered credit unions
 Requested by Senator Bradley Date _____

II. FISCAL DETAIL
 Agency Affected Commerce and Economic Development
 Program Category Affected Public Protection
 BRU, Program, or Subprogram(s) Affected Banking & Securities
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		120.4	178.7	196.6	216.3	237.9
200 TRAVEL		32.1	32.0	40.0	50.0	62.5
300 CONTRACTUAL		40.9	34.9	37.0	39.2	40.4
400 COMMODITIES		3.0	3.3	3.6	4.0	4.4
500 EQUIPMENT		5.0	7.5	1.5	1.7	1.9
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
		201.4	256.4	278.7	311.2	347.2
TOTAL						

FUNDING (Thousands of Dollars)

GENERAL FUND		157.9	202.9	222.0	251.1	283.5
FEDERAL FUNDS						
OTHER (Specify Fund Source)		43.5	53.5	56.7	60.1	63.7

POSITIONS

FULL TIME		3	4	4	4	4
PART TIME		0	0	0	0	0
TEMPORARY		0	0	0	0	0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

This is a revision of the fiscal note prepared for SB 225 in July, 1979. If the bill should have an effective date in FY 80 an immediate startup is desired, supplemental funding would be necessary. The bill provides for the incorporation and regulation of credit unions. In addition, it provides the state-chartered credit unions will pay the cost incurred by the department in conducting examinations application investigations in accordance with AS 06.01.010. The bill requires an annual examination of each state-chartered credit union. Assuming there are approximately 15 credit unions chartered and doing business in the state and 10 man-days per credit union examination or application and including one-half the time of an administrative assistant to support the examiner would bring the total to \$43,518.

It will be necessary to hire an experienced credit union examiner at the start of the program. This will involve out-of-state hire in order to find a qualified examiner.

IV. DATE 1/29/80 PREPARED BY Julius J. Brecht
 AGENCY Banking & Securities
 PHONE 465-2521
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

In addition to these personnel needs, a member of the division's examination staff assisted by the administrative assistant will spend the remaining time responding to inquiries and complaints from the public concerning credit unions and take care of administrative matters relative to credit union regulation. It is estimated that at least the time of one and one-half examiners plus the full time of the administrative assistant would be necessary to handle the full administration and regulation of state-chartered credit unions under SB 225.

The present examination staff can easily use the additional one-half of an examiner to take care of the statistical matters and added workload related to the decided increase in new bank and branch applications, new savings and loan and branch applications, mergers and conversions of existing financial institutions, as well as the added examination workload.

Finally, the contractual budget for FY 81 includes \$7,500 to have an individual(s) familiar with the regulation of state-chartered credit unions draft regulations and set up office and examination procedures, design reports, etc., for the administration of a credit union act. The division does not have the personnel to take care of these matters in a timely fashion and at the same time main present responsibilities.

Forck

5/14/80 Hold one day
By: Rep. Hays

CONFERENCE COMMITTEE REPORT

5/16/80 - To the Gov.

DATE: May 14, 1980

Mr. President:
Mr. Speaker:

The FREE Conference Committee which has had

CSHB 452 (Rules) Credit unions; eff date
&
CSHB 452(Rls)amS Same title

16 year
3 years
(Hankworth
Ray
2 legs)

under consideration, recommends that

FCCSHB 452

Financial institutions; providing for state credit unions and adding to the powers of mutual savings banks; e.d.

be adopted.

Senate Members:

Mike Colletta
Senator Colletta, Chairman
Alvin Hackney
Senator Hackney
Senator Fahrenkamp
Senator Fahrenkamp

House Members:

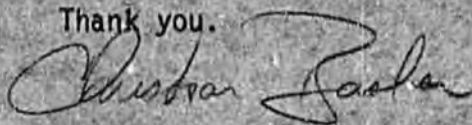
Joe McKinnon
Rep. McKinnon, Chairman
A. Smith
Rep. Smith
Patrick J. O'Connell
Rep. O'Connell

August 14, 1979

Billy:

Although the attached letter was sent under Brad's signature, could you please return all correspondence to my attention.

Thank you.

A handwritten signature in cursive script, appearing to read "Christian Basler".

Christian Basler
Administrative Assistant
Senate Commerce Committee

STATE OF ALASKA THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 7, 1980

SUBJECT: CS for House Bill No. 452 (Rules)
[Work Order No. 8305]

TO: Senator Brad Bradley
Chairman, Senate Commerce Committee

FROM: Richard A. Bradley *B*
Legislative Counsel

I have been requested to do a sectional analysis of the Committee Substitute for House Bill No. 452 (Rules). As you recognize this is identical to the Committee Substitute for Senate Bill No. 225 that I prepared for your committee.

Section 1 of the bill amends AS 06.01.020 to allow the commissioner of commerce and economic development to grant to a state credit union powers that may be granted to a federally chartered credit union. This power is typically granted to the commissioner and he presently possesses such power as to banks, trust companies and savings associations as well as other federally chartered institutions doing business in the state which are subject to identified federal regulatory agencies.

Section 2 establishes the Alaska Credit Union Act by amending AS 06 to add Chapter 45.

The titles of each Section are useful to an understanding of the material in the bill and its location:

Sec. 010	Responsibility of the Commissioner	Page 1
020	Formation of a Credit Union	Page 2
030	Approval of Articles of Incorporation and Issuance of Certificate of Authority	Page 3
040	Fees	Page 4
050	Reports and Examinations	Page 4
060	Powers of a Credit Union	Page 4

070	Membership	Page 10
080	Meetings of Members	Page 11
090	Management of Credit Union	Page 11
100	Compensation	Page 11
110	Executive Officers	Page 12
120	Board of Directors	Page 12
130	Applications for Membership	Page 13
140	Powers and Duties of Credit Committee	Page 14
150	Loan Restriction	Page 14
160	Security	Page 15
170	Powers and Duties of Supervisory Committee	Page 15
180	Reserves	Page 16
190	Dividends	Page 17
200	Expulsion and Withdrawal	Page 17
210	Minors or Trusts	Page 17
220	Suspension [of Credit Union]	Page 17
230	Exemption from Taxation	Page 18
240	Allotment of Space in State Office Buildings	Page 18
250	Conversions	Page 18
260	Insurance of Member Accounts	Page 18
270	Liquidity Facility Participation	Page 19
280	Conflict of Interest	Page 19
290	Merger	Page 19
300	Branch Offices	Page 19
310	Unauthorized Conduct of Credit Union Business	Page 19
320	Transfer of Credit Union Property to Preferred Creditor	Page 20
330	Unlawful Deceit of Commissioner or Examiner	Page 20
340	Receipt of Deposits While Insolvent	Page 20
350	Limitations on Credit Union	Page 20
400	Definitions	Page 20

Section 010. This section deals with the responsibilities of the commissioner. It provides that he shall administer the chapter, that he may adopt regulations for the administration of the chapter, that he may delegate any authority granted by the chapter, and that records of a credit union will be kept under regulations that he adopts.

The section also provides for bonding of credit union officers under procedures approved by the commissioner.

Section 020. This section is a section under which a credit union would be established. It provides the procedures that individuals who wish to form a credit union will use. It also authorizes the commissioner to require other provisions that he considers necessary for the management of the credit union. Bylaws will also be submitted to the commissioner for approval at the time that the articles of incorporation are submitted.

Section 030. Articles of incorporation and bylaws are required to be submitted to the commissioner for his approval. Before he approves these documents and issues a certificate of authority to do business, the commissioner is required to determine whether the articles and bylaws conform to the chapter and to the regulations of the commissioner, the general character and fitness of the subscribers, and the economic advisability of establishing the proposed credit union.

Section 040. This section authorizes the commissioner to assess a fee for his expenses in processing an application. The fee is assessed under the procedures established in AS 06.01.010.

Fees are also authorized under this section for the approval of a branch of the credit union, for a merger or conversion of a credit union or for an examination of a credit union which is conducted under AS 06.45.050.

Section 050. This section authorizes the commissioner to require both an annual financial report and other financial reports required by regulations that he adopts. It also provides that a credit union is subject to examination by the commissioner.

Section 060. This section elaborates the powers of a credit union and it provides generally that a credit union has the powers to enter into a contract, to sue and be sued, to purchase, hold and dispose of property and to make loans.

Generally the maturity of a loan may not exceed 12 years. However, a residential real estate loan made to finance the acquisition of a one to four family dwelling for the principal residence of a credit union member may have a maturity not exceeding 30 years; and a loan to finance the purchase of a mobile home to be used as the residence of a credit union

member may generally not exceed 15 years. The section contains other restrictions on loans made by a credit union and these restrictions are detailed in sec. 060(5)(A)(iii) and following.

Thus, at (x), the bill provides that the total dollar amount of real estate loans and mobile loans outstanding may not exceed 25 percent of the paid-in and unimpaired capital and surplus of the credit union without the written approval of the commissioner. Similarly, a credit union with a paid-in and unimpaired capital and surplus of less than \$3,000,000 may make real estate loans with maturity in excess of 15 years only with the approval of the commissioner.

Section 060(7) [starting on page 7 of the bill] is the section of the bill which regulates the investments of credit union funds.

Section 060(8) and the following paragraphs identify a series of authorities of a credit union. Thus, credit unions may make deposits in national banks and in state banks, trust companies, and mutual savings banks, may borrow in accordance with regulations adopted by the commissioner from any source, may levy late charges, may enforce a lien upon the shares and dividends of a member to the extent of a loan to the member, may sell to members negotiable checks, travelers checks, and money orders, and may cash checks and money orders for members, for a fee which does not exceed the direct and indirect costs incident to providing the service, and may engage in other miscellaneous activities detailed in this portion of sec. 060 which carries on over through page 10 of the bill.

Section 070. This section deals with membership in a credit union and provides that the membership consists of the incorporators of the credit union and other persons to the extent permitted by regulations adopted by the commissioner. Credit union membership is limited to groups "having a common bond of occupation or association, or to groups within a well-defined neighborhood community or rural district."

Section 080. This section deals with meetings of members and provides that the annual meeting of a credit union shall be held within three months after December 31st of each year; special meetings may be held under the bylaws.

Section 090. This section deals with the management of a credit union and provides that the business affairs of a credit union are managed by a board of not less than five directors, a credit committee of not less than three members and a supervisory committee of not less than three members or more than five members.

The bill provides that the members of the board of directors and the members of the credit committee are elected at the annual meeting by and from the membership. The supervisory committee is appointed by the board of directors. Members of the board and of the credit and supervisory committees hold office for terms specified in the bylaws.

Section 100. This section deals with the compensation of members of the board of directors and the section provides that members of the board of directors and of credit and supervisory committees may not be compensated for service on the board or on the committees. The section further provides that reasonable health, accident and similar insurance protection is not compensation under this section.

Section 110. This section deals with the executive officers of the credit union and provides that the board of directors shall elect from the membership a president, one or more vice presidents, a secretary and a treasurer. It provides that an executive officer other than the treasurer may not be compensated as an officer.

Section 120. This section deals with the board of directors; it provides that the board of directors shall meet at least once a month and shall have general direction and control of the business affairs of the credit union.

It is the board of directors that acts on applications for membership and will fill the vacancies in the board of directors and in the credit committee.

The board of directors has responsibility for investments other than loans to members. The board also determines the interest rates on loans, the security and the maximum amount which may be loaned or provided in lines of credit to a member.

The section provides that the board of directors may appoint an executive committee of not less than three directors to exercise powers granted to it by the board of directors.

Section 130. This section deals with applications for membership. And requires the board of directors to review and approve applications for membership in the credit union at least monthly. It requires the board of directors to provide reasons if an application for membership is denied. And it provides that the board of directors may appoint a membership officer to review applications for membership; the treasurer or a loan officer may not review applications for membership.

Section 140. This section deals with the powers and duties of the credit committee. The credit committee is obliged to consider applications for loans and lines of credit as the business of the credit union may require but not less often than once a month. A majority of the entire credit committee may approve an application or lines of credit unless the approval of the board of directors is required under AS 06.-45.060(5). The credit committee may delegate to a loan officer the power to approve loans and lines of credit.

The section provides that an individual may not disburse funds of a credit union for a loan, line of credit, or application which he approves in the capacity of loan officer.

Section 150. This section establishes restrictions on loans and limits the loan to a particular member to an amount less than 10 percent of the unimpaired capital and surplus of a credit union.

Section 160. This section deals with the security required for loans.

Section 170. This section deals with the powers and duties of the supervisory committee. It is the responsibility of the supervisory committee to conduct an annual audit of the accounts of the credit union and to conduct such other supplementary audits as it considers necessary or as ordered by the commissioner. The supervisory committee is charged with the verification of the passbooks and accounts of the members from time to time. The supervisory committee is also given the authority by a unanimous vote of its membership to suspend an officer of the credit union or a member of the

credit committee or the board of directors until the next meeting of the membership which shall be held within not less than seven nor more than fourteen days. The membership shall act to ratify or reject the action of the supervisory committee. This section also permits the board of directors to suspend a member of the supervisory committee until the next meeting of the membership which is called on short notice.

Section 180. This section deals with the reserves of a credit union. It establishes a formula under which the credit union will maintain reserves. I have not set out the requirements of this section since they are somewhat technical. The section itself is on page 16 of the bill. The commissioner is given authority to modify the reserve limitations of the section.

Section 190. This section deals with the dividends of the credit union. It grants to the board of directors the authority to declare a dividend at various rates on different types of shares.

Section 200. This section deals with the expulsion and withdrawal of membership.

Section 210. This section provides that shares of a credit union may be issued in the name of a minor or in trust subject to conditions prescribed by the bylaws.

Section 220. This section deals with the suspension of a credit union by the commissioner for insolvency or for operation in an unsafe and an unsound manner or for violation of its articles of incorporation, its bylaws, or violation of this chapter or regulations adopted by the commissioner under it. The commissioner is given the authority to act under AS 06.01.030 and temporarily suspend the operations of the credit union. He may then allow it to continue under his supervision.

Section 230. This section provides that a credit union is exempt from taxation by the state or a municipality of the state except for real and tangible personal property owned by it. Essentially this section means that the funds, the capital, the reserves, surplus, and other funds of the credit union as such are exempt from taxation.

This section does not prevent holdings in a credit union from being included in the valuation of the personal property of the owners under taxes imposed by the state or in political subdivisions.

Section 240. This section authorizes the commissioner of transportation and public facilities to allot space to a credit union if at least 95 percent of the membership is composed of persons who either are presently state employees or were state employees at the time of their admission to the credit union.

Section 250. This section authorizes a state credit union to convert into a federal credit union and authorizes a federal credit union to convert into a state credit union.

Section 260. This section requires a credit union under regulations of the commissioner to insure member accounts under programs offered by the National Credit Union Administration Board.

Section 270. This section permits a credit union to participate in programs offered by the National Credit Union Central Liquidity Facility under regulations of the commissioner.

Section 280. This section provides that a member of the board of directors or a member of the credit committee or the supervisory committee or an employee of the credit union may not participate in decisions affecting his own interests or the interests of a corporation, partnership or association in which he is interested; and it provides that a person who violates this section may not thereafter serve as an officer, agent or employee of a credit union.

Section 290. This section authorizes a credit union to merge with another credit union.

Section 300. This section provides that a credit union may establish branch offices under regulations of the commissioner.

Section 310. This section makes it a class A misdemeanor for a natural person to conduct business under a name which is suggestive of a credit union business.

Section 320. This section prohibits the transfer of credit union property to preferred creditors.

Section 330. This section makes it a class B felony to deceive the commissioner or examiners of the credit union.

Section 340. This section prohibits the knowing acceptance of a deposit by an officer or employee of a credit union if that officer or employee knows that the credit union is insolvent. A violation is a class A felony.

Section 350. This section provides that a credit union may not acquire control directly or indirectly of another financial institution or invest in the shares, stocks or obligations of an insurance company, trade association, liquidity facility or any other similar organization except as provided by this chapter.

Section 400. This section is a definitions section and the terms "commissioner", "credit union", and the "credit union association" are defined in this section.

Section 3. The effective date section of the bill provides that the effective date is July 1, 1980.

RAB:jdn

MR. PRESIDENT, I MOVE THE ADOPTION OF CS FOR HB 452 (RULES).

THIRD READING

(SEC. 06.01.020)

P. 1, L. 10

SECTION 1. THIS SECTION IS COMMONLY REFERRED TO AS THE "WILD CARD" PROVISION, BY ALLOWING THE COMMISSIONER OF COMMERCE AND ECONOMIC DEVELOPMENT AUTHORITY TO GRANT A STATE CREDIT UNION POWERS THAT MAY BE GRANTED TO A FEDERALLY CHARTERED CREDIT UNION. THIS PROVISION MERELY EXTENDS THE AUTHORITY THAT THE COMMISSIONER CURRENTLY HAS TO INCLUDE FEDERAL REGULATIONS AND LAWS PERTAINING TO CREDIT UNIONS.

(SEC. 06.45)

P. 1, L. 25

P. 1, L. 27

SECTION 2 AMENDS ALASKA TITLE 06 BY ADDING A NEW CHAPTER ENTITLED "ALASKA CREDIT UNION ACT"

SEC. 010 PROVIDES THAT THE COMMISSIONER SHALL ADMINISTER THE CHAPTER, ADOPT REGULATIONS, DELEGATE ANY GRANTED AUTHORITY OF THE CHAPTER, AND KEEP CREDIT UNION RECORDS ACCORDING TO REGULATIONS. THIS SECTION ALSO REQUIRES BONDING IN AN APPROVED CORPORATE SURETY COMPANY.

P. 2, L. 18

SEC. 020 ENUMERATES THE PROCEDURES BY WHICH A CREDIT UNION CAN BE FORMED.

P. 3, L. 15

SEC. 030 STIPULATES THAT ARTICLES OF INCORPORATION AND BYLAWS ARE REQUIRED TO BE SUBMITTED TO THE COMMISSIONER

FOR HIS APPROVAL. THE CRITERIA FOR THE COMMISSIONER'S EVALUATION FOR APPROVAL ARE SPECIFIED IN THIS SECTION.

P. 4, L. 3

SEC. 040 AUTHORIZES THE COMMISSIONER TO ASSESS A FEE FOR EXPENSES INCURRED DURING AN APPLICATION PROCESS.

P. 4, L. 15

SEC. 050 PERMITS THE COMMISSIONER TO REQUIRE FINANCIAL REPORTS AND EXAMINATIONS.

P. 4, L. 21

SEC. 060 ELABORATES THE POWERS OF A CREDIT UNION AND PROVIDES GENERALLY THAT A CREDIT UNION HAS THE POWER TO ENTER INTO A CONTRACT, TO SUE AND BE SUED, TO PURCHASE, HOLD AND DISPOSE OF PROPERTY, AND TO MAKE LOANS. GENERALLY A LOAN MAY NOT EXCEED 12 YEARS, A REAL ESTATE LOAN 30 YEARS, AND A MOBILE HOME LOAN 15 YEARS. INTEREST MAY NOT EXCEED ONE PERCENT A MONTH ON THE UNPAID BALANCE INCLUSIVE OF ALL SERVICE CHARGES. ALSO, THE TOTAL DOLLAR AMOUNT OF REAL ESTATE LOANS OUTSTANDING MAY NOT EXCEED 25 PERCENT OF THE PAID-IN AND UNIMPAIRED CAPITAL WITHOUT THE WRITTEN APPROVAL OF THE COMMISSIONER. A CREDIT UNION WITH A PAID-IN AND UNIMPAIRED CAPITAL AND SURPLUS OF LESS THAN \$3,000,000 MAY MAKE REAL ESTATE LOANS WITH MATURITY IN EXCESS OF 15 YEARS ONLY WITH APPROVAL OF THE COMMISSIONER.

P. 10, L. 20

SEC. 070 DEFINES THE FIELD OF MEMBERSHIP FOR CREDIT UNIONS AS "HAVING A COMMON BOND OF OCCUPATION OR ASSOCIATION, OR TO GROUPS WITHIN A WELL-DEFINED NEIGHBORHOOD, COMMUNITY, OR RURAL DISTRICT."

P. 11, L. 5

SEC. 080 PROVIDES THAT THE ANNUAL MEETING OF A CREDIT UNION SHALL BE HELD WITHIN THREE MONTHS AFTER DECEMBER 31ST OF EACH YEAR. SPECIAL MEETINGS MAY BE HELD ACCORDING TO THE BYLAWS.

P. 11, L. 12

SEC. 090 ASSURES THAT A BOARD OF FIVE DIRECTORS ARE ELECTED AT THE ANNUAL MEETING OF THE MEMBERSHIP, AND A CREDIT COMMITTEE OF NOT LESS THAN THREE ARE ELECTED, RESPECTIVELY. TERMS OF MEMBERSHIP TO THE BOARD AND SUPERVISORY COMMITTEES ARE SPECIFIED IN THE BYLAWS.

P. 11, L. 29

SEC. 100 PROVIDES THAT MEMBERS OF THE BOARD OF DIRECTORS, CREDIT AND SUPERVISORY COMMITTEES MAY NOT BE COMPENSATED FOR SERVICE TO THE CREDIT UNION.

P. 12, L. 6

SEC. 110 MANDATES THAT THE EXECUTIVE OFFICERS BE ELECTED BY THE BOARD OF DIRECTORS AFTER THE ANNUAL MEMBERSHIP MEETING.

P. 12, L. 19

SEC. 120 PRESCRIBES THAT THE BOARD OF DIRECTORS MEET AT LEAST ONCE A MONTH FOR THE PURPOSE OF ACTING ON APPLICATIONS FOR MEMBERSHIP AND FILL VACANCIES ON THE BOARD. IT IS ALSO THE BOARD'S RESPONSIBILITY TO SET THE INTEREST RATES FOR LOANS AND MAKE INVESTMENT DECISIONS.

P. 13, L. 23

SEC. 130 REQUIRES THE BOARD OF DIRECTORS TO REVIEW AND APPROVE APPLICATIONS FOR MEMBERSHIP MONTHLY, AND TO PROVIDE REASONS IF AN APPLICATION IS DENIED.

P. 14, L. 6

SEC. 140 REQUIRES THE CREDIT COMMITTEE TO CONSIDER APPLICATIONS MONTHLY. ALSO, THE CREDIT COMMITTEE MAY DELEGATE TO A LOAN OFFICER THE POWER TO APPROVE LGANS AND LINES OF CREDIT.

P. 14, L. 26

SEC. 150 ESTABLISHES RESTRICTIONS ON LOANS AND LIMITS THE LOAN TO A PARTICULAR MEMBER TO AN AMOUNT LESS THAN 10 PERCENT OF THE UMIMPAIRED CAPITAL AND SURPLUS OF A CREDIT UNION.

P. 15, L. 1

SEC. 160 PERTAINS TO SECURITY REQUIRED FOR LOANS.

P. 15, L. 6

SEC. 170 STIPULATES THAT THE SUPERVISORY COMMITTEE CONDUCT AN ANNUAL AUDIT AND BE RESPONSIBLE FOR THE VERIFICATION OF THE PASSBOOKS.

P. 16, L. 3

P. 17, L. 4

P. 17, L. 11

P. 17, L. 19

P. 17, L. 23

P. 18, L. 5

P. 18, L. 15

SEC. 180 ESTABLISHES A FORMULA UNDER WHICH A CREDIT UNION WILL MAINTAIN RESERVES. SEC. 190 GRANTS TO THE BOARD OF DIRECTORS THE AUTHORITY TO DECLARE A DIVIDEND, AT VARIOUS RATES, ON DIFFERENT TYPES OF SHARES. SEC. 200 STATES THAT A VOTE OF TWO-THIRDS OF THE MEMBERSHIP IS REQUIRED FOR A MEMBER TO BE REMOVED FROM THE CREDIT UNION. ALSO WITHDRAWAL OR EXPULSION OF A MEMBER DOES NOT DISCHARGE THE LIABILITY OF THAT MEMBER. SEC. 210 AUTHORIZES THAT SHARES MAY BE ISSUED IN THE NAME OF A MINOR OR IN TRUST, YET SUBJECT TO THE BYLAWS OF THE CREDIT UNION.

SEC. 220 ALLOWS THE COMMISSIONER TO SUSPEND THE OPERATIONS OF A CREDIT UNION IF FINANCIAL OR LEGAL REASONS DICTATE.

SEC. 230 EXEMPTS FROM TAXATION THE CREDIT UNION'S FUNDS.

SEC. 240 AUTHORIZES THE COMMISSIONER OF TRANSPORTATION AND PUBLIC FACILITIES TO ALLOT FREE SPACE TO A CREDIT UNION ASSUMING 95 PERCENT OF THE MEMBERSHIP ARE STATE EMPLOYEES. (SENATOR SUMNER'S AMENDMENT IN THE SENATE FINANCE COMMITTEE DELETES PAGE 18, LINES 15-22, AS 06,45,240; PAGE 910, SENATE JOURNAL.)

P. 18, L. 23

SEC. 250 ALLOWS FOR CONVERSION FROM A FEDERAL CHARTERED CREDIT UNION TO A STATE CHARTERED CREDIT UNION AND VICE-VERSA.

P. 18, L. 29

SEC. 260 MANDATES THAT MEMBER ACCOUNTS BE INSURED BY THE NATIONAL CREDIT UNION ADMINISTRATION BOARD.

P. 19, L. 4

SEC. 270 ALLOWS A CREDIT UNION TO PARTICIPATE IN THE PROGRAMS OFFERED BY THE NATIONAL CREDIT UNION CENTRAL LIQUIDITY FACILITY.

P. 19, L. 8

SEC. 280 MAKES IT ILLEGAL FOR AN OFFICER OR EMPLOYEE OF THE CREDIT UNION TO ENGAGE IN A CONFLICT OF INTEREST.

P. 19, L. 16

SEC. 290 AUTHORIZES A CREDIT UNION TO MERGE WITH ANOTHER CREDIT UNION.

P. 19, L. 23

SEC. 300 PERMITS A CREDIT UNION TO ESTABLISH BRANCH OFFICES UNDER REGULATIONS OF THE COMMISSIONER.

P. 19, L. 25

SEC. 310 MAKES UNAUTHORIZED CONDUCT OF A CREDIT UNION A CLASS-A MISDEMEANOR. SUCH CONDUCT IS DESCRIBED AS A NATURAL PERSON CONDUCTING BUSINESS UNDER A DISGUISED NAME SUGGESTIVE OF A CREDIT UNION BUSINESS.

P. 20, L. 1

SEC. 320 PROHIBITS THE TRANSFER OF CREDIT UNION PROPERTY TO PREFERRED CREDITORS.

P. 20, L. 6

SEC. 330 MAKES IT A CLASS-C FELONY TO DECEIVE THE COMMISSIONER OR EXAMINERS OF THE CREDIT UNION.

P. 20, L. 15

SEC. 340 PROHIBITS ACCEPTANCE OF A DEPOSIT KNOWING THE CREDIT UNION IS INSOLVENT, SUCH AN ACT IS A CLASS-A FELONY.

P. 20, L. 19

SEC. 350 DISALLOWS A CREDIT UNION TO ACQUIRE CONTROL OF ANOTHER FINANCIAL INSTITUTION EXCEPT AS PROVIDED BY THIS CHAPTER.

P. 20, L. 24

SEC. 400 CONSISTS OF DEFINITIONS.

P. 21, L. 5

SECTION 3 PROVIDES FOR AN EFFECTIVE DATE OF JULY 1, 1980.

CS FOR HOUSE BILL 452 (RULES)

MR. PRESIDENT, I MOVE THE ADOPTION OF CS FOR HB 452 (RULES).

THIRD READING

Sec 06.01.020
p 1 L 10

SECTION 1. THIS SECTION IS COMMONLY REFERRED TO AS THE "WILD CARD" PROVISION, BY ALLOWING THE COMMISSIONER OF COMMERCE AND ECONOMIC DEVELOPMENT AUTHORITY TO GRANT A STATE CREDIT UNION POWERS THAT MAY BE GRANTED TO A FEDERALLY CHARTERED CREDIT UNION. THIS PROVISION MERELY EXTENDS THE AUTHORITY ^{that} ~~OF~~ THE COMMISSIONER CURRENTLY HAS TO INCLUDE FEDERAL ^(regulating and laws pertaining) ~~BY CHARGED~~ ^{to} CREDIT UNIONS.

Sec. 06. 45
p. 1 L. 25

p 1 L 27

SECTION 2 ^(Alaska title) AMENDS ~~15~~ ¹06 BY ADDING A NEW CHAPTER ENTITLED "ALASKA CREDIT UNION ACT"

SEC. 010 PROVIDES THAT THE COMMISSIONER SHALL ADMINISTER THE CHAPTER, ADOPT REGULATIONS, DELEGATE ANY GRANTED AUTHORITY, ^{the chapter,} AND KEEP CREDIT UNION RECORDS ACCORDING TO REGULATIONS. ~~FURTHERMORE,~~ ^{this section also requires} BONDING IN AN APPROVED CORPORATE SURETY COMPANY, ~~IS MANDATED.~~

p 2 L 18

SEC. 020 ENUMERATES THE PROCEDURES BY WHICH A CREDIT UNION CAN BE FORMED.

p 3 L 15

SEC. 030 STIPULATES THAT ARTICLES OF INCORPORATION AND BYLAWS ARE REQUIRED TO BE SUBMITTED TO THE COMMISSIONER

FOR HIS APPROVAL. ^{The} CRITERIA FOR THE
COMMISSIONER'S EVALUATION ^{for approval} ARE ~~ALSO~~
SPECIFIED ^{in this section}.

p 4 L 3

SEC. 040 AUTHORIZES THE COMMISSIONER TO
ASSESS A FEE FOR EXPENSES INCURRED DURING
AN APPLICATION PROCESS

p 4 L 15

SEC. 050 PERMITS THE COMMISSIONER TO REQUIRE
FINANCIAL REPORTS AND EXAMINATIONS, ~~BY~~

~~THE COMMISSIONER.~~

p 4 L 21

SEC. 060 ELABORATES THE POWERS OF A CREDIT
UNION AND PROVIDES GENERALLY THAT A CREDIT
UNION HAS THE POWER TO ENTER INTO A CON-
TRACT, TO SUE AND BE SUED, TO PURCHASE,
HOLD AND DISPOSE OF PROPERTY, AND TO MAKE
LOANS. GENERALLY A LOAN MAY NOT EXCEED
12 YEARS, A REAL ESTATE LOAN 30 YEARS, AND
A MOBILE HOME LOAN 15 YEARS. INTEREST
MAY NOT EXCEED ONE PERCENT A MONTH ON THE
UNPAID BALANCE INCLUSIVE OF ALL SERVICE
CHARGES. ALSO, THE TOTAL DOLLAR AMOUNT OF
REAL ESTATE LOANS OUTSTANDING MAY NOT
EXCEED 25 PERCENT OF THE PAID-IN AND
UNIMPAIRED CAPITAL WITHOUT THE WRITTEN
APPROVAL OF THE COMMISSIONER. A CREDIT
UNION WITH A PAID-IN AND UNIMPAIRED CAPITAL
AND SURPLUS OF LESS THAN \$3,000,000 MAY
MAKE REAL ESTATE LOANS WITH MATURITY IN
EXCESS OF 15 YEARS ONLY WITH APPROVAL
OF THE COMMISSIONER.

p 10 L 20

SEC. 070 DEFINES THE FIELD OF MEMBERSHIP FOR CREDIT UNIONS AS "HAVING A COMMON BOND OF OCCUPATION OR ASSOCIATION, OR TO GROUPS WITHIN A WELL-DEFINED NEIGHBORHOOD, COMMUNITY, OR RURAL DISTRICT."

p 11 L 5

SEC. 080 PROVIDES THAT THE ANNUAL MEETING OF A CREDIT UNION SHALL BE HELD WITHIN THREE MONTHS AFTER DECEMBER 31ST OF EACH YEAR. SPECIAL MEETINGS MAY BE HELD ACCORDING TO THE BYLAWS.

p 11 L 12

SEC. 090 ASSURES THAT A BOARD OF FIVE DIRECTORS ARE ELECTED AT THE ANNUAL MEETING OF THE MEMBERSHIP, AND A CREDIT COMMITTEE OF NOT LESS THAN THREE ARE ELECTED ~~THE~~ *edly* RESPECTIVELY. TERMS OF MEMBERSHIP TO THE BOARD AND SUPERVISORY COMMITTEES ARE SPECIFIED IN THE BYLAWS.

p 11 L 29

SEC. 100 PROVIDES THAT MEMBERS OF THE BOARD OF DIRECTORS, ^{*credit*} AND SUPERVISORY COMMITTEES MAY NOT BE COMPENSATED FOR SERVICE TO THE CREDIT UNION.

p 12 L 6

SEC. 110 MANDATES THAT THE EXECUTIVE OFFICERS BE ELECTED BY THE BOARD OF DIRECTORS AFTER THE ANNUAL MEMBERSHIP MEETING.

p 12 L 19

~~SECTION~~ 120 PRESCRIBES THAT THE BOARD OF DIRECTORS MEET AT LEAST ONCE A MONTH FOR THE PURPOSE OF ACTING ON APPLICATIONS FOR MEMBERSHIP AND FILL VACANCIES ON THE BOARD. IT IS ALSO THE BOARD'S RESPONSIBILITY TO SET ^{the} INTEREST RATES ^{for} ~~ON~~ LOANS AND MAKE INVESTMENT DECISIONS. ~~WITH RESERVES.~~

p 13, L 23

~~SECTION~~ 130 REQUIRES THE BOARD OF DIRECTORS TO REVIEW AND APPROVE ~~MEMBERSHIP~~ APPLICATIONS FOR MEMBERSHIP ~~AT LEAST~~ MONTHLY, AND TO PROVIDE REASONS IF ^{an} ~~THE~~ APPLICATION ~~IS~~ DENIED.

p 14 L 26

~~SECTION~~ 140 ^{requires} ~~REQUIRES~~ THE CREDIT COMMITTEE TO CONSIDER APPLICATIONS ^{MONTHLY.} ~~NOT LESS THAN~~ ~~ONCE A MONTH.~~ ALSO, THE CREDIT COMMITTEE MAY DELEGATE TO A LOAN OFFICER THE POWER TO APPROVE LOANS AND LINES OF CREDIT.

p 14 L 26

~~SECTION~~ 150 ESTABLISHES RESTRICTIONS ON LOANS AND LIMITS THE LOAN TO A PARTICULAR MEMBER TO AN AMOUNT LESS THAN 10 PERCENT OF THE UNIMPAIRED CAPITAL AND SURPLUS OF A CREDIT UNION.

p 15 L 1

~~SECTION~~ 160 PERTAINS TO SECURITY REQUIRED FOR LOANS.

p 15 L 6

~~SECTION~~ 170 STIPULATES THAT THE SUPERVISORY COMMITTEE CONDUCT AN ANNUAL AUDIT AND ^{be} RESPONSIBLE FOR THE ^e VERIFICATION OF THE PASSBOOKS.

p 16 L3
~~SECTION~~ 180 ESTABLISHES A FORMULA UNDER WHICH A CREDIT UNION WILL MAINTAIN RESERVES.

p 17 L4
~~SECTION~~ 190 GRANTS TO THE BOARD OF DIRECTORS THE AUTHORITY TO DECLARE A DIVIDEND, AT VARIOUS RATES, ON DIFFERENT TYPES OF SHARES.

p 17 L11
~~SECTION~~ 200 STATES THAT A VOTE OF TWO-THIRDS OF THE MEMBERSHIP IS REQUIRED FOR A MEMBER TO BE REMOVED FROM THE CREDIT UNION. ALSO WITHDRAWAL OR EXPULSION OF A MEMBER DOES NOT DISCHARGE THE LIABILITY OF ~~THAT MEMBER~~ THAT MEMBER.

p 17 L19
~~SECTION~~ 210 AUTHORIZES THAT SHARES MAY BE ISSUED IN THE ~~NAME~~ NAME OF A MINOR OR IN TRUST, YET SUBJECT TO THE BY-LAWS OF THE CREDIT UNION.

p 17 L23
~~SECTION~~ 220 ALLOWS THE COMMISSIONER TO SUSPEND THE OPERATIONS OF A CREDIT UNION IF FINANCIAL ~~REASONS~~ OR LEGAL REASONS DICTATE.

p 18 L5
~~SECTION~~ 230 EXEMPTS FROM TAXATION THE ~~RESERVE~~ CREDIT UNION'S ^{funds} FINANCIAL ~~PAPER RESERVES~~

p 18 L 15

SECTION 240 AUTHORIZES THE COMMISSIONER OF TRANSPORTATION AND PUBLIC ~~WORKS~~ FACILITIES TO ALLOT ^{free} SPACE TO A CREDIT UNION ASSUMING 95% OF THE MEMBERSHIP ARE STATE EMPLOYEES. AMMENDMENT IN SENATE ~~REVIS TO~~ DELETES PAGE 18, LINE 15-22; AS06.45.240: PAGE 910 SENATE JOURNAL)

p 18 L 23

SECTION 250 ALLOW~~S~~ FOR CONVERSION FROM A FEDERAL CHARTERED CREDIT UNION TO A STATE CHARTERED CREDIT UNION AND VICE-VERSA.

p 18 L 29

SECTION 260 MANDATES THAT MEMBER ACCOUNTS BE INSURED BY THE NATIONAL CREDIT UNION ADMINISTRAT~~ION~~ BOARD.

p 19 L 4

SECTION 270 ALLOW~~S~~ A CREDIT UNION TO PARTICIPATE IN THE PROGRAMS OFFERED BY THE NATIONAL CREDIT UNION CENTRAL LIQUIDITY FACILITY.

p 19 L 8

SECTION 280 MAKES IT ILLEGAL ^(for an officer or employee of the credit union) ~~TO~~ ENGAGE INTO A CONFLICT OF INTEREST.

p 19 L 16

SECTION 290 AUTHORIZES A CREDIT UNION TO MERGE WITH ANOTHER CREDIT UNION.

p 19 L 23

SECTION 300 PERMITS A CREDIT UNION TO ESTABLISH BRANCH OFFICES UNDER REGULATIONS OF THE COMMISSIONER.

p 19 L 25
~~SECTION 310~~ ~~PROHIBITS~~ MAKES UNAUTHORIZED CONDUCT OF
A CREDIT UNION A CLASS-A MISDEMEANOR . SUCH CONDUCT IS
DESCRIBED AS A NATURAL PERSON CONDUCTING BUSINESS UNDER
A ⁱ~~DIS~~GUISED NAME SUGGESTIVE OF A CREDIT UNION BUSINESS.
1

p 20 L 1
~~SECTION 320~~ PROHIBITS THE TRANSFER OF CREDIT UNION PROPERTY
TO PREFERRED CREDITORS.

p 20 L 6
~~SECTION 330~~ MAKES IT A CLASS ^c B FELONY TO ~~DECIDE~~^{REVE} THE
COMMISSIONER OR EXAMINERS OF THE CREDIT UNION.

p 20 L 15
~~SECTION 340~~ PROHIBITS ACCEPTANCE OF A DEPOSIT KNOWING
THE CREDIT UNION IS INSOLVENT . SUCH AN ACT IS A CLASS-A
~~FELONY~~ FELONY.

p 20 L 19
~~SECTION 350~~ DISALLOWS A CREDIT UNION TO ^c~~AC~~QUIRE CONTROL
OF ANOTHER FINANCIAL INSTITUTION EXCEPT AS
PROVIDED BY THIS CHAPTER.

p 20 L 24
~~SECTION 400~~ CONSISTS OF DEFINITIONS

p 21, L 5
SECTION 3 PROVIDES FOR AN EFFECTIVE DATE OF JULY 1, 1980

659

SC

FILE NO. 26

659

the further the credit union is away from the NCUA office, the better the odds are of this occurring. If a credit union is able to inexpensively call or visit the NCUA office to check on the status of an inquiry, chances are that that inquiry will receive prompt attention.

The proliferation of regulations emanating from NCUA is also of concern to me. However, I can do nothing except voice my objections, and then abide by their regulations. Example: NCUA recently passed a regulation that effectively and severely limits the sources a credit union can borrow from. Several credit unions in California have since filed a lawsuit challenging NCUA's authority to limit such transactions. Regulations have also been proposed that would further limit the debt collection practices of Federal credit unions. Why? Because, says NCUA, last year they received 59 complaints about the collection practices of Federal credit unions. Not necessarily valid complaint, just unverified complaints. That, out of almost 13,000 credit unions. I consider that a pretty darn good track record, one that credit unions can be proud of, but NCUA thinks that merits further regulations.

I'm not saying that I would recommend my credit union convert from a Federal to a state charter as soon as possible, but I would like to have that option available.

There are many conditions in Alaska that are unique, as you all recognize. The problem is that for the most part, the uniqueness of our situation is not recognized by NCUA. subsequently, requests that might be out of the ordinary to outsiders are often rejected without considering our unique situation. Several years ago the Alaska Railroad Federal Credit Union requested an amendment to our field of membership that would allow us to serve the employees of 6 small companies that are lessees and shippers of the Railroad. Each of these groups were too small by current NCUA guidelines to form their own credit union, yet we felt there was a sufficient common bond with railroad employees to justify the request. The request was denied

No consideration was given to a unique situation. An attempt to provide credit union service to those groups failed because of the unwillingness of the regulatory agency to consider an unusual situation.

The issue at hand is not whether there will be credit unions in Alaska, but whether the State will take a role in the future of the credit unions and the services they provide the citizens of the State.

I urge you to support the passage of Senate Bill 225.

Thank you for this opportunity to present my viewpoint.

THE PRECEDING PAGES WERE TREATED AS
A UNIT IN THE ORIGINAL FILE.



Official Business

Alaska State Legislature

Senate

Committee on Commerce

Pouch V
State Capitol
Juneau, Alaska 99811

May 8, 1979

Alaska U.F.A. Federal
Credit Union
777 Juneau St.
Anchorage, AK 99501

Dear Manager:

Enclosed is the latest revised draft of the Commerce Committee Substitute for Senate Bill 225, providing for state credit unions. The context has not been changed. Also enclosed is a section-by-section analysis of the changes incorporated in the latest draft bill.

As mentioned in my letter of April 6, considerable effort was made to get this bill in final form and passed this session; however, our Division of Legal Services, which assists in drafting bills, discovered numerous legal problems resulting from the latest amendments. Consequently, we were not able to meet the deadline for passage of bills during this proposed short session.

I would appreciate receiving any comments you may have pertaining to this bill. If you have any questions, please let me know of them.

I am quite certain we will get this bill through the Senate Commerce Committee early next session since the original committee substitute bill did not pass the Legislature this year. Representative Joe McKinnon attached the original bill to CSSB 118, but it did not pass the Legislature.

Sincerely,

A handwritten signature in cursive script that reads "Brad".

Brad Bradley
State Senator
Chairman
Senate Commerce Committee

Enclosures

#50



Official Business

Alaska State Legislature

Senate

Committee on Commerce

Pouch V
State Capitol
Juneau, Alaska 99811

May 8, 1979

Enclosed is the latest revised draft of the Commerce Committee Substitute for Senate Bill 225, providing for state credit unions. The content has not been changed. Also enclosed is a section-by-section analysis of the changes incorporated in the latest draft bill.

As mentioned in my letter of April 6, considerable effort was made to get this bill in final form and passed this session; however, our Division of Legal Services, which assists in drafting bills, discovered numerous legal problems resulting from the latest amendments. Consequently, we were not able to meet the deadline for passage of bills during this proposed short session.

I would appreciate receiving any comments you may have pertaining to this bill. If you have any questions, please let me know of them.

I am quite certain we will get this bill ^{through} ~~past~~ the Senate Commerce Committee early next session ^{since} ~~if~~ the original bill ^{was} ~~does~~ did not pass the Legislature this session. Representative Joe McKinnon attached the original bill to CSSB 118, but it did not pass the Senate and is now in a free conference committee, the outcome of which I do not know at this time.

Sincerely,

Brad Bradley
State Senate
Chairman
Senate Commerce Committee

Enclosure

Enclosed is the latest revised draft of the Commerce Committee Substitute for Senate Bill 225 providing for state credit unions. The context has not been changed. Also enclosed is a section-by-section analysis of the changes incorporated in the latest draft bill.

As mentioned in my letter of April 6, considerable effort was made to get this bill in final form and passed this session; however, our Division of Legal Services, which assists in drafting bills, discovered numerous legal problems resulting from the latest amendments. Consequently, we were not able to meet the deadline for passage of bills during this proposed short session.

I would appreciate receiving any comments you may have pertaining to this bill. If you have any questions, please let me know of them.

I am quite certain we will get this bill past the Senate Commerce Committee early next session if the original bill does not pass the Legislature this session. Representative Joe McKinnon attached the original bill to CSSB 118, but it did not pass the Senate and is now in a free conference committee, the outcome of which I do not know at this time.

Sincerely,

Brad Bradley
State Senate
Chairman
Senate Commerce Committee



Official Business

Alaska State Legislature

Senate

Committee on Commerce

April 6, 1979

RECEIVED

APR 11 1979

Alaska League Services,

Pouch V
State Capitol

Juneau, Alaska 99811

Mr. ~~David Chatfield~~, *Manager*
Alaska Credit Union League
2509 Eide, Suite R
Anchorage, Alaska 99503

Dear ~~Mr. Chatfield~~

71

latest revised draft Commerce
Enclosed is the Committee Substitute for Senate Bill 225 providing for state credit unions. *The context has not been changed*

Also enclosed is a section-by-section analysis of the changes incorporated in the
Considerable effort was made to get this bill in final form *(the latest draft bill)* and passed this session; however, our Division of Legal Services, which assists in drafting bills, discovered numerous legal problems resulting from the latest amendments. Consequently, we were not able to meet the deadline for passage of bills during this proposed short session.

71

I would appreciate receiving any comments you may have pertaining to this bill. ~~If you know of other agencies or individuals who may be interested in this legislation, please let me know so that I may get the benefit from all knowledgeable and interested parties.~~ *If you have any questions, please let me know of them.*

71

I am quite sure we will get this bill past the Senate Commerce Committee early next session *if the original bill does not pass the Legislature this session.*

Sincerely, *Representative Joe McKinnon*

attached the original bill to CBS 118, but it did not pass the Senate and is now in a free conference committee, the outcome of which I

Brad

Brad Bradley
State Senator
Chairman
Senate Commerce Committee

WEB:jp (do not know at this time.)
Encl

~~Done, we tried to meet the deadline of a short session, but Bill Berrice, Director of Legal Services, which drafts bills, had some problems with the legality of~~

Received 8/30/1979



ALASKA CREDIT UNION LEAGUE

2509 EIDE STREET, SUITE 4
ANCHORAGE, ALASKA 99503
(907) 278-4949

August 28, 1979

Mr. Julius J. Brecht, Director
State of Alaska
Department of Commerce and
Economic Development
Division of Banking, Securities,
Small Loans and Corporations
Pouch D
Juneau, Alaska 99811

Dear Julius:

Two items we received in yesterday's mail reminded me of our dialogue during the July 26 Senate Commerce Committee hearings on the state credit union act, concerning possible alternatives to NCUA share insurance for Alaska state-chartered credit unions. Enclosed are copies of these items for your review.

The first is a memo from Bob Bianchini, President of the Rhode Island Credit Union League, concerning an article in the July issue of "The Supervisor," the publication of the Conference of State Bank Supervisors. The article deals with threats to the dual banking system, and I share Bob's view of the similarity to current challenges to the credit union dual chartering system.

The second is a press release and copy of comments to NCUA from the National Association of State Credit Union Supervisors, expressing concern about the latest in an unending series of NCUA regulations that would usurp the prerogatives of state credit union regulators by NCUA through their share insurance function.

As we may have discussed before, my career progression included a recent two-year stint in the Washington, D. C. office of the Credit Union National Association. As part of my duties there I had frequent contact with many professional staff members of NCUA and worked with them on a wide variety of credit union issues. I'm not given to paranoia, and I'm convinced that there is a concerted attempt underway by top NCUA people to assume direct control over the large state-chartered segment of our industry. Some of them truly believe it to be in the best interests of credit unions to save them from "inept" state regulators, while others simply desire greater power and influence.

In both cases the device is the same--expanded requirements for continuation and

August 28, 1979
Mr. Julius Brecht
Page 2

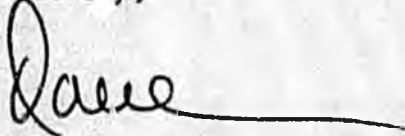
qualification for NCUA share insurance by state-chartered credit unions through application of operational regulations that have no direct bearing on the degree of risk to the share insurance fund. These "empire builders" have accurately identified mandatory NCUA share insurance as the stranglehold needed to gain regulatory control over state-chartered credit unions.

Unfortunately, we in the credit union movement have been somewhat gullible. Accustomed in the past to a benevolent federal regulatory agency, interested in encouraging and promoting, as well as regulating credit unions, we have acquiesced to and sometimes even encouraged inclusion of provisions for mandatory NCUA share insurance in our state credit union laws. That was, I believe, an error in judgement on our parts, and will be difficult to reverse in many cases. In addition to the steady stream of NCUA regulations that limit and control the operations of state-chartered credit unions, NCUA has proposed operating the newly-authorized central liquidity facility in a manner that would undermine the movement's central credit union financial system, and my colleagues confirm that the agency exhibits ever-increasing arrogance and intransigence in dealing with credit unions and their representatives.

Julius, I see that this letter has become longer than I intended, but may help you understand our strong desire to permit established, successful alternatives to mandatory NCUA share insurance in our pending Alaska state credit union act. I think you can see that this option is key to, and has become almost as important as, the option of state chartering and regulation itself. Our dual chartering system of checks and balances is seriously out of whack, with the scales tipping precariously in the direction of Washington, D. C. We have the opportunity in Alaska to assure from the outset that you truly have the authority and responsibility to utilize your considerable talents in regulating state-chartered credit unions, without unwarranted federal interference.

Thanks for taking the time to review this letter and enclosures.

Sincerely,



David L. Chatfield
President

DLC:

Enclosures

bcc: / Christian Basler



AUG 27 1979

Alaska League Services, Inc.

RHODE ISLAND CREDIT UNION LEAGUE

89 JEFFERSON BOULEVARD / WARWICK,
RHODE ISLAND 02888 / (401) 785-0600

August 23, 1979

TO: Members of Association of
Credit Union League Executives

FROM: Bob Bianchini

In the July issue of the "The Supervisor", the monthly publication of the Conference of State Bank Supervisors, Larry Kreider, CSBS Executive Vice President, discusses the dual banking system and what must be done to preserve the relative freedom inherent in the present regulatory structure. I was struck by the similarity of the problems, particularly those of a regulatory nature, facing the banking industry and those of our credit union movement. The following are excerpts from Mr. Kreider's talk along with some personal comments

The dual banking system means different things to different people; but there is one characteristic on which all proponents of the system agree: When permitted to work, it constitutes an excellent check and balance against government monopoly in bank regulation.

Today, this check and balance is being threatened more than ever before. There are well organized attacks on the McFadden concept - attacks designed to destroy the right of the states to determine the banking structure best suited to their particular needs; proposals to consolidate and centralize banking regulation into one federal superagency.

It's unfortunate but we must recognize that through our own actions we have in effect created a super federal regulatory agency in the form of the National Credit Union Administration. NCUA has responsibility for chartering, supervising, insuring and in its latest attempt to exert absolute control . . . liquidity management through the newly created Central Liquidity Facility for all federal and federally insured state chartered credit unions. The creation of the CLF is a classic example of transferring to the federal government a function which we have every capability of maintaining ourselves. The CLF is nothing more than a newly created U. S. Central except that it is controlled and managed by the federal government, along with the usual bureaucratic and regulatory entanglements.

The basic issue confronting the dual system is the threat of monopolistic centralized regulatory control over banking. Please recognize that this threat is real. Not only are we confronted with a long list of major proposals which would take us far in the direction of a federal bank regulatory monopoly, we also are confronted with more central oriented, monopolistic minded bank regulatory bureaucrats than at any time in history. Some of them want, and a few even state so openly, federal monopolistic control over banking! But alas, it tends to be these same proponents of monopoly in government who profess so conspicuously to favor absolute freedom of entry into banking, if they can control banks after they are chartered.

Monopolistic regulatory control, along with its companion, over-regulation, is the real issue. Not only is it of concern to the CSBS, but also to many in Congress and in the federal agencies which have spawned the problem.

Again, through our own legislative policy, we have allowed a single federal agency excessive regulatory functions. At the same time, we are discouraging competition within regulation between state and federal agencies, by permitting one individual (The NCUA Chairman) the opportunity to impose similar regulations and controls to both federal and state chartered credit unions authority which even the comptroller of the currency is not permitted to exercise. Under present circumstances, why would any state chartered federally insured credit union want to continue to maintain a state charter, when the only result is additional regulation and examinations and little, if no opportunity, to exercise functions permitted by state law while the NCUA Chairman exercises his veto power.

Notwithstanding problems, there are positive signs. With apologies for my grammar, "we've got" lots of help in our long-run struggle to limit and reduce federal monopoly and overregulation.

First, there is a basic national inclination for freedom from inherently oppressive centralized power. Instinctively, we will always fight for freedom - unless the loss of freedom goes so far that we no longer are capable of fighting! And there increasingly is an underlying inclination in our nation - and perhaps in the entire world - toward greater personal freedom and less centralized control over our daily lives. Some Members of Congress and some in the federal bureaucracy are out of step with the national trend. In our relatively democratic society, that national trend eventually will prevail over centralized power and monopolistic inclinations of government officials. But, we will all have to work to make that happen.

Second, CSBS gets lots of help from other groups in this effort to achieve checks and balances in our regulatory system. Help now comes from the National Governors' Association, the National Conference of State Legislatures, state bankers associations and an increasing number of Members of Congress.

Third, more and more support for CSBS goals reflects the fact that state banking departments are stronger and more capable of discharging their responsibilities than ever before in history. The state system overall is as capable and in some areas more capable than its federal counterparts. States have strengthened their departments and have taken the lead in techniques needed to get the basic job done more efficiently, while federal agencies have tended to become overburdened by excessive compliance examination responsibilities which, in many cases, have become cost/benefit ineffective.

We do have the ability to protect the checks and balances by encouraging and fostering the growth and development of a viable alternative to federal monopoly and centralized power. As a basic premise we should determine that one reason credit unions choose a state rather than federal charter is to minimize, if not eliminate altogether, federal control and intervention in its affairs. State chartered credit unions should be subject to regulation by the states and the states alone. With respect to the insurance function, state share and deposit insurance plans have proven they are functionally and actuarially sound, CUNA and the leagues should step up their involvement and support of existing plans and the establishment of new programs emulating those existing successful programs. Cooperative activities with the National Share and Deposit Insurance Corporation and the National Association of State Credit Union Supervisors should be increased and major goals and objectives should be established.

We can all be more effective if we have basic guides for our efforts. With this in mind, discussions were held by state bank commissioners in 1977 and 1978, culminating in the CSBS "Policies on the Presence of Federal Agencies in the Examination and Regulation of State Chartered Banks and Bank Holding Companies" which were unanimously approved by the CSBS Board of Directors last Fall. What does this policy guide say?

The "Policy" calls for equality in state and national bank examination and regulatory burdens. Redundant federal examinations and regulation of state-chartered banks must be eliminated. There is no justification for the present disparity - unless federal power per se is accepted as a valid goal.

The Office of the Comptroller and state banking departments should be primary regulators of respective national and state-chartered banks. The FDIC and FRS should maintain specialized insurance and monetary policy roles.

The FDIC should have a presence in examination and regulation for safety and soundness only as it relates to its insurance function. The FDIC presence should be essentially the same for state as for national banks and should be a specialized insurance presence, not a primary role.

We must help Members of Congress realize the merits of the checks and balances inherent in our dual system. That is an on-going effort which has only begun.

We must study federal statutes and draft revisions consistent with our goals.

We must develop greater legislative strength at state and federal levels. Obviously, the development of practical legislative strength is a major focal point of this entire "Policy" effort.

Serious consideration should be given to the introduction of federal legislation separating the functions of NCUA in a similar manner to those of the comptroller of the currency, the FDIC and the Federal Reserve Bank, with each member of the NCUA Board assuming the administration of those separate functions. No one individual should enjoy absolute regulatory authority and control over our credit union movement . . . de facto or otherwise.

Along with legislative efforts, we should adjust our relationship with NCUA . . . openly and without rancor. The paternalistic relationship between NCUA and our movement is just not working and it's time we recognized that fact. We must view NCUA, as it continues to gain and expand its centralized powers as any other federal bureaucracy with its accompanying regulatory burdens. We should reaffirm our basic belief that the government should do for us only those things which we can't do as well or better for ourselves. And if it is in our best interest, in order to obtain certain services, to deal with an alternative federal agency we should not hesitate to do so. For instance, if credit union escape from monetary policy is a concern of our government officials, one suggestion would be to propose U. S. Central membership in the Federal Reserve with an extension of controls through the U. S. Central to its membership. In return, direct entry to the clearing system and discount window privileges should be granted.

Problems notwithstanding, we should not assume that our system of state/federal checks and balances is near death nor that federal bureaucrats will, in fact, gain so much centralized power and will regulate to such an extreme that we will lose many of our basic personal freedoms as well as the flexibility in banking needed to serve diverse trade areas. If we accept that assumption, it might become self-fulfilling. What we all must recognize, however, is that there are powerful forces at work, attempting to achieve a federal monopoly and overregulation.

Those forces will fail. Forceful attempts to centralize and regulate our daily lives are setting in motion even more powerful counterforces which eventually will restrain those on the Potomac who are so sure they know what is better for the citizens of far away states than do the citizens of those states working through their democratic process.

You see, what we really have in Washington, D. C. is an element of arrogance and disrespect for the democratic process, particularly at the state level. It only leads to mediocrity and is not progressive, so the argument goes. Well, we all want change where change will be useful to society; but history teaches that freedom and broadly based governmental democratic processes are a far superior way to achieve progress than an elitist government monopoly.

It shall be most interesting to watch these two basic forces act and counteract over the next decade. Bet on freedom and the democratic process! They will prevail over elitism, government monopoly and overregulation!

Our leadership at both national and state levels should recognize the CLF for what it really is . . . a duplicate U. S. Central, performing virtually identical functions (particularly if it is granted depository powers and tax exempt status as recently proposed to Congress by NCUA) and seeking the same membership . . . our credit unions. A competitive relationship exists between our U. S. Central and the CLF . . . so let's stop ignoring that fact and establish rational courses of action. To begin with, under no circumstances should NCUA be permitted to examine any state chartered corporate credit union or the U. S. Central (Would Chase Manhattan invite Citibank in to determine who its major customers are?). Federally chartered corporate credit unions in states where strong state laws exist should convert to state charters . . . and as I said earlier upgrading CUNA and the leagues' working relationships with NSDGA and NASCUS should become a major priority. We must increase our efforts to acquaint our individual state regulatory agencies with NCUA's growing monopolistic centralized regulatory control over the credit union movement. Goals and objectives to preserve federal and state checks and balances should be established with our state supervisors, including necessary legislative programs.

Finally . . . the U. S. Central represents our strongest tool for preserving a credit union movement which offers a choice, and credit union leaders throughout our nation should recognize that fact and respond accordingly.



NATIONAL ASSOCIATION OF STATE CREDIT UNION SUPERVISORS

1001 Connecticut Ave., N.W., Washington, D.C. 20036 — (202) 452-1530

P R E S S R E L E A S E

For Immediate Release
Contact: Bill Drohan
202/452-1530

Following extensive review of the proposed National Credit Union Administration Board (NCUA) regulation "Liquidity Reserves of Insured Credit Unions," designed to impose a uniform 5% general liquidity reserve on all federally insured credit unions, the National Association of State Credit Union Supervisors (NASCUS) adopts a position in opposition to the proposed regulation.

NASCUS officials feel that each state regulator can protect the public interest and the safety and soundness of state chartered credit unions without further intrusion by the federal government. NASCUS members have always endorsed and promoted the concept of sound liquidity management for state chartered credit unions.

The major shift in policy direction by the NCUAB which this denotes with regard to their confidence in state regulation of credit unions is unnecessary and unwarranted. The healthy relationship already established between NCUAB and the state credit union supervisors should be encouraged through continued harmony and cooperation, not with additional regulation.

- Board of Directors
- President
Oliver G. Barnett
Tennessee
- First Vice President
Richard Burt
Utah
- Second Vice President
John P. Parsons
Texas
- Secretary-Treasurer
Roy High
North Carolina
- Executive Director
Randy Dyer
- Directors
- Rex Fair
Michigan
- Charles W. Filson
Illinois
- Joseph D. Tirrinzoni
Connecticut
- Charles W. Burge
Georgia
- John Foley
Nebraska
- Administrator
Bill Drohan

Especially onerous is the Depletion and Replenishment Section 742.4, which requires state chartered/federally insured credit unions to notify the appropriate NCUAB Regional Office when its reserves dip below 5%. This section effectively by-passes the state supervisory authority - an obvious affront to that state's rights.

In addition, the state chartered credit unions would then be required to report to two regulatory bodies; the NCUAB Regional Office and the respective state regulatory agency. It is our recommendation that this section be applied only to federal credit unions. If, after careful examination of the issues raised, the NCUAB determines to enact this section, we propose that the state agencies be authorized to act as the supervisors and enforcers of the regulation.

Following careful consideration of the entire promulgated regulation NASCUS recommends that NCUAB should offer the 5% liquidity requirement as a recommended voluntary guideline, not as a regulation with the effective impact of law. A regulation could be implemented by administrative sanction by each state supervisors if they deemed that such a regulation is needed.

#



NATIONAL ASSOCIATION OF STATE CREDIT UNION SUPERVISORS

1001 Connecticut Ave., N.W., Washington, D.C. 20036 — (202) 452-1530

The Honorable Lawrence Connell, Chairman
National Credit Union Administration Board
2025 M Street, North West
Washington, D.C. 20456

August 10, 1979

RE: Liquidity Reserves of Insured Credit Unions

Dear Chairman Connell:

The National Association of State Credit Union Supervisors (NASCUS), the collective voice of state credit union regulatory departments, has reviewed the proposed NCUA regulation to establish a 5% general liquidity reserve requirement for all federally insured credit unions and offer the following comments:

Proposed Liquidity Requirement

NASCUS opposes the NCUA in pre-empting states' rights in extending a 5% liquidity reserve requirement to state chartered/federally insured credit unions. We feel that such action on the part of the NCUA is not needed, not wanted and not warranted at this time. We do not recognize a demonstrated need at this time for such a sweeping regulation.

Liquidity regulations and policies exist for share drafts and overall liquidity in many states at the present time (see appendix). The NCUA's proposed regulation will result in duplication of effort and confusion among state chartered credit unions. State regulators have dealt with liquidity reserves on a formal and informal basis for many years. We can continue to protect the public interest and the safety and soundness of state chartered credit unions without the intrusion of the federal government.

Regulation is most effective at the state level. At this level, the state supervisor can use his discretion in developing regulations that reflect local market conditions or the particular problems of specific credit unions. Broad, sweeping regulations promulgated by the federal government result in rigid rules that fail to take into account the intricacies or special problems of credit unions. As an example, if National

Board of Directors
President
Oliver G. Barnett
Tennessee
First Vice President
Richard Burr
Utah
Second Vice President
John P. Parsons
Texas
Secretary-Treasurer
Roy High
North Carolina
Executive Director
Randy Dyer
Directors
Rex Fair
Michigan
Charles W. Filson
Illinois
Joseph D. Tirrinzoni
Connecticut
Charles W. Burge
Georgia
John Foley
Nebraska
Administrator
Bill Drohan

or local economic trends force an outflow of shares, state regulators are much closer to the situation than the NCUA and can react much faster, with remedial action, to stem the flow of share withdrawals.

NASCUS members have always endorsed and promoted the concept of sound liquidity management for state chartered credit unions. We feel that such management practice is prudent and in the best interest of credit union members. We constantly encourage credit union managers to employ such concepts. We do not feel that the federal government should mandate strict liquidity requirements for credit unions in place of independent management judgements.

Research Design

The economic justification provided by the NCUA does not isolate and provide an analysis of only state chartered/federally insured credit unions. In place, the data report groups the liquidity of both state and federally chartered credit unions as an aggregate figure. We feel that if NCUA desires to regulate state chartered/federally insured credit unions, it should break-out the state chartered data and provide a separate analysis of the situation.

Additionally, the data is compiled as of December 31, 1978 which is now over 7 months old. The liquidity situation may have changed significantly since that time and not be reflected in data used by the NCUA in its decision-making process. Several states have reported strong liquidity positions, i.e., North Carolina, Nebraska, Texas and Georgia(see appendix), and see no need for a federal regulation on liquidity in their states. We feel that a decision of this magnitude should be based on current data, not information that is more than 1/2 year old.

Depletion and Replenishment

We vehemently object to Section 742.4 Depletion and Replenishment, where state chartered/federally insured credit unions shall notify the appropriate NCUA Regional Office and shall replenish its liquidity reserve to the required level within 60 days, unless an extension is approved by the Administration. This section completely bypasses the state supervisory authority. Moreover, it sets up a mechanism for the NCUA to regulate and supervise state chartered/federally insured credit unions. State chartered credit unions will have to report to two regulatory bodies, both the NCUA Regional Office and their respective state regulatory agency.

We suggest that this section apply to only federal credit unions. If the regulation is indeed approved, we recommend that the state agencies act as the supervisors and enforcers of the regulation.

Federal Pre-emption

We have not seen a discussion of the federal pre-emption question in this regulation. This regulation, if implemented, will conflict with existing statutes and administrative actions and policies in several states. As an example, Tennessee, Iowa, Utah and North Dakota have liquidity regulations mandated by statute pertaining to share drafts authorized under their state programs. This proposed regulation will result in those state chartered credit unions having to comply with a regulation for share drafts and a separate regulation for all member accounts and notes payable. Needless to say, such duplication is not needed.

The state of Georgia has had a 5% liquidity policy for several years. The Michigan Department of Financial Institutions has recently instructed all state chartered credit unions to establish a liquidity policy. Please reference the Comparative Digest of Credit Union Acts published yearly by the Credit Union National Association for additional state reserve requirements.

Alternative

NASCUE believes that the NCUA should state the 5% liquidity requirement as a recommended voluntary guideline, not as regulation with the force and effect of law.

We have shown that the liquidity situation is not severe in several states, and that these states should not be saddled with a regulation that is intended for someone else. In effect, why should the majority of state chartered credit unions be affected by a regulation, when only a minority may be experiencing a liquidity squeeze?

Your point of sound liquidity management is well taken. We differ in the method of implementation. We feel that the states will promulgate a liquidity regulation if the situation warrants such action. As we have shown, not every state needs such a regulation.

The NCUA recommended guideline could be implemented by administrative sanction of state supervisory authorities. Each state agency, if they deemed that such a regulation was necessary in their particular state, could promulgate such a regulation.

NASCUS recognizes the legitimate interest which the NCUA has in protecting the soundness of their share insurance fund. However, the present liquidity situation is being adequately handled by the states, and we do not see a need for such a sweeping regulation.

This proposed regulation reflects a major shift in policy direction by the NCUA with respect to NCUA confidence in state regulation of credit unions. The federal/state partnership that has developed over the years between the NCUA and the state credit union supervisors has been successful. This partnership has worked well and we question the need to extend such a regulation to the states at this time.

We hope that you will take our comments into consideration when drafting your final regulation on liquidity reserves.

Very truly yours,



Oliver G. Barnett
President

OGB/mrf



FORT WAINWRIGHT FEDERAL CREDIT UNION

P O Box 3525 • Fort Wainwright, Alaska 99703

November 14, 1979

Senator Brad Bradley
1530 Beaver Place
Anchorage, AK 99501

Dear Senator Bradley:

On behalf of the Board of Directors and members of this credit union I wish to thank you for the time and effort you gave in helping to get "State General Fund Investments in Alaska Credit Unions." I can assure you that the funds this credit union receives will stay in Alaska and be used to loan to Alaskans.

Sincerely,

Ethel Faye Stoneman, Manager



**FEDALASKA
FEDERAL
CREDIT
UNION**

ANCHORAGE

Pouch 7-505
Anchorage, Alaska 99510

W.E. SAMPLES

General Manager

R.N. RICHARDSON

Manager

MARSHALL ELLISON

Assistant Manager

(907) 278-1011

FAIRBANKS

Box 870
Fairbanks, Alaska 99707

P.J. SCHULER

Manager

(907) 468-2382

KODIAK

P.O. Box 109
Kodiak, Alaska 99615

J.T. JOHNSON

Manager

(907) 487-5340

JUNEAU

Box 1307
Juneau, Alaska 99802

R.W. COOPER

Manager

(907) 789-2128

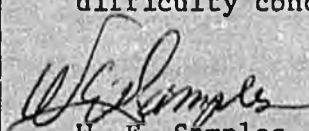
April 16, 1979

Senator Brad Bradley
P. O. Box 8-Q
Anchorage, AK 99508

Dear Senator Bradley,

Thank you for your letter of April 6th in which you enclosed a copy of Senate Bill 225. In reviewing that piece of legislation I find that it is a duplicate of previous year's bill therefore I would need a copy of the redraft.

I am in great hopes that a hearing might be found on this particular Bill prior to adjournment. If we can get it through one committee we might have a better chance to get it completed next year. If it is not processed at all this year I am sure there will be difficulty concluding it next year.


W. E. Samples
General Manager

CITY OF FAIRBANKS FEDERAL CREDIT UNION

BOX 2332

452-3371

FAIRBANKS, ALASKA 99701

April 18, 1979

Senator Brad Bradley
Chairman, Senate Commerce Committee
Alaska State Legislature
Pouch V
Juneau, Ak. 99811

Dear Senator Bradley:

After reviewing Senate Bill 225 which provides for State chartered credit unions, I have some comments based on my experience as Manager of our credit union.

Page 9, Section 06.40.120 - Supervisory Committee

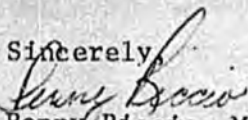
Annual audits should be considered as opposed to semi-annual. The scope of Supervisory Committee audits is extensive therefore only once a year is necessary. For smaller credit unions, if the audit is conducted by an outside firm, this can be an expensive proposition. If conducted by the Supervisory Committee, which consists of volunteers who may or may not have accounting backgrounds, an audit can take quite a bit of time which could have the effect of discouraging volunteers.

Also, under this Section it states that at least one-half of passbooks or accounts must be verified each year. This has some of the same ramifications as stated above, i.e., time and expense.

Page 6, Section 06.40.080 - Member Meetings

✓ Rather than a mandatory simple majority to conduct an Annual Meeting, a stated minimum should be considered. The majority concept places a burden on credit unions to get such a majority of members to attend. If their membership is spread in several different localities or is involved in shift work, or there are no suitable facilities to accomodate a large group, the credit union is placed in the position of not conforming with the State law.

Thank you for this opportunity to comment on SB 225 and for your interest in the credit union movement in general.

Sincerely,

Penny Riccio, Manager



ALASKA CREDIT UNION LEAGUE

2509 EIDE STREET, SUITE 4
ANCHORAGE, ALASKA 99503
(907) 278-4949

April 23, 1979

The Honorable Brad Bradley
The State Senate
Pouch V
Juneau, Alaska 99811

Dear Senator Bradley:

Thanks for your recent letter and the copy of the proposed Committee substitute for Senate Bill 225, the Bill for a State Credit Union Act.

As you recall, differences between last year's bill (also introduced this year as SB 225 and HB 452) and this proposed Committee substitute were generally those suggested by Division of Banking Director Julius Brecht in discussions with our staff. We have no objections to the inclusion of provisions desired by the Banking Division to enhance the regulatory and supervision process, and are pleased to have Mr. Brecht's assistance in drafting the bill.

We keenly regret, however, that revisions caused the bill to become entangled in the logjam of proposed legislation pending review by the Division of Legal Services. This lengthy delay has apparently resulted in the bill not receiving full legislative consideration again this year. We know you agree that the bill deserves full consideration, and that decisions based on the merits of the issues should be made without further delay. Your assistance in this effort is much appreciated and will be reported to our membership at the conclusion of this year's legislative session.

We also appreciate the efforts by those involved in legislative analysis to clarify and simplify language in the Committee substitute. Most of their changes are constructive in cleaning up old "boilerplate" language. However, some of the changes they made resulted in substantive rather than technical changes to certain sections of the bill. It's unfortunate they didn't take the opportunity to contact our staff during analysis of the Committee substitute, as we suggested to Mr. Brecht and your staff, since we would have been able to explain why certain phrases and terms were used and should be retained. We appreciate this opportunity to make suggestions for changes in the proposed Committee substitute, CSSB 225.

April 23, 1979
The Honorable Brad Bradley
Page 2

Page 4, lines 15-19, Sec. 06.45.060. Membership. -- In modifying the Committee substitute, certain language concerning availability of membership was taken from Sec. 06.45.030. Bylaws, and inserted in this section instead. We agree with this rearrangement, but find that the section dealing with membership of organizations and associations composed primarily of members was dropped in the transition. Accordingly, we suggest that Sec. 06.45.060 (C), Page 4, lines 15-19 of CSSB 225 be changed to read as follows:

ok
"(C) Organizations, associations and partnerships composed primarily of individuals who are eligible for membership, and corporations whose stockholders are composed primarily of individuals who are eligible for membership, may be admitted to membership in the same manner and under the same conditions as individuals."

Page 5, lines 2 and 3, Sec. 06.45.070. Powers. -- Under (6) the term "Share Certificates" was changed to "Time Certificates". Share certificates in credit unions do not have precisely the same function as time certificates in other institutions, and we disagree with this change. Further, inasmuch as share certificate and other types of accounts are separately defined in Sec. 06.45.500, we suggest that Sec. 06.45.070(6) page 5, lines 2 and 3 of CSSB 225 be changed to read as follows:

"(6) Receive savings from its members in the form of share accounts, deposit accounts, share certificate accounts or special purpose thrift accounts;"

Page 5, line 6, Sec. 06.45.070. Powers. -- In (8) the words "an aggregate" were changed to "a total". We're concerned that this could be construed to mean that a credit union could borrow a total of 50% of unimpaired capital and surplus from one source, and could borrow similar amounts from additional sources, obviously an unsafe and unsound practice. We suggest that the words "an aggregate" replace the words "a total" on page 5, line 6 of CSSB 225 to help clarify the intent.

Page 6, line 12, Sec. 06.45.070. Powers -- In (20) following "honor requests for withdrawals of those savings" the words "in any form" were removed. We feel this phrase is important in clarifying that remote withdrawals, i.e., share drafts, automatic teller and point-of-sale terminals, correspondent credit union relationships, etc., are permitted. We suggest that the words "in any form" be inserted after the word "savings" on page 6, line 12 of CSSB 225 to help clarify the intent.

Page 15, lines 4-8, Sec. 06.45.200. Special Accounts -- Certain changes and omissions occurred during legislative analysis. Inasmuch as these accounts are specifically covered under both "powers" and "definitions" sections of the bill, we suggest that this section be deleted entirely and subsequent sections be renumbered accordingly.

Page 15, line 22, Sec. 06.45.210. Multiple Party Accounts. -- Wording changes in legislative analysis help to clarify this section, but we suggest that the words "qualify as", page 15, line 22 be deleted, and the word "constitute" be substituted therefor. This will clarify that accounts listed in Sec. 06.45.210(b) are not subject to the limitations under Sec. 06.45.210(a).

Page 18, line 15-16, Sec. 06.45.250. Loans -- The words "on any business day" were deleted from (f) relating to repayment of loans without prepayment penalty. These words, taken from the Federal Credit Union Act, clarify that loan repayments will be accepted and posted as of the regular business day received. Otherwise, credit unions could be expected to post as of an evening or weekend a member's loan payment was attempted or postmarked. We suggest the words "on any business day" be inserted after the word "part" on page 18, line 15 of CSSB 225.

Page 18, lines 17-19 and 22, Sec. 06.45.250. Loans.(g) -- Here again we note the use of the word "total" in place of "aggregate". We are concerned that it could be construed that more than one loan or line of credit to a member, each of which could total 10% of the credit union's unimpaired capital and surplus could be extended. This limitation is intended to apply to the aggregate loans or lines of credit to a member, and would be more clearly stated in that manner. The following adaptation of the language from the Federal Credit Union Act is suggested to replace Sec. 06.45.250 (g), page 18, lines 17-19 of CSBB 225:

"(g) A loan or line of credit may not be made to a member if, upon the making of that loan or line of credit, the member would be indebted to the credit union upon loans made to him in an aggregate amount which would exceed 10 per cent of the credit union's unimpaired capital and surplus."

Page 18, line 22, Sec. 06.45.250. Loans (h) -- Again, we suggest use of the word "aggregate" in place of the words "the total".

Page 21, line 15, Sec. 06.45.300 Investments (6) -- It appears the analyst incorrectly assumed we had used abbreviations in listing the facility as "U.S. Central Credit Union" and turned it into "United States Central Credit Union" which, to our knowledge, does not exist. We suggest restoring the correct name of the institution, as incorporated under the laws of the state of Kansas, which is "U.S. Central Credit Union".

Page 21, line 24, Sec. 06.45.310. Reserve Allocations -- In changing the term "accounting period" to "calendar year", the analyst suggests that reserve allocations would not have to be made with each period for which the books are closed and dividends calculated and posted, but only at the end of the year. While we appreciate the attempt to lessen our accounting

April 23, 1979
The Honorable Brad Bradley
Page 4

requirements (virtually all credit unions post dividends more often than annually), we suggest that good business practice dictates the calculation and posting of reserve allocations prior to declaring dividends (as required by NCUA). We suggest deleting the words "calendar year" on Page 21, line 24, and substituting the words "accounting period" therefor.

Page 23, line 14 -- We suggest use of the title "Commissioner" instead of "Department" to be consistent with the rest of the bill.

Page 24, line 3, Sec. 06.45.330. Merger.(a) -- After the words "present at" we suggest striking the "a" and adding an "s" to the word "meeting" to make it plural. This would clarify that one grand membership meeting of all merging credit unions is not required to vote on a proposed merger, rather that each credit union's membership should have a separate meeting to consider the merger, as is the custom elsewhere.

Page 24, line 14, Sec. 06.45.330. Merger (c) -- The analyst has removed the 60-day requirement for action by the Commissioner on a proposed merger, thus leaving an open-end time period. We suggest restoring the 60-day requirement by inserting the words "within 60 days of receipt" after the word "and" on page 24, line 14.

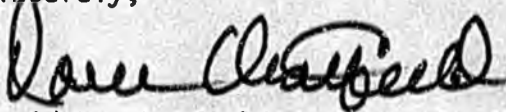
Page 25, lines 21 and 23 -- Again, the analyst has used "department". We suggest using the title "Commissioner" for consistency with the rest of the bill.

Page 29, lines 16 and 17, Sec. 06.45.470. Exemption from Taxation. (a) -- The term "shares and deposits" is used in the exemption. To clarify that all types of accounts, as defined in Sec. 06.45.500 are to be exempt, and that the exemption is not limited only to "shares and deposits", we suggest deleting the words "shares and deposits" on page 29, lines 16 and 17, and substituting the word "accounts" therefor.

That completes our suggestions for changes in CSSB 225. Again, we appreciate the opportunity to analyze changes made by the Division of Legal Services. The many technical amendments they made that we have not discussed have improved and clarified certain sections of the bill.

We look forward to further progress on this important bill and stand ready to assist you in any way possible.

Sincerely,



David L. Chatfield
President

DLC:sal

NATIONAL
Bank of Alaska

CORPORATE HEADQUARTERS: BOX 600 ANCHORAGE, ALASKA 99510 (907) 276-1132

April 19, 1979

Senator Brad Bradley
Chairman, Senate Commerce Committee
Alaska State Senate
Pouch V
State Capitol
Juneau, Alaska 99811

Dear Brad:

Thank you for sending me the information and the copy of SB 225 providing for state credit unions.

We continue to oppose this legislation as it basically establishes a commercial bank operating under the title of "credit union". This gives the credit union all banking powers without the regulations, taxation and protection to the depositors that the commercial banking system offers.

The arguments made by the credit unions that a state charter is necessary is misleading. At the present time to our knowledge there are no people that cannot be served under the federal chartering. To expand to state chartering will only increase our cost of government and not serve the public in any beneficial way. I would hope that this Bill would not become law this or next Session as, in my opinion, it is not a good piece of legislation, nor will it develop the free enterprise system. If credit unions want to be commercial banks, regulate them identically. The cost of doing business is the same, and the protection is afforded to the depositors.

Sincerely,



Richard T. Hall
Senior Vice President



PEOPLES BANK & TRUST

POUCH 7007 • 8TH AVENUE AND G STREET • ANCHORAGE, ALASKA 99510
TELEPHONE (907) 279-7511

R. A. KENNARD
PRESIDENT

April 26, 1979

Senator Brad Bradley
Pouch 5D
State Capitol
Juneau, AK 99811

Dear Brad:

I received your letter of April 6th regarding the Senate Bill #225 providing for state credit unions and have talked to the other bankers at a meeting the other day and wanted to let you know that although you had not heard too much from the bankers, we still feel that this credit union bill would not be a good thing for the people of the State of Alaska.

We continue to feel that it is nothing but a commercial bank under the guise of being called a credit union and one that is very liberal without proper controls and without proper capitalization. We also feel that it is a type of financial institution that is unfair competition because of the fact that it does not have to pay taxes. They can compete in every way and in more ways than commercial banks but yet do not have to pay taxes.

I was mentioning this to a state person the other day that if we establish enough of these types of non-taxible entities that in time there would not be sufficient taxes to pay the salaries of the state people or legislators.

Brad, I know that you are under pressure, but really when you look at this type of legislation, it cannot be good for the community, cannot be good for the State and, of course, is very bad for the tax paying institutions of Alaska. We certainly hope that you can contain it and not allow it to become law.

Sincerely,

President

RAK/lc



•
BARANOFHTL JNU
TO DAVE CHATFIELD
C/O BARANOF HOTEL, JUNEAU
ROOM 518

FROM ALASKA BANK OF COMMERCE, ANCHORAGE

ALASKA BANK OF COMMERCE IS NOT OPPOSED TO THE CREDIT
UNION AMENDMENT ATTACHED TO SB NO 118.

•
BARANOFHTL JNU

AK BK COMM AHG

ATTN DAVE CHATFIELD

WITH REGARDS TO THE INCLUSION OF THE STATE CREDIT UNION BILL
AS PART OF S B 118, THE FIRST NATIONAL BANK OF FAIRBANKS HAS
NO OBJECTIONS TO THE INCLUSION OF SAME AS PART OF THE ABOVE
BILL

MIKE WEIS

PLS ADVISE MR CHATFIELD OF THIS MSG HE IS IN ROOM 518
PHONE 586-2660

IMMEDIATE ADVISE PLS

FIRST NATIONAL BANK OF FAIRBANKS

FNB OFFAIR FBK

BARAN OFHTL JNU
)))

'#,0

DW:1Z

BARAN OFHTL JNU

AKPAC BANK AHG

BARAN OF HOTEL
JUNEAU
MR DAVID CHATFIELD
RM 5518

IN RESPONSE TO YR TELEPHONE INQUIRY, ALASKA PACIFIC BANK DOES NOT
OPPOSE THE INCLUSION OF THE STATE CREDIT UNION BILL AS PART OF
AS SB 118.

ALASKA PACIFIC BANK

AKPAC BANK AHG

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

DIVISION OF BANKING, SECURITIES, SMALL LOANS & CORPORATIONS

POUCH D
JUNEAU, ALASKA 99811

September 17, 1979

Chris

Honorable Brad Bradley
Chairman, Senate Commerce Committee
P.O. Drawer 8-Q
Anchorage, Alaska 99508

Dear Senator Bradley:

I have just reviewed the transcript for the hearing which your committee held on July 25-26, 1979 on the proposed CS SB225, an Act providing for state-chartered credit unions.

I note from the testimony towards the end of the July 26 hearing that it would appear that you and Senator Sturgulewski would like to see draft regulations in the areas of field of membership, share drafts, and application procedures. I said, during the hearing, that the division would certainly cooperate with the committee if it wanted to become more directly involved in the review of proposed regulations, separate from the authority for the Legislature to review all regulations of State agencies. I would draw your attention to the fiscal note that was submitted along with my testimony. That fiscal note provides for funding for an individual to draft regulations and to set up procedures for the regulating of credit unions under CS SB225. It may, therefore, be premature to come up with draft regulations prior to the enactment of the bill.

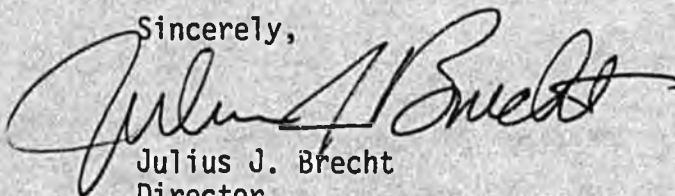
I would suggest that if the committee feels strongly that certain guidelines be followed in the drafting of those regulations, that the committee adopt a Letter of Intent setting out those guidelines. I would be happy to discuss this further with you as well as members of your committee and staff. My reason for hesitating in drafting regulations at this time, is that we have no assurance that the bill that may be eventually enacted will be, in fact, that which is presently before the

September 17, 1979

committee. In my estimation, it would be best to draft regulations after we have a firm statement from the Legislature as to what the law is going to be.

In any event, please do not hesitate to contact me if you have any further comments on the matters touched on in this letter or other matters relating to this bill.

Sincerely,

A handwritten signature in cursive script, appearing to read "Julius J. Brecht".

Julius J. Brecht
Director

JJB/5/7

SENATE COMMERCE COMMITTEE

MINUTES

July 26, 1979

SB225 Credit Unions

The teleconference hearing was called to order by Committee Chairman, Brad Bradley at 9:15 a.m. The only other committee member present was Senator Arliss Sturgulewski; Senator Terry Stimson was represented by Licia Piceno. Representative Terry Martin was in attendance and participated in the proceedings. Committee staff members in attendance were Christian Basler, Jon Mathison and Luci Tennison. The teleconference took place in the Legislative Information Office in Anchorage.

Attached is a transcript of the proceedings taken from a taped recording. Also attached are copies of written testimony and a list of those testifying from the various teleconference sites.

WITNESSES

SENATE COMMERCE COMMITTEE
TELECONFERENCE

July 26, 1979

ANCHORAGE

Alaska Credit Union League
David Chatfield

Alaska Pacific Bank
George Diener

FAIRBANKS

Eielson Employees Federal Credit Union
Anita Davis

Ft. Wainwright Federal Credit Union
Ethel Stoneman

Wien Employees Federal Credit Union
Mebble Hansen

First National Bank of Fairbanks
Michael Weis

KODIAK

Fedalaska Federal Credit Union
Tim Johnson

JUNEAU

Tlingit/Haida Federal Credit Union
Stephen Vlahovich

Division of Banking & Securities
Julius Brecht

The Senate Commerce Committee will come to order. Today, of course, we are taking up the state chartered credit union bill, Committee Substitute for Senate Bill 225 and we will start out with Nome. There were no witnesses or observers in Nome at that time. We'll check back with Nome later and proceed on with Sitka. There were no witnesses or observers in Sitka at that time. Proceed on to Soldotna. There were no witnesses or observers at that time. Proceed on to Fairbanks. Fairbanks had three witnesses. First witness Anita Davis from Eielson Credit Union.

"Mr. Chairman and members of the Committee, I am Anita Davis from the Eielson Credit Union and I would like to thank you for the opportunity of talking with you this morning and expressing my support to the bill that is before you. I am sure that after all of the hearings and all that you have been listening to that some of it has been very repetitious. We feel, though, that this is caused by the fact that we are all very united in our position on this bill. The strong points involving the bill are something that needs to be said time and time again. I, personally, have been with the credit union for 15 years. I believe in the credit union movement; I believe in Alaska. Thirteen of those years that I have been with the credit union have been in Alaska. I, personally, feel that the Alaskans are a proud and independent people and do not like to be placed in the position of being in the minority. We are one out of only four states left that does not have a state credit union act. I also would like to say that I feel the people of Alaska would like most certainly to avoid any further involvement by the federal government in matters that the state can handle. As I said before, I believe in the credit union, I believe in the

philosophy of people helping people. I believe that people getting involved in this spirit adds quality to their lives. We have a great many people in the Fairbanks area that do not have credit union services available to them. This is caused by the federal chartering laws requiring common bond of the people forming a credit union. We are approached many times by people that would like to form credit unions that have none available to them. My own particular situation being a Department of Defense or government related credit union; they cannot join our credit union and we cannot refer them to any other credit union in the area. I am not aware of any or the present credit unions that operate within the state that are contemplating any type of a charter conversion. We all are very much aware of how much more effective we can be if we have an alternative available to us and this means a dual chartering system. Our NCUA administrator himself is a strong supporter of the dual system. He at one time was a state regulator. It has taken the credit unions a long time to be recognized as a viable financial institution. We would like very much now for the state to recognize the fact that we are here, we are real, we are serving a great many peoples' needs and we feel that the people of the state should have the opportunity to take advantage of some of the services that we have to offer. Thank you very much."

No questions were asked of Ms. Davis. Next witness was called. Ethel Stoneman, Ft. Wainwright Credit Union.

"Mr. Chairman and members of the committee, this is Ethel Stoneman from the Ft. Wainwright Credit Union. As Anita said, everything that we are all saying probably is repetitious because we feel so

strongly on this. Credit unions were formed by people who have something in common. A good return on savings and low interest loans are the principal service. Because they operate without a profit motive and because all earnings are passed on to the member/owner credit members, credit unions have been and continue to be the most consumer-oriented type of financial institution. We have all heard that credit unions thrive very well in Alaska without a charter, but the reason we have is because they are consumer-oriented. There are still a lot of people in Alaska that are not eligible to be members because they do not belong to the common bond of one that is already in effect. The federal charters do not always accommodate all of the people. We, as Alaskans, are fighting very strongly at this time trying to get out from under so much federal government rule. We feel our state government can supervise much easier and as good if not better than the federal government. State control would permit more timely legislative changes when it appears necessary to adapt the law to the altering social and economic conditions. State legislators are here in Alaska and are more aware of and sympathetic to our needs. Our needs are not the same as the lower 48, therefore, we need to be able to have some control here in our state so that we have a better control of the situation. There are only four states that do not have their own act and Alaska is one of them. I just returned from two weeks at a credit union school in Wisconsin where both state credit unions, federal credit union employees and officials from all over were in attendance. Without fail, every state credit union person that I talked to showed me it was better to be in control by a state charter. They meet the individual state's needs more efficiently than federal control. At this time I do not know of any of the credit unions

that plan to change their charters, but it would be much easier for credit unions to help the people that do not have charters at this time. That concludes my testimony."

Next witness was called to testify. Mebble Hansen from the Wien Credit Union.

"Mr. Chairman and members of the Committee. My name is Mebble Hansen of the Wien Employees Federal Credit Union. I appreciate this opportunity to give testimony in support of the bill that is now before your committee for consideration. In Alaska we do have 30 federal credit unions with a federal charter but we do not have a state act. Alaska is only one of four states left which does not allow its own credit union act. While a federal charter is meeting the needs of our members, there is still many unmet needs for the people of Alaska because of the federal authorities who are either unwilling or unable to recognize for our smaller population and small businesses. We believe a state act would give federal chartered credit unions more leverage when dealing with their regulatory agencies by providing an alternative to charter conversion. We at federal chartered credit unions have no options except to conform to their requests whether they are necessary or required by law. We believe that the needs of smaller credit unions can be met and better served by a state agency that would permit a much more simple administration and regulation to meet the demands of certain geographic regions. Alaska is now dependent on federal authority for administration of our consumers deposits with no control over your credit union chartering or rates. We believe that the state of Alaska would want to take a more active role in controlling the destiny of our depository institutions

in Alaska. Credit unions are here and we are serving our members and will continue to do so whether the state act is enacted. Enacting a state credit union act will only help us seek a choice of Alaska's other financial institutions which is a choice of a state of federal chartering provisions. We thank you for letting us testify today in behalf of this issue and we urge your support. Thank you."

No other witnesses in Fairbanks at that time. Senator Bradley stated, for the benefit of those testifying in Fairbanks, who was present at the hearing in Anchorage. Chairman Bradley checked back with the outlying sites, but no witnesses or observers had materialized. The teleconference recognized Kodiak. Mr. Tim Johnson, Fedalaska Federal Credit Union in Kodiak.

"Mr. Chairman and members of the committee, this is Tim Johnson from Fedalaska Credit Union in Kodiak. I appreciate the opportunity to speak in support of the bill before you now. As you know, we are an island and not uncommon at all with other cities in Alaska, and particularly in the needs of its people. I would like to particularly state that this bill would give an opportunity to towns like Kodiak to develop area type credit unions to service the needs of the communities as the federal regulator is not a local person it is very difficult to accomplish the needs of the people here. For example, five years ago Kodiak did operate under an area type charter where it had the municipal, state and federal employees. However, since then, the regulating body has been shifted to remove the city, state and borough associations from our charter and make it federal only. This leaves people without a credit union to take care of their economic needs. Again, it primarily is unique

to us by being far away from the regulators, not to have their support and it makes us feel detached from the whole program. That is all I have to say at this time."

Proceeded to Juneau. First witness, Brian Andrews, with Alaska State Employees Federal Credit Union.

"Chairman Bradley, members of the Commerce Committee and interested parties. My name is Brian Andrews and I am the General Manager of the Alaska State Employees Federal Credit Union. My testimony today will be very brief and pointed towards to what I feel is the most important element of this state act and why it should be enacted. That element is the flexibility and timeliness of the act which allows us to meet the changing economic conditions of today and still maintain our goal of improving the economic and social conditions of our membership. The federal regulatory body NCUA, I believe, has failed us by not changing to meet today's economic conditions. Specifically, their inability to adjust our interest ceilings. With today's inflation being the worst since World War II, there has been a tremendous pressure to maintain a profit margin which, consequently, adversely affects our services and monetary return to our membership. It is this inability of the federal government to provide an adequate profit spread which is destroying, in my mind, the very existence of the credit union movement and that is why I strongly advocate the state charter. I can assure you that if this act is enacted into law, we will be one of the first to recharter and reaffirm our goal of improving the economic conditions to our membership. Thank you."

5

Next witness was called. Stephen Vlahovich, Tlingit/Haida Federal Credit Union.

"Good morning Mr. Chairman, members of the committee. I think you all know me, I have been on this committee for many years now. My testimony today is in favor, as usual, of the state chartered credit union act. All the reasons given for the act are legitimate and valid. I do have some areas of the bill itself which I would like to address. First is in the big seven where it states that the par value of the credit union share shall be in \$5 multiples of not less than \$5 and no more than \$25. There has been some studies done in federal credit unions on the size of the share deposit and it has been proven, statistically, that share deposits of less than \$50 are a loser to the credit union itself and the credit union does not incur any benefit to its membership by holding a deposit of less than \$50. It would be my recommendation that the \$25 be increased to \$50 and then multiples of \$5 thereafter. The other part of the bill I would like to address is on page 25 section 06.45.280, Insurance, part B. All credit unions chartered under this chapter shall be required to furnish evidence of insurance coverage by a national credit union administration. In talking to the federal examiner, what happens when a state chartered credit union applies for insurance coverage for shares through the national credit union administration is, if the bill providing the chartering of state credit unions has powers which the national credit union administration feels are not warranted in their operation, they usually require that credit union, in order to provide the insurance coverage, to drop those powers. Making an agreement with the national credit union administration. This,

I feel, would be an unwarranted invasion into the powers of the state to direct its own operation. I feel that there should be language added there that the credit union charter, say in the state of Alaska, would have the ability to purchase share insurance from another state chartered share insurance corporation or from a private insurance corporation. That's the end of my testimony today."

STURGULEWSKI: I do have one question if we could go back to page 7. Are you suggesting that the wording would be \$5 multiples not less than \$50 and then with some upward limit. What kind of wording might you suggest?

ANDREWS: The language would only have to rely on the fact that you would have a \$50 minimum share, initial purchase and then multiples of \$5 thereafter.

STURGULEWSKI: Thank you.

BRADLEY: Question for Mr. Chatfield for the benefit of those listening. Dave, don't some credit unions already implement this, a minimum of \$50?

CHATFIELD: Thank you Mr. Chairman. To my knowledge there are no provisions in state charters elsewhere providing for that high a minimum par value on a share. Federal credit unions, by the federal act, may not increase the par value of a share above \$5 at this time although there are proposals before the Congress to change that. I appreciate what Stephen is saying; I would be willing to discuss

with you the possibility of increasing the allowable par value. I think perhaps a minimum of \$50 might be a bit high. \$5 multiples perhaps starting a \$5 and with a maximum of \$100 would be possible avenue to take on this.

BRADLEY: Thank you very much, David. Do you have anything further Stephen?

VLAHOVICH: Thank you Mr. Chairman, I don't.

BRADLEY: Thank you, Stephen. Proceed to next witness.

Third witness, Julius Brecht, Director, Division of Banking and Securities.

BRECHT: Good morning Mr. Chairman and members of the committee. I wish to thank you for giving me the opportunity to come forward and offer testimony on the bill before the committee on behalf of the administration. As you all know, the bill provides for the establishment of a state chartered credit union. At the present time there are approximately 33 credit unions doing business in the state. They are all federally chartered. The credit union as an institution is only one of several forms of financial institutions which are doing business in the state including commercial banks, mutual banks, bank holding companies, foreign banks, trust companies, savings and loan associations, finance companies and premium finance companies as well as credit unions. Each institution performs a service to the public and each is subject to regulation by state and/or federal agencies. I've made this statement before, but those institutions providing a wider range

of services are subject to more extensive regulations. For example, commercial banks provide perhaps the widest range of services to the public, and they are also the most heavily regulated by both state and federal agencies. The regulation of a financial institution in the best interest of the public and the customers of that institution must be commensurate with the scope of services rendered and the risk of loss to depositors, shareholders and other creditors should the institution fail. I believe that if the Legislature enacts legislation providing for state chartered credit unions there must be provisions for adequate regulatory control of these financial institutions by the state commensurate with the services offered. I do have some specific comments on the draft bill which I could go through at this time at the pleasure of the committee.

BRADLEY: Go ahead please, Julius.

BRECHT: A number of these are really more in the vein of drafting type changes, but I think they should be brought to your attention at this time. The first one is on page 11 of the draft, line 11. Reference to AS 06.25.010-06.25.350. That, of course, is the trust company act. I think it should be just a reference to AS 06.25 in the event that sometime in the future that act is extended beyond section .350 and has an inadvertent omission of the appropriate change in this bill if it were to become law. Second item goes to page 16, lines 24-26. There is a reference to what might be termed wild card statute. It, in effect, allows the department to authorize state chartered credit unions to provide those services that a federally chartered credit union is allowed to provide, but which are not specifically provided for in the statute. There is

a similar wild card statute that applies to other financial institutions and is found in a new chapter that was enacted by the Legislature last year. Chapter 1, entitled Administration and within that chapter I would suggest that the provisions of C on page 16 of the bill be deleted and in its place a reference be made in section 06.01.020 to the national credit union administration. In this way the same provisions of C in the bill will apply but will be put in a more logical place within Title 6. Is that clear to the committee?

BRADLEY: I think so, but hold just a moment. Do you have any comments, Dave? We have a comment from Mr. Dave Chatfield.

CHATFIELD: Thank you Mr. Chairman. Julius, we have no big problem with that. I think you have recognized the fact that the conformity provision or advantageous powers, or other names that it goes by is in the statute for other financial institutions and this would simply duplicate that for credit unions. In most cases the state credit union acts are fairly well self-contained rather than implying provisions of other parts of the banking code and things that would pertain to credit unions. I guess we have a preference to leave it in here so that this act remains self-contained, but as long as the effect is the same, we have no big problem with that.

BRECHT: The purpose of establishing Chapter 1 was to put in one place rather than in several different chapters, those provisions that would generally apply to all institutions. For instance, Chapter 1 now has provisions dealing with administrative procedures, examination policy, charging of fees for examinations and investigations and the general power of the department to use what I

term a wild card statute.

CHATFIELD: We have a request for the specific statute reference of the conformitive provisions for the other financial institutions. I don't have that at hand.

BRECHT: I would suggest that national credit union administration be inserted after Federal Deposit Insurance Corporation in AS 06.01.020.

CHATFIELD: Thank you Julius, I think we have it referenced now. Again, we have no big problem with this. We would prefer the thing to be self-contained but we recognize that there are other provisions of the banking code that apply.

BRADLEY: Attorney Sharyn Campbell has a comment.

CAMPBELL: Julius, we have discussed this previously and there was a technical difference in the standards that are provided. Sub-section 1 of 020 requires that one of the standards be that it serve the public convenience and advantage and if you are going to incorporate the wild card provision it has to be clear in the legislative record that the public convenience standard is not the same as it would be with respect to institutions that can serve the general public because the credit union membership is limited to its field of membership.

BRECHT: Well then an appropriate amendment could be made to paragraph 1. Or in the legislative history of the bill we could make clear

that the public convenience and advantage of the membership of the credit union, but at least in that way all wild card type of statutes would appear at one place in the financial institution's title.

BRADLEY: I think I follow you, Julius, but let me see if anyone else has a comment.

STURGULEWSKI: Mr. Chairman I think what we need is to have your staff take a look at that and discuss it and draw up a possible amendment and then we can have some further input on it. I like the idea of it all being together, but I agree with Ms. Campbell's comments that it has to apply, definitely, to the credit union field of membership.

BRADLEY: Did you understand that Julius? It was from Senator Sturgulewski.

BRECHT: Yes, I understand. On pages 21, 25 and 28 there are several references to the national credit union administration. I think that there are enough references here that the acronym could be used in the term defined to decrease the verbage within the bill.

BRADLEY: I agree; I'm a great advocate for such. Spell it out the first time and use an acronym from there on because it is long terminology.

BRECHT: Specifically for the record, on page 21, line 14, page 25, lines 18, 20, 21 and 23, page 23, line 1 there is reference

9

for returning small loans and savings and loan associations and since this work draft was based on that, the repealer was part of the work draft and it is not appropriate for the final bill.

BRADLEY: Then if I understand you, you agree that this repealer should be omitted?

CHATFIELD: That's correct because this, as a matter of fact, was dealt with with the legislature during the last session and this happened to appear on the work draft that we're now viewing, but it has been dealt with by the legislature and has no bearing to the credit union act itself.

BRADLEY: Fine, I missed that discussion between Mr. Chatfield and Mr. Basler, the administrative assistant. Do you have anything further to add, Julius?

BRECHT: Just that the provisions of the proposed committee substitute in the context of the comments that I have made are what I view as adequate regulatory guidelines for credit unions their members, and the department. I will also submit to the committee a copy of a fiscal note that was prepared by the Division earlier this year and it should still reflect a reasonable projection of the Division for the cost of administering a credit union act. That fiscal note is dated February 23, 1979.

BRADLEY: I understand and would appreciate your submitting an up-to-date fiscal note, Julius. Would there not be some changes in the previous fiscal note?

BRECHT: Well, there might be some changes due to inflation, but other than that, I think that the fiscal note assumes that approximately 15 credit unions would be chartered and doing business in the state and from there makes projections as to how much time would be necessary to investigate and examine. There is an estimate for the need of one and one-half examiners to administer that program and an additional one-half examiners could easily be used to support other activities of the banking section within the division.

BRADLEY: I would appreciate your considering if there were any changes because from past experience I know from one section to another sometimes it's a frequent question that is this an updated fiscal note from one year to the next, one session to the next, so maybe to avoid any unnecessary discussion on that we might give it all the consideration that you think necessary, but if not I think I could explain it away on the floor. Mr. Chatfield has a comment.

CHATFIELD: I would like to suggest at this time that it is the committee's desire we may wish to touch on the issue raised by Stephen Vlahovich concerning an alternative for share insurance. If it is the committee's desire it might be well to do that while Julius is on the other end.

BRADLEY: Please go ahead.

CHATFIELD: I can see Stephen's concern and I think this bears on a question that Rep. Martin asked on Tuesday concerning the potential for regulation and I think that that is the only place where there might be possible dual regulation or any conflict of it arises.

For example, if the standards of NCUA concerning state chartered credit unions retaining their share insurance would be different from or in conflict with the standards that the banking division might have, so perhaps it would be a good idea to discuss at this time other options and I guess one way to do that would be to consider page 25, line 18 after national credit union administration inserting the words "or similar share insurance program approved by the commissioner." This would solve the problem as far as at least leaving the door open to alternative programs. Now we know of some other share insurance programs that do accept credit unions for insurance purposes from other states so if the words "or similar share insurance program approved by the commissioner" were inserted after the word administration on page 25, line 18, that would leave that door open and then I would suggest if that is done that to conform elsewhere in that paragraph, paragraph b on page 25, the words "national credit union administration" be changed to "insuring organization". I guess I would like to know Julius' feelings on that.

BRECHT: This question has been raised from time to time, not only in the context of credit unions, but other financial institutions. One real advantage of having a federal agency insure a financial institution is that you have the good full faith and credit of the U.S. government behind that insurance. The committee should be aware of the one decided disadvantage of stepping away from that is the possibility of getting involved in insurance problems in the context of financial institutions. Certain states have had considerable difficulty with private insurers. Maybe not necessarily in the context of credit unions, but in the context of other financial institutions and I think that the committee

should be very careful about considering the possibility of insurance other than through a federal agency.

CHATFIELD: Yes Julius, I think we have considered that and we realize that there are some problems with that during the time that this has been kicked around. I think it's obvious that it would be actuarially unsound to attempt to do that, to form a share insurance organization just for Alaska credit unions because the numbers aren't large enough to be able to spread the risk properly. However there is the national share and guaranty corporation. There are other share insurance corporations which insure large numbers of credit unions in other states. They are quasi-government agencies, they are supervised by the state agencies in those states and some of them operate on a regional basis or permit insurance and membership by credit unions in other states, so with the wording "as approved by the commissioner" in there, would you feel uneasy about at least leaving the door open that much?

BRECHT: It would, of course, be at the discretion of the Commissioner, but what you do by, it depends, you could have a hypothetical at sometime in the future where there was considerable pressure put on a future commissioner to allow private insurance in this context and maybe perhaps in other contexts involving other financial institutions. Perhaps in the long run the net effect was not in the best interest of the institutions or their customers. It could be inserted, but I would still be rather cautious about the use of any insurance other than through a federal agency.

CHATFIELD: Julius, I think we share your concerns and we know that

there have been some problems with private insurance companies insuring the deposits of other financial institutions. Fortunately none of those have occurred in connection with credit unions. But I think we share those concerns and it would certainly be our desire to see credit unions financially strong and insured by financially strong organizations and this, again, would address the problem that Rep. Martin brought up on Tuesday about the potential for dual responsibilities, dual regulations. This appears to be the only area where that's possible. Where state chartered credit unions would be required to have and maintain share insurance as their only option and if the NCUA standards for that insurance prove to be different or in conflict with those of your department. I think that's the only opportunity or potential problem area as far as dual regulation is concerned.

VLAHOVICH: I have a question to ask Dave. It's my understanding that the NCUA's share insurance program is not backed by the total good faith and credit of the U.S. government; it is basically a privately funded program supported by the credit unions throughout the United States.

CHATFIELD: Stephen, that's partly true and partly a little narrower than the actual fact. The share insurance fund was developed and is sustained by assessments against the credit unions that are insured -- premiums for that type of insurance. However, it does have guarantees and draws from the U.S. treasury to maintain its liquid status.

VLAHOVICH: Thank you.

BRECHT: Well, I guess my final comment on this would be that if that language were inserted it would certainly be used with caution by the administration.

BRADLEY: Thank you Julius; any further comments.

STURGULEWSKI: Julius, several areas. First, the page that refers to the seven member aggregate, \$1,000 and then it goes on on the next page and one of the things that has to be looked at by the Commissioner is that the proposed credit union is economically feasible. We've heard a lot of debate or discussion over the last couple of days of hearings regarding the fact that, in Alaska we have somewhat of a unique situation in that the groups here, for the common bond, may not be as large as outside, so we have some very unique conditions that we need to bring together and utilize a broader definition of the common bond. I'm wondering, just from a philosophical point if you might like to speak on what kind of standards you apply to see that a common bond exists and that it is economically feasible. I'm wondering what kind of standards would be developed; would they be in the form of regulations or can it be that precise?

BRECHT: Yes, Senator Sturgulewski. A part of the fiscal note envisions an appropriation for a study and for the drafting of regulations to interpret and implement an act that would become law. The question of common bond and several other questions that may be raised regarding the present bill need to be clarified.

STURGULEWSKI: In other words you don't have those standards set up and you would anticipate that they would be done by regulation. Is that correct?

BRECHT: Preferably by regulation, we would of course look to what the history had been in other states that seem to be at least somewhat similar to Alaska. We would look to the regulations and procedures of the NCUA. They certainly would have more experience in this than we would starting right off. Again, going back to the fiscal note, the study would outline what has to be done to establish an appropriate mechanism for the regulation of credit unions under the act.

STURGULEWSKI: Okay, I've been rather of the feeling that there may have been more done on that; it sounds as though you have a way to go if this bill is enacted in that area. On page 9, line 13, under section 06.45.060 on membership. I'm just wondering if the way that's laid out, including the one at the end, members of the immediate family of a member. Is that a normal standard and inclusion?

BRECHT: I believe that the substance of this bill, to a large extent, comes from the model credit union act and certain other state acts that are thought to be progressive. As to where this specific language comes from, I'd have to defer to Mr. Chatfield who might be more familiar with it.

STURGULEWSKI: Julius, if you go to page 30, line 18. Talking in that particular section about the suspension and just begin kind

of an overview. It calls for an annual report. There are certain percentages listed throughout the bill as to where a credit union can put their money and the amount of loans and so on. How onerous a burden is it going to be as far as a regulatory process goes to see that credit unions, in fact, stay healthy. Have you really carefully looked at that in drawing up your fiscal note. Because I think that if this bill passes, we're saying to the public that we are going to take over a certain responsibility and I'm frankly pretty shocked in some of our sunset reviews to find that our ability to enforce and police the laws and regulations that are enacted is extremely weak. My concern here is, are we holding out that we are going to do a job and then find that we don't have the resources to do it. I'd like some comment on that.

BRECHT: We have tried to address that in the fiscal note. We tried to estimate how much time it would take to do a typical examination and took our own experience in examining other types of financial institutions and drawn on the experience of certain other states in their experiences in examining institutions. We have that as a basis for our estimate. We are also estimating that we would have approximately 15 credit unions that would either charter or convert. If it was a much larger number, then obviously we would be saturated with business in that respect and would go beyond the projections of the fiscal note.

STURGULEWSKI: Julius, in the matter of financial institutions that are regulated by the state charter, do you have a specified time that you go on annual inspections. If the answer is yes, would you anticipate in the credit unions that you would actually go

and make an inspection or is it just as a report to you. Do you go out in the field and verify that?

BRECHT: Our policy, let's say with respect to other financial institutions, would be to do a field examination. On a periodic basis. We would do the same with credit unions if this bill becomes law. In fact, I think this bill specifies an annual examination so we would be required to do an examination at least once a year. There might be a need for special examinations if there were particular problems with a specific credit union.

STURGULEWSKI: Julius, one other question. There was some discussion at the earlier hearing that you didn't have an opportunity to hear. There was talk about possible adoption of a fee schedule that would go a long way toward funding the necessary staff to regulate. What is your feeling on that as far as credit unions meeting part of the cost of the operation of your department?

BRECHT: The fee schedule that had appeared in a previous version of this bill would generate fees that would not come close to paying the cost of doing an examination and the reason why the credit unions will pay the full cost incurred by the department in conducting an examination is to put them on a par with other financial institutions with respect to payment of fees. Under the present law, under AS 06.01.010, any financial institution that is subject to the regulation of the department must pay the costs incurred by the department in examination or investigations. It's pretty clear as to how far that goes. It includes the cost of the examiner, the salary and benefits of the examiner, plus travel and per diem

if it's a field examination. During the course of the on-site examination and including the time necessary to write up the examination report with the investigative report after the examiner returns from the field. That is a large portion of the cost of administering the program. Rough figures, 25% or so. I would say that if we're going to have some sort of administrative fee or assessment for administrative costs that it should be applied across the board on all financial institutions.

STURGULEWSKI: Julius, I'm afraid I'm a little bit lost. You refer to .010 where you have the full cost. Does it mean then that with this bill we're covered for the field examination and all the attendant costs. But it does not go beyond that, is that basically what you said?

BRECHT: That's right, it does not cover, for instance, the time that would be spent by an examiner in answering a consumer complaint or the time spent in preparing statistics in response to inquiries from the public or from legislative personnel or whatever. There are certain administrative costs that are involved in administering the bank and financial institutions titles that no institution at the present time pays for. It's the taxpayer that pays for it.

STURGULEWSKI: Okay, but what is in the law now. It's consistent with other financial institutions so credit unions would just fit in and pay the same fees or same proportions.

BRECHT: Alright, I said I didn't know the exact citation, but there is a provision for examination for financial institutions.

Here, for example, section 06.45.450 on page 34 makes reference to the cost of the investigation incurred in making application for a branch by the department shall be paid by the applicant in accordance with AS 06.01.010. That ties directly into that statute. There is a similar provision for processing an application for a new association probably closer to the bill.

CHATFIELD: At the bottom of page 16 and the top of page 17 there are references to that statute and the fact that the credit union shall be required to pay the fees necessary for investigations and examinations. Let me say that it is our intention that the supervision of credit unions be self-sustaining. That is the case with the NCUA; that agency has no appropriation from the general fund of the United States. They are strictly self supporting based on examination and investigation fees. That is our intention here although we realize that it might work some burden on smaller credit unions. I think we do not wish to take issue with the fiscal note that Julius has done, however, he may have been a little optimistic in the number of credit unions and I think his fiscal note includes some start-up costs for the initial guidelines and regulations that would be required. We have, and I will provide you with, a copy of a survey of state regulators of all the various states and I believe it includes the Canadian provinces as well, which may be of less significance, showing the number of financial institutions that each of them supervises and the number of persons that they have employed to do that. Again, it is our intent to be self-supporting, we are self-supporting on the national level; we intend to pay the fees necessary to support proper supervision of credit unions under this act.

15

STURGULEWSKI: Julius, one further question. What type of magic hat did you use to arrive at your figure of some 15. I'm just curious; I'd like to think about if this bill passes, what happens in the state to the credit unions. We have had quite a bit of testimony from people stating that they feel that there will not necessarily be a mass change from federal to state. Of course they have to wait and see how regulations and so on are developed under the new law, but what basis, if any, did you use for picking that figure and what's your feeling as to what will happen in the credit union field in Alaska if this bill, in fact, does become law?

BRECHT: The figure 15, I must admit, is an arbitrary figure. But it's based in some respect on the general interest in this legislation. The sustained interest over the past three years that I have been associated with it and even before that. And, in fact, in previous times there was more talk about conversion to state charter. There was one person who testified that they would be very likely to submit an application for conversion to state charter. I think that those other federal credit unions that have testified obviously letting their present regulators know that they are just chafing at the bit to convert once the state charter legislation was provided. In any case, I think that it would take at least one examiner, a very conservative estimate, to handle the necessary examination of the institutions. Obviously if we have one or two new institutions and no more, that's a different story from 10 to 15. But if we get something like 10 to 15 we're going to be talking about keeping one examiner busy pretty much full time and very likely more than one examiner, one and one-half examiners. I'm not suggesting that the department

BRADLEY: Thank you very much, Mike. Mr. Buzz Hoffman, your current president of the Alaska Bankers Association has insisted that we have one more hearing when your lobbyist, Wes Coyner, arrives back from his vacation. So, in all fairness, I think we possibly will have to have one more and so at that time you will have another opportunity to testify.

Fairbanks testimony was concluded.

CHATFIELD: First of all, I think that the testimony that you've heard over the two days of hearings has been beneficial to us as well as to yourselves. I think there were many good points brought out; a lot of questions raised and perhaps it would be best to address a couple of those now. On Tuesday there were a couple of questions concerning the function of the central credit union provided for in this bill. It was mentioned again that it is a credit union for credit unions. It serves a corporate function in correcting liquidity mismatches in essence. Shifting funds from credit unions that are in a liquid position to those that have needs to borrow. These tend to be seasonal things and the example was used of teachers credit unions that have surpluses at times of the year when agricultural or other credit unions may have needs for borrowing. As far as what happens now, I believe that was asked. There is some informal interlending between credit unions in the state to serve this liquidity mismatch problem. However, it is informal and most of this activity flows to and from the Westcorp Federal Credit Union which is a corporate central credit union in California that has agreed to serve this region. If there is no state act, then, in fact, we will file for a federal corporate central charter

would just run off and immediately hire two additional examiners. We would hire additional examiners as the workload required.

STURGULEWSKI: Thank you Julius. Just a final question. If you turn to page 23, line 8. I'm sure that this is a question that will be answered by some of the people here, but are those standard percentages for real estate loans; are you comfortable with those?

BRECHT: I believe that that was standard language from another act. Mr. Chatfield might be able to answer that.

STURGULEWSKI: Mr. Chatfield indicates that those are federal regulations. Thank you very much, Julius.

Testimony was concluded from Juneau. Chairman Bradley checked back with the other sites for additional witnesses. Fairbanks had one witness, Michael Weis from First National Bank of Fairbanks.

WEIS: I would just like to emphasize that I am speaking on behalf of the 1st National Bank of Fairbanks and the banking industry in general. We at the 1st National Bank of Fairbanks, as we have indicated to numerous members of the credit union association, do, in principal, agree with the bill that is now before the legislature. We feel that the bill is consistent with the existing financial system of dual structure that was established within the constitution of the United States and we also feel that the increased competitive nature of the bill for the benefit of the Alaskan consumer is welcomed by our bank in enabling us to sharpen our skills and better benefit those individuals.

because we feel this is an important function that is not yet served in Alaska. I have had the papers on my desk for several months to file an application for a federal corporate central charter and I have not submitted those pending resolution of what happens with the state act. It would be our desire to have state supervision for the other reasons that have been stated. For the corporate central as well as for the individual credit unions that might come under the act.

STURGULEWSKI: On that issue, are there other functions that they fill such as in the case of a suspension or one that's in temporary financial problems or is this liquidity mismatch the primary reason for the establishment of the credit union's credit union.

CHATFIELD: There are perhaps some other functions that the central would fill in terms of settlement and wire transfers and some other needs that occur to the corporate function of the credit union. However, some central credit unions serve as liquidating agents but they are generally those credit unions that also serve individual members and since this credit union is intended to serve a corporate function only, I rather doubt that it would engage its services as a liquidating agent although that's possible, but this is not intended to be an individual member type credit union. This association would have corporate members consisting of credit unions within the state that choose to join. Perhaps now we could move on to address the questions on the field of membership and Sen. Sturgulewski and others may have raised some questions on this. Julius Brecht I make reference to it, but we might talk now about section 60 concerning the field of membership of credit unions. This generally

follows federal procedures, however, the federal credit union act itself is rather narrow about what it says about field of membership. It permits, for example, the kinds of gathering together of similar groups that we have talked about in this bill. The problem has been in the regulations, so what we have here is an enumeration of the types of credit unions that could be formed. The main difference between this and what is currently available from the national credit union administration is in the term "employees of related or neighboring industries". This is an issue which NCUA has gone back and forth on and sometimes been inconsistent. Sometimes they say yes you can charter a credit union to serve everybody in this industrial park and next year they say no we're not doing that anymore. So we're talking here about related employee groups, related fields of membership, related people to serve such groups as the bar association that you heard from, the broadcaster's association, which you heard from which is composed of small employer's in a wide field, but without sufficient numbers to form their own credit union so we're clearly talking about a situation that is not unique to, but more serious in Alaska than some other places. We're talking about small groups of employees and a way to serve those by this language "employees of related or neighboring industries" and the neighboring industries, the industrial park example, might be an example of how you would serve some small employers through that provision. Senator Sturgulewski, have Julius' and my comments answered your questions?

STURGULEWSKI: I think the area I would be interested in taking a look at would be the regulations because these words are certainly broad enough to bring in and meet some very specific needs, but

from the safety of the individual deposit, obviously, those standards that are used to determine the economic health of it are terribly important as well as the ongoing regulations to be sure that it continues to be a viable organization.

CHATFIELD: Yes, I appreciate that and I was going to address this economic viability question next, but I think that you have brought up some very good points in noting that the field of membership includes members of the immediate family and that's further defined within that section and I think the fact that this closely follows the federal credit union provisions except for those we have talked about for neighboring and related industries particularly to serve the needs of Alaskans.

MARTIN: I have concerns similar to Sen. Sturgulewski on the start-up costs, Mr. Chatfield, and sometimes in the testimony that's given I feel that we're promising that golden light for everybody; here's the answer to all your financial worries in the world and the start-up costs, now that we've gotten more into it, seem to be prohibitive for certain groups, especially with the regulations seems to be a deal where the people want to fund their own organization even though they will be paying the government for services. Seems we're developing false pretenses to begin with; there are only so many groups that you can divide up into to take care of yourself. We can have the Scandinavians of Alaska, we can have the Cuban groups of Alaska, and all these would be viable people saying we deserve to be recognized but yet they can't pay for themselves. Is there anything to protect the taxpayers from saying well, we have a discriminatory law here, therefore these groups who cannot

13

fund themselves will be exempt from these regulatory start-up costs and perhaps because these people are what they are and their economic conditions, we will waive the cost. How do you feel about that?

CHATFIELD: First of all, just as a matter of information, there are credit unions in various parts of the country serving groups such as the Cubans located here or the Scandinavians located there. Those kinds of things do exist although thus far not in Alaska. We're talking about the economic viability, and it's been noted that the Commissioner is charged with the responsibility of determining that, and Julius listed the ways in which they would attempt to do that. We're also talking about start-up costs that can be amortized over a certain period and that's the way it's done now. When credit unions are formed there are certain start-up costs that are incurred and those are amortized over an accounting period so that they need not be expensed off all at once with the accompanying burden that that would bring on the credit union. But I can tell you that we are also not interested in forming a lot of marginal credit unions that would require constant work and struggle to keep them active, because as the state trade association of credit unions, that function would fall upon us and we don't have the resources nor the desire to see a bunch of credit unions brought into being that would require constant handholding on a long term basis. We don't have the resources to do that and that is our responsibility should it occur, so we have a definite interest in saying credit unions formed have good economic potential, that have solid leadership and that we can guide in their growth periods and that can become successful credit unions.

Juneau came back on-line with a comment from Julius Brecht.

BRECHT: I thought I might make one statement here to make sure there isn't a misunderstanding. When we were going through the administrative costs as opposed to the cost of examination and investigation, I want to make clear that the cost of developing regulations or guidelines to regulate credit unions would not be charged to the individual credit unions, chartered or in the process of being chartered under the state law. That would be a good example of an administrative cost that would be borne by the taxpayer. The only cost that would be borne by the credit unions themselves are the costs incurred directly to the examining or investigative effort on that specific credit union.

CHATFIELD: Let me say that that differs, and I can't speak to banks but I can speak to what happens now with federal credit unions, since the NCUA is only chartered to supervise, examine and otherwise keep track of credit unions then there is no problem, therewith passing administrative costs as well as direct examination costs on to credit unions and their examination schedule, which, by the way, was the examination schedule that Julius referred to which was in an earlier version of this bill. It was the same examination schedule as for federal credit unions. However, we realize that they have certain economies of scale because of their nationwide operation that perhaps those same rates would not result in self-sustaining supervision in Alaska. In the case of federal credit unions those costs, all costs, including administration, are reflected in the examination and investigation fees that are used to support the entire agency and again that agency does not have an appropriation from the general fund of the United States; it is completely self-sustaining and the administration costs are

levelled out and included in the cost of supervision.

STURGULEWSKI: I can see the tremendous interrelationship between that economic standard and the field of membership. I would hope that if this bill passes that indeed it can be adapted more to the Alaskan conditions that we might take in, for example, the bar membership is good, not just the bar association, but the firms and employees. I don't think that it's going to be an easy task necessarily, to go to what has happened in other areas to give us too much in the way of guidelines on setting up those economic standards. We might well have to develop new ones. I think that is of sufficient interest that I would hope that it is not out of line to ask that, possibly, those regulations could be shared with the Commerce Committee so that we could take a look at that to see that we're not unduly restricting, putting impositions, on the membership and the groups can go ahead and form. I think that's going to be terribly important as to how this whole act works. The interrelationship between the economic health and the field of membership.

CHATFIELD: It is certainly our intent to try to work very closely as closely as conditions require and will permit, with the Division of Banking, with this committee, and with other interested parties in making the thing to work to its best advantage so that there are successful credit unions so that the needs of the members are properly served and that the credit unions are financially stable. We would be happy to have some input into the regulations; we would also be pleased to assist the Department in its charter investigation as we now do with the NCUA. We submit an investigation report

for proposed credit unions to assist them in making their decisions. We would be pleased to do that for the Department.

BRADLEY: Dave and Julius, on the first page of the bill it's mentioned it only takes seven people and \$1,000 to form a credit union. That obviously would not be a viable credit union. That's all it takes to begin it, but how would we prevent one from forming with that as the initial requirement. It may not be any more than that, or a few more than that and it definitely would not be a viable credit union. You think this is misleading?

CHATFIELD: The other standards and things that the department is charged with determining as far as economic feasibility are certainly good provisions and valid provisions to have. And, again, we are not interested in seeing a bunch of credit unions form that are not economically feasible and don't have good potential for success. The seven people with the \$1,000 is more restrictive than the federal act where seven people with \$5 each or a total of \$35 can apply for a federal credit union charter. However, that's just the beginning. There is obviously much more than that. There is an investigation there are reports rendered, the economic feasibility is determined, the proposed field of membership is examined and obviously that would be true under the state act as well. I think it's important to note the very different capital requirements of credit unions as they begin versus other financial institutions. When a bank first opens its doors it must have offices proper to house its operations and to put the desired image across to its customers, must have a full time staff, must have sufficient funds to meet its lending objectives, must have certain support facilities to service that business

15

including such things as data processing. There are very substantial capital requirements before a bank should begin operation. Contrast that with the credit union where typically a credit union does not begin with cause for office space; it's usually operated out of a volunteer's home, it does not have paid staff for the first several years of its existence. It's operated entirely by volunteers donating their time to develop this organization for the rest of the members. It generally begins with hand posting and a couple of years down the road may graduate to a bookkeeping machine and starts out making very small loans for such things as furniture, appliances, medical and emergency needs. It has very different loan requirements and overall a very different set of capital requirements than do other financial institutions. I think it's important to note that because this seven people with the \$1,000 thing has come up before and I don't think that argument recognizes the very different capital needs of the two institutions.

BRECHT: There are a number of members where the minimum might be 200 members as opposed to another area where the minimum might be 300 members, so we're talking about an institution that would have more than just the seven incorporators.

BRADLEY: Thank you, Julius. Mr. Chatfield has another comment.

CHATFIELD: I just wanted to say that those were a couple of areas that I think were left hanging from Tuesday that I did want to cover. In summary, the record will show that you have heard from representatives from 15 credit unions; those 15 credit unions represent total membership of approximately 190,000 persons, we

have heard testimony from other organizations including the bar association, native corporations, broadcasters and this morning you heard from a banker in Fairbanks who said he was not opposed to the bill. Also present is Mr. George Diener, Vice President of Alaska Pacific Bank, which I believe has a similar view and I am sure Mr. Diener would be happy to answer your questions on that. In addition, I have telegrams that I would like to submit for the record which were received in May, they are in consideration of this bill and one is from a bank that was not able to appear at these hearings, Alaska Bank of Commerce, which indicated it had no opposition to the bill. I think we have had a broad, open discussion of the issue, you have heard the opinion of the banking division and I think that the hearing records will reflect a very in-depth discussion that was held. We were very happy to see these questions raised and if you have any further questions, I would be happy to try and answer them at this time.

STURGULEWSKI: Just one, and again, this is for my learning a bit more. This bill does allow for the utilization of the share drafts and I would like just a little background information; was the federal ruling not really on the issue, as to whether it was appropriate or not, but simply that it exceeded the present federal law and regulation. Is that correct?

CHATFIELD: The issue concerning share drafts for federal credit unions is a fairly complex one. The federal regulator, NCUA, permitted an experimental program some years ago for share drafts which are an improvement on the existing transaction accounts and do provide for payment of earnings or dividends on the unused funds

26

in those accounts which can then be accessed by negotiable instrument. Permitted the experimental program and then found that after that successful experimental program it was in accordance with the statute and the best interest of the consumer to allow federal credit unions to offer that program on a wider basis and they did that and another financial organization promptly sued them charging that it did go beyond the scope of current law; the federal district court agreed with the NCUA that it was permitted under current statute, it was then appealed to the United States court of appeals in Washington, D.C. They linked it in with a couple of other related issues concerning automatic transfer from savings to checking for banks and remote service units for savings and loans. I think in linking it together that made it difficult for the court to then say well this one's okay and this one is not. That really was the key to the court's adverse opinion on April 20 of this year, that the program exceeded what was currently permitted by statute. We happen to agree with the regulator agencies' interpretation of that statute under the implied powers that this is a proper function under the statute, for credit unions to be able to perform. There are steps being taken to appeal that ruling to the United States Supreme Court, but in the meantime we are seeking legislative action before the Congress to clarify and remove the cloud from this whole program. To specifically provide for the use of share drafts by the federal credit unions. That whole thing is separate from this bill. There is wording in this bill that says that credit unions may make their withdrawals in any form and that wording would include the share drafts. It might, at some point, include such other things as automatic teller machines if the Commissioner deemed it appropriate. That is a separate issue,

but we believe we are going to be successful at the federal level. We disagree with the court's decision and we feel that if the Congress does not take action in time, then the Supreme Court would, but some of those things remain to be seen.

STURUGLEWSKI: In that case, we would need, say there's no further federal ruling for some time, regulations to handle the method of withdrawal here or does that just open it totally by the wording we have in this law.

CHATFIELD: The wording in this law is that the credit unions may honor withdrawals from its share savings accounts by its members. Those withdrawals can take any form and obviously the Department, the banking division and the credit unions would draw heavily upon the successful experience the federal credit unions have with share drafts and the procedures involved in that. However, there is with this particular statute, this bill would not go beyond permitting those withdrawals in any form. Again, it would not be tied to whatever happens on the federal level.

STURGULEWSKI: I think I would like a little bit better understanding of, is the wording too broad as far as allowing withdrawals in any form; are we, in effect, allowing for complete checking privileges. What part of the statute is that?

CHATFIELD: I believe it's under the powers section, under withdrawals. On page 11, at the beginning of line 17. The last part of that paragraph says "on a request for withdrawals of these savings in any form, subject to reserves, bonds or other conditions required by the

Commissioner.

STURGULEWSKI: Is the wording complete in itself; will it need regulations to implement, if not would it be broad enough to allow full checking privileges without the conditions that were set up on the share draft?

BRECHT: My rating of paragraph 20 is that it would allow for a checking account subject to reserves, bonds, or other conditions required by the Commissioner. The Division has recently noticed the intent to adopt regulations to provide for NOW accounts or mutual banks and also for commercial banks.

STURGULEWSKI: What kind of accounts?

BRECHT: Negotiable order of withdrawal accounts. Basically a mechanism to pay interest on a demand account.

CHATFIELD: Negotiable order of withdrawal accounts are currently under consideration by the Congress for nationwide use by other thrift institutions and have been in use in New England under experimental basis for quite some time. It's important to note that the language of this paragraph would permit various forms of electronic funds transfer, electronic teller machines, perhaps point of sale terminals and other things that might be appropriate and as determined by the Commissioner under the language in the rest of this section.

STURGULEWSKI: I'd like a direct response on this. This would allow,

then, far more flexibility than currently would be available if the share draft regulations were still in effect.

CHATFIELD: Yes, that is correct, but if the share drafts were found to be not appropriate and not available for use by federal credit unions, then this would be broader than that. However, I don't think anybody in Washington, D.C. seriously believes that there is going to be an interruption in the share draft program. We believe that the Congress will take action before the deadline established by the court and in failing that, the Supreme would take action. To that extent, yes, it would be broader, but those services are not broader than those currently available for federal credit unions, including share drafts, those that have automatic teller machines and there are some point of sale terminal experiments underway now. To that extent it would not be broader, but if federal credit unions were to lose share drafts then, yes, this would be a bit broader.

STURGULEWSKI: That doesn't answer my question. Let's assume that we can use share drafts on the national level if they are found to be acceptable. As I read 20, this is not constrained by those regulations that are utilized in connection with the share drafts. It is, in fact, broader than what is allowable under the share draft. Is that correct?

CHATFIELD: It is my understanding that it would be as broad in terms of withdrawals in various forms as the Commissioner would deem appropriate.

STURGULEWSKI: I asked if it would be necessary to have regulations

and I think it was given to me that, no, there would be maximum flexibility. It would not necessarily be subject to regulation.

CAMPBELL: I'm not sure, I think there might be a couple of things you are alluding to that probably should be addressed. The share draft regulation itself, that applies to federal credit unions, is not really that restrictive. It does require a couple of technical things. One of which is truncation. Truncation simply means that the original draft isn't returned and whether the Department wanted truncation required by state credit unions offering share drafts is something that would remain to be discussed in regulatory hearings. The essence, really, is that if there is a need for regulation the general regulatory authority would provide for it. If state credit unions, or say a federal credit union converted simply continued its existing share draft program, it would still be clearing through the banking system, it would still be offering the same type of service, it would still offer a rate of return that would be established by the board of directors and consistent with the standards that are similar to federal law in terms of classes of accounts and in order to offer credit union members the same type of thing that they can expect from other credit unions. It's likely to be comparable to the existing share draft program. The important thing to recognize is that credit unions offering any third party payment power would have to offer it consistent with Uniform Commercial Code and with the standards that the federals apply to the banking system for purposes of clearing.

STURGULEWSKI: This is an area that I would appreciate a bit

more information on it and possibly that could be supplied by Julius and also by members of the credit union league. I just need to understand it and I don't. I'd like to know what the federal requirements are, how this provision likely would work

BRADLEY: While we're on this subject, since Director Julius Brecht will be providing these regulations, subject to our approval, let's let him briefly comment on it.

BRECHT: I meant to mention earlier in the hearing that the members of this committee plus the other legislators will be advised of any intent to adopt regulations pursuant to the Alaska Administrative Procedure Act, would each receive a copy of a notice of that intent, but in addition to that, if this committee wishes to have some further input in the review of these regulations we can certainly accommodate them in that respect.

BRADLEY: Any further questions? Rep. Martin has a question.

MARTIN: I'm concerned again about the starting up, and in hopes of not giving false hopes to individuals, is it possible to have in this bill and/or regulations other things that will be necessary for the standard procedures for starting up rather than simple minimum requirements of certain bodies and so many dollars. Can we present a realistic picture to them of some of the things they might face and perhaps it would be good for the administration, in the first place, to throw out applicants that aren't serious.

BRECHT: As I understand it, Mr. Chatfield has alluded to the fact that perspective credit unions could be cleared through the

state league, that is if the league itself could provide some of assistance in helping groups of people who think that they would like to be able to establish a credit union to come to the realization that yes it is feasible or not it isn't. The second step would be to contact the Division and request information on the chartering of a credit union. In that respect I can say that our procedure in processing applications for other types of financial institutions is to answer questions that the individual might have to make copies of the regulations available to them so they can have a better idea as to what will be expected of them in the application process. I don't see why a drastically different procedure would be followed for credit unions; we would have the same general procedure; the Division would make itself available to answer questions. If we, in fact, had a large number of requests, it is very likely that we would have some brochure put together to answer some of the basic questions. It also brings back points on where we got the estimates for charters within the first fiscal year. I mentioned that that number was somewhat of an arbitrary figure, but it should be put in context. There are presently 33 credit unions doing business in the state. That gives us some indication of the interest in the state assuming that there was at least 50% greater interest that would amount to somewhat like 15 applications being processed. That could be a gross underestimate. I might add that in the context of the previous financing act enacted session before last, that we had estimated a certain number of institutions being licensed and what we found is that there was a much larger number of persons doing business in the state that need to be licensed and it turned out that the estimate that we gave in that respect was a real underestimate and we have been very busy in processing license applications.

So I don't know that the number 15 is all that unrealistic. It could possibly be an underestimate or could be a good estimate. I don't think we can really reconsider until we get through at least one year of operations and get some better idea as to the interest from the Alaska public in this type of institution.

CHATFIELD: I don't know that 15 is unrealistic; I think that it's as good a number to use as any at this time. You've heard from two credit unions that indicated they would probably entertain the thought of converting to a state charter if this bill became law. We're aware of perhaps 3 maybe 4 other groups that would be interested in obtaining a new charter under this law. We are not aware of any definite interest beyond that, but obviously you have to hang your estimates on some kind of a figure. I wouldn't disagree with 15 as an arbitrary figure in trying to estimate those costs. I think it is also important to look at the chartering requirements and perhaps it would be helpful to include arbitrary standards within the act, but obviously the Commissioner and the Director would establish some kind of standards within regulations and then people could be aware of the requirements as Julius has said, that they could be expected to meet before they could give a credit union a charter.

BRADLEY: I've been enlightened quite a bit in that accordance with the regulations and with the Director of Banking giving the final word of approval, seems to me there are enough safeguards and I could answer any questions in that regard pretty well.

MARTIN: What would the start-up procedures be for the individual

groups that would be interested, if we might not also warn them of the costs -- I am not satisfied that taxpayers would not be burdened by special interest groups -- if we feel that the administration has the potential of spending \$75,000-\$200,000 in getting this thing rolling that if there are 15 groups that would participate then perhaps the pie should be divided up after the \$6,000 immediately is going to be used for your start-up costs and help pay the government institution that is responsible for your regulation. Is this fair?

CHATFIELD: I think, generally speaking, that would be appropriate. There will be start-up costs, it is again the intent of the credit union community to assume those costs that newly chartered credit unions would assume those costs and pay them and amortize them over accounting periods in their books. That's what they do now. Those costs may differ from costs that involved in obtaining a federal charter and they may, in fact, be higher and I suggest they will be because of the lack of the economy's scale that we talked about. That's the sort of thing we anticipated and Julius may wish to comment further.

BRECHT: As far as putting the perspective applicant on notice as to the charges that might be incurred, we do that as a matter of course right now. We try to make clear to the perspective applicant what it is they are getting themselves into in the way of financial responsibility, during the organizational process and also responsibility otherwise. There is responsibility for establishing an institution and following through on it. I don't think that would change. As for the start-up costs for

a program, it's hard to say, if, for instance, we had 30 or 40 applicants for institutions in the first fiscal year perhaps it wouldn't be unreasonable to amortize the start-up costs of establishing the program from the standpoint of state administration amongst those 30 or so applicants and charge it to maybe 10 or less might be a considerable burden on those individual institutions. What I might suggest would be that if some time in the future the credit union movement, assuming there was a state chartered system established, there would probably be some way some legislation at a later time to pay for the administrative costs of administering the credit union act and that way the full cost would be paid and the Alaska taxpayer would not in any way be charged for administering the program.

CHATFIELD: I guess I would just reiterate the fact that we plan to be self-supporting although we recognize that there will be some start-up costs for the Department. I think once the start-up costs and the initial set up and the regulations and those guidelines are determined that we would certainly support any effort to provide for full self-sustaining status for the reasonable supervision costs of our credit unions.

STURGULEWSKI: There has been a lot of good input on this bill and I would like to see it move along quickly through the process. I wonder if you could outline for us -- you indicated that it was necessary that there be another public hearing, are you perhaps expecting that to be done prior to the start of the next session of the legislature and that we could perhaps see action, at least as far as our committee, taken early in the session? Is that what you are looking for?

you're looking for?

BRADLEY: I was anticipating that it would be the first bill taken up at the next session. Normally you have a couple or sometimes three weeks before any bills are ready to go to the Senate floor. You may have a few insignificant resolutions or something of that sort, but that's what's anticipated. In fact, I was hoping that maybe we could finalize it today, but since it's been insisted that we wait til the Alaska Bankers Association lobbyist, who normally doesn't testify, someone else more knowledgeable in the banking matters normally does the testifying, there may not be anybody else. But as soon as we can get what we have already in the way of written transcription prepared for the members who were not able to be here today so they can peruse those and then have one more quick meeting prior to the next session, then we'll be all ready to take it up as possibly the first bill. One other comment, and I think we'll need to do that, incidentally. I don't think we want to give anyone any excuses that we haven't been fair and given everyone an ample opportunity to testify. Frankly, I don't anticipate any more testimony. But the request was made and I think it would be unfair if we didn't recognize it. As soon as we can get this done we can get two of the members of the committee that are missing today back here for that final session after they have had time to peruse all the testimony, then we'll sign a committee report and date it after we convene in January.

CHATFIELD: I guess we wish there had been objections raised, if in fact there are some objections during this process which everybody received due notice of. We were certainly prepared and would be at

a future time to address any objections. It's important to note that everyone was notified and had the same opportunity to appear and that there were no objections registered during this hearing. However, if there are objections we would be happy to discuss any points that are raised. We hope to have that opportunity.

BRADLEY: Too, we need to have the signatures of the other members on the report. I think in all fairness to them, we don't need to give anyone any excuses. We think we have a good bill here and we think, in regard to costs, many beneficial services to the public. There will always be start-up costs, but then many beneficial services to the taxpayer cost a little tax money. I'm not overly concerned about that. I have no further comments, but I think before we close off, in fairness to all stations and any latecomers, we will contact all stations before Mr. George Diener testifies.

No stations had witnesses.

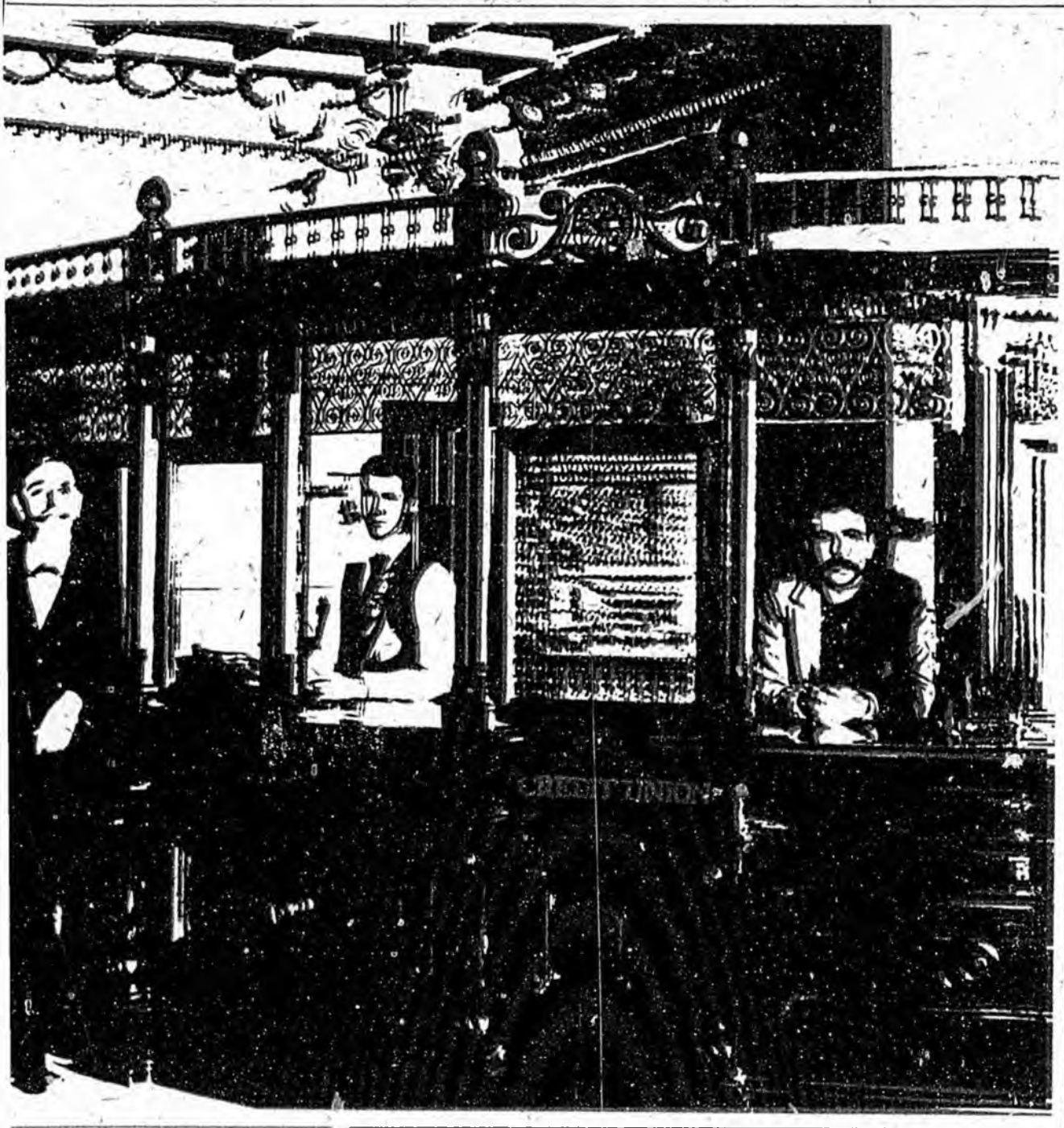
DIENER: My comments will be brief and basically a reaffirmation of the position of Alaska Pacific Bank of non-opposition to this bill. We feel that the question is not "shall there be credit unions" because there is, and obviously will continue to be, credit unions even if they are all federally chartered. As we read the bill, it appears to us that the bill is not asking for authority to do anything that is not already provided for under federal charters, we do not believe that it is seeking any change in the competitive balance. CSSB 225 would provide the credit unions with the same option enjoyed by the banking industry, by

the savings and loans and by the mutuals, that has long been recognized in our industry that one of the strengths of the banking industry in this country has rested on the dual chartering of financial institutions. I for one fail to see the logic or the fairness in depriving the same option to the credit unions. That's basically my statement.

BRADLEY: Thank you; any questions by committee members?

No further questions or comments. Commerce Committee adjourned at 11:20 a.m.

1979 COMPARATIVE DIGEST OF CREDIT UNION ACTS



70 YEARS OF PROGRESS IN THE NATION'S LEGISLATIVE HALLS 1909-1979

From passage of the first credit union act in 1909 to last year's revision of 25 state laws and restructure of the federal credit union system.

Copyright 1979
CREDIT UNION NATIONAL ASSOCIATION, INC.
Madison, Wisconsin

Printed in the United States of America.
Library of Congress Catalog Card Number: 78-74729

SCOPE OF STUDY

The *Comparative Digest of Credit Union Acts* deals with the credit union laws of forty-six states, the Commonwealth of Puerto Rico, the Federal Credit Union Act and the Model Credit Union Act. (There are no credit union laws for the states of Alaska, Delaware, South Dakota and Wyoming and the District of Columbia.) The research for the *Digest* was based on the texts of those laws, as amended to December 1, 1978, and as found in the *Credit Union Guide*, a law service published by Prentice-Hall, Inc.

Except for the federal and model acts, all law provisions in the *Comparative Digest* are in summary form or are quoted in substance only. For the complete law text, the U.S. and state codes cited in the appendix or the *Credit Union Guide* should be consulted. Statutory section numbers are given throughout the *Digest*.

The *Comparative Digest* limits itself to analysis of credit union statutes. For a complete and accurate reflection of the powers and services of credit unions, one must go beyond the credit union act.

In many instances, there is no clear-cut statutory provision setting forth permissible or prohibited activity. Often a grant of power flows from a so-called "incidental powers" clause authorizing a credit union to exercise such powers as are necessary or requisite to enable it to carry on its business effectively. Sometimes a law other than the credit union act may apply to an activity or service.

A complex system of general law, regulations, standard bylaws, agency rulings, attorney general opinions, and, in some cases, court decisions, define more specifically what credit unions can and cannot do. Such an exhaustive survey goes beyond the scope of this study.

All photographs used in this issue courtesy of the
STATE HISTORICAL SOCIETY OF WISCONSIN.

Cover photo courtesy of the Sheboygan Press
through the STATE HISTORICAL SOCIETY.

Art and Design: Roger Napiwocki

1979 COMPARATIVE DIGEST OF CREDIT UNION ACTS

A comparative study of the credit union statutes
of the several states, the United States and
Puerto Rico as of December 1, 1978

Compiled and researched by
CUNA Governmental Affairs Division

James C. Barr—Director
Robert W. Davis—Editor
David J. Schultz—Research Assistant



Published by

Credit Union National Association, Inc.

Madison, Wisconsin
Washington, D.C.

Contents

PREFACE	4	Maturity Limit on Loans	53
Chapter One—THE CORPORATE STRUCTURE		Unsecured Loan Limit	53
Definition and Purpose Clause.....	5	Secured Loan Limit	55
Restriction on Use of Name	6	Loan Security Acceptable.....	58
Organizational Potential.....	6	Real Estate as Security On Loans	57
Organization Costs.....	6	Real Estate Loan Terms.....	58
General Powers	7	Guaranteed Loan Programs.....	59
Incidental Powers.....	7	Application for Loan.....	60
Authority to Exercise Federal Powers.....	8	Line of Credit.....	61
Out-of-State Credit Unions.....	8	Loan Approval by Credit Committee ...	61
Deposit of Funds.....	9	Loan Approval by Loan Officer	62
Borrowing Power	10	Loans to Officials.....	64
Acquisition of Property.....	11	Fines for Late Payments	66
Subsidiary Offices	13	Participation Loans.....	66
Agent for Government	14	Chapter Six—SAFEGUARDING THE FUNDS	
Contributions	14	Audits by Supervisory Committee.....	67
Taxation.....	14	External Audit	68
Fiscal Year	16	Account Verification	69
Amendments to Bylaws.....	16	Regular Reserve Allocation.....	69
Merger of Credit Unions.....	17	Special Reserves	72
Conversion of Charter.....	18	Risk Assets Defined	74
Preservation of Records.....	19	Use of Reserve Fund.....	74
Chapter Two—THE MEMBER		Surety Bond.....	75
Common Bond	20	Share and Deposit Insurance	76
Immediate Family.....	21	Establishment of Insurance Program.....	77
Member Other Than Natural Person.....	22	Supervision of Insurance Program.....	79
Small Employee Groups.....	22	Chapter Seven—THE SUPERVISORY AUTHORITY	
Acceptance Into Membership	23	Government Supervisor	80
Entrance Fee.....	23	Approval of Charters.....	80
Leaving Field of Membership.....	24	Appointment of Advisory Council.....	81
Annual Members Meeting	24	Duties of Advisory Council.....	82
Absentee Voting	25	Rules and Regulations	83
Voting—Minimum Age	26	Reporting to Supervisory Authority	83
Multiple Share Voting.....	26	Examinations by Government	84
Chapter Three—THE OFFICIALS		Audit in Lieu of Examination	85
General Authority of Board of Directors.....	27	Examination Fees.....	85
Composition of Board of Directors.....	27	Supervision Fees.....	87
Election of Board of Directors	28	Voluntary Liquidation	89
Meetings of Board of Directors	28	Suspension of Credit Union	90
Term of Directors.....	29	Involuntary Liquidation.....	91
Executive Officers	29	Crimes and Offenses.....	91
Selection of Credit Committee.....	31	False Statements or Reports	93
Loan Officer—Appointment Of.....	32	Chapter Eight—OTHER CREDIT UNION ACTIVITIES	
Selection of Supervisory Committee	33	Investments in U. S. Obligations.....	94
Composition of Supervisory Committee	33	Investments in State Obligations.....	95
Delegation of Board Duties.....	34	Investments in Financial Institutions	96
Compensation of Officials.....	35	Investments in Other Credit Unions	98
Employees	37	Investments in Cooperative Societies.....	100
Suspension or Removal of Officials.....	37	Investments in Service Corporations.....	100
Chapter Four—THE SAVINGS		Investments in Corporate Securities.....	101
Share Capital.....	39	Other Authorized Investments	102
Share Value	40	Sale or Purchase of Assets	104
Limit on Shareholdings.....	40	Discounting Notes.....	104
Deposits or Classes of Shares	41	Third Party Payments.....	104
Thrift Cash Accounts.....	42	Transaction Accounts.....	105
Withdrawal Notice Requirements.....	42	Group Life Insurance.....	106
Transfer of Shares and Deposits.....	42	Electronic Funds Transfer Activities.....	107
Joint Accounts	43	League or Association Membership.....	108
Trust Accounts	44	Payroll Deductions.....	108
Minors' Accounts	45	Lien on Member Accounts.....	109
Individual Retirement Accounts.....	45	Prohibited Activities	110
Dividends—Frequency of.....	46	Formation of Central Credit Unions	110
Dividend Rate Ceiling	47	Membership in Central Credit Unions	111
Dividend Grace Period	48	Powers of Central Credit Unions.....	113
Dormant Accounts.....	48	Investment in Central Credit Unions.....	114
Chapter Five—MAKING THE LOANS		APPENDIX	
Purpose and Conditions of Loans	50	Credit Union Laws enacted in 1978.....	116
Interest Rate on Loans	51	Statutes Cited in Comparative Digest of Credit Union Acts.....	121
Incidental Charges.....	51	INDEX	123
Interest Refund	52		

70 Years of Progress in the Nation's Legislative Halls 1909 - 1979

This new edition of CUNA's "yearbook" of credit union laws marks the 70th year of progressive credit union legislation in the United States, from passage of the first credit union act by Massachusetts in 1909 to the restructure of the federal credit union system last October.

The 1979 *Comparative Digest of Credit Union Acts* also chronicles the attainment of a goal sought by credit unions for many of those 70 years — the establishment of an effective vehicle for meeting the liquidity requirements of credit unions. The early credit union pioneers, Filene and Bergengren, were looking for ways in the 1920's to operate a central credit union system on a nation-wide basis. When the federal credit union program was created by Congress in 1934, a separate title in the bill would have established a federal central credit union in each state, but the proposal did not pass. Central liquidity legislation of one kind or another was reintroduced in ten succeeding Congresses over the intervening years, but those bills all failed to pass.

It was last year's 95th Congress — perhaps the most sensitive to credit union needs in over 40 years — that recognized the vital role of credit unions in the nation's financial system by creating a central liquidity facility for credit unions, housed within a restructured National Credit Union Administration. It was the same 95th Congress, only a year and a half earlier that had greatly expanded the powers and services of federal credit unions by Public Law 95-22.

Central Liquidity Facility Created

To commence operations in October 1979, the central liquidity facility will be a permanent, federal central bank for credit unions designed to meet their short-term, seasonal and emergency liquidity needs. Both credit unions and corporate centrals will be eligible to join the CLF and to borrow from it. The CLF is authorized to borrow on the open market and from the U. S. Treasury, within specified limits.

The revamped National Credit Union Administration is also due to become operative in 1979. It will be headed by a three-man administrative board, appointed by the President, with tenured terms of office.

States Refine Liquidity Management

The nation's capital was not the only place where credit union liquidity management was a legislative concern. Seven states acted to broaden or refine the role of central credit unions — Arizona, Massachusetts, Michigan, Pennsylvania, Rhode Island, South Carolina, and Tennessee. In the main, this involved securing broader powers for central credit unions and more precisely defining their membership base.

Government Supervision Enhanced

The 1978 sessions of the state legislatures brought significant gains for credit unions in other areas as well, including government supervision.

A 10 year campaign culminated in Iowa with establishment of an independent credit union agency. It will be directed by an administrator, and have an advisory board, both appointed by the governor. Ohio created a separate credit union division within the Commerce Department headed by a superintendent. Both agencies are to be self-supporting from fees paid by credit unions.

Formerly Ohio credit unions were regulated by the Securities Division, while Iowa credit unions fell under the Banking Department — a situation which obtains in 26 states. Besides Iowa, only three other states have independent credit union agencies — Kansas, Texas, and Wisconsin. Five states grant credit unions divisional status on a par with other financial institutions, as in Ohio.

Mandatory Share Insurance

Four more states — Alabama, Iowa, Pennsylvania, and Vermont — passed laws in 1978 requiring credit unions to insure members' savings and deposits. Thirty-five states now have statutory share insurance requirements, and at last count nearly 75 percent of all state credit unions were insured.

Other Services and Powers Revised

Share certificates classified according to maturities, rates, and conditions, became legally possible in New York and South Carolina. Both laws prescribe the federal standards for such accounts. Credit unions in 24 states may now offer varied forms of shares.

A liberalized reserve formula, similar to the two-tiered one adopted for federal credit unions in 1977, became law in Louisiana, Maryland, Minnesota and South Carolina. Basically, the formula permits older, well-established credit unions with assets over \$500,000 to taper off allocations to the regular reserve after accumulating 4% of total loans and risk assets.

Electronic Funds Transfer

Use of electronic funds transfer systems became legal for credit unions in three additional states — Connecticut, Michigan, and Minnesota. Sixteen states now include credit unions among those institutions permitted to use EFT facilities.

Wild card laws were enacted in Ohio and Maryland. They permit state-chartered credit unions to exercise advantageous powers and privileges granted to federal credit unions. Twenty-seven states now have such authority.

10th Edition of Comparative Digest

All of these changes in credit union laws and others are dealt with in this 10th edition of the *Comparative Digest of Credit Union Acts*. In the appendix, there is found a summary of each credit union bill enacted during the past year by the various states and the U.S. Congress. The main body of the *Digest* offers a selective analysis of 130 separate provisions found in the credit union statutes of 46 states, Puerto Rico and the federal act. It compares those provisions with one another and with the Model Credit Union Act.

The *Comparative Digest* is not intended to be a prototype for credit union legislation, but only a convenient reference to existing enactments, revealing both strengths and weaknesses. It is within that context that both credit union lawmakers and lawseekers over the years have had need to consult its pages. Thus, CUNA's Governmental Affairs division annually publishes a current edition of the *Comparative Digest* in the expectation that it will, in some measure, facilitate the legislative process, and contribute towards sound and progressive credit union laws.

ROBERT W. DAVIS, *Director*
State Governmental Affairs

THE CORPORATE STRUCTURE



Definition and Purpose Clause

CUNA MODEL ACT: A credit union is a cooperative, nonprofit association, incorporated under this Act, for the purposes of encouraging thrift among its members, creating a source of credit at a fair and reasonable rate of interest, and providing an opportunity for its members to use and control their own money in order to improve their economic and social condition. [§1.10]

FEDERAL CREDIT UNION ACT: 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 . . . [§101(1)]

ACT SIMILAR TO MODEL ACT:

Arizona	[§6-501(3)]	Montana	[§14-602]
Arkansas	[§37-901]	North Carolina	[§54-109.1]
Connecticut	[§36-194(a)]	North Dakota	[§6-01-02]
Hawaii	[§410-2]	Oregon	[§723.006]
Idaho	[§26-2102]	Texas	[§1.02]
Illinois	[§496.1]	West Virginia	[§31-10-1(A)]
Indiana	[§28-7-1.0.5]	Wisconsin	[§186.01]

ACT SIMILAR TO FEDERAL ACT:

New Jersey	[§17:13-26]	Utah	[§7-9-1]
Ohio	[§1733.03]		

ACT REFERS TO BYLAWS for definition of credit union:

Georgia	[§41A-3001(7)]	New York	[§451(1)]
New Hampshire	[§94:15]		

CREDIT UNION DEFINED as a cooperative, nonprofit corporation organized in accordance with Act:

Iowa	[L.1978,S.F. 137]	Maine	[C.13,§131(12)]
------	-------------------	-------	-----------------

CREDIT UNION DEFINED as a cooperative association, organized for the purposes of promoting thrift among its members and creating a source of credit at reasonable (or legitimate) rates of interest for provident purposes:

**Alabama	[§5-17-1]	*New Mexico	[§48-19-1(C)]
California	[§14000]	*Oklahoma	[§2001]
Florida	[§657.01]	Pennsylvania	[§12302]
Minnesota	[§52.01]		

*Adds term "productive" to provident.

**No reference to provident purposes.

CREDIT UNION DEFINED as a corporation for the purpose of accumulating and investing the savings of its members and making loans to them for provident purposes:

Massachusetts	[Ch. 171, §2]	Virginia	[§6.1-196]
---------------	---------------	----------	------------

OTHER ACTS:

COLORADO—Credit union defined as a cooperative association incorporated for the purposes of promoting thrift among its members and creating a source of credit for them at fair and reasonable rates of interest. [§11-30-101(1)]

MICHIGAN—Credit union defined as a cooperative society, incorporated for the two-fold purpose of promoting thrift among its members and creating a source of credit for them at legitimate rates of interest, and by leasing tangible personal property to its members for provident purposes. (Sec. 490.1a)

NEBRASKA—Credit union defined as a cooperative association organized for the purposes of promoting thrift among its members, creating a source of credit for provident and productive purposes and carrying on such collateral activities as are set forth in the Act. [§21-1760]

NEVADA—Credit union defined as a cooperative, nonprofit corporation, organized for the purposes of promoting thrift among its members and creating a source of credit for them at a fair and reasonable rate of interest. [§678.070]

PUERTO RICO—Credit union defined as a cooperative association organized for the double purpose of encouraging savings among its members and of affording them credit at reasonable rates of interest for their personal or legitimate business requirements. [§2(b)]. Loans may be made to non-members. [§7(b)]

RHODE ISLAND—Credit union defined as a cooperative association formed for the purpose of promoting thrift among its members. [§19-21-1]

SOUTH CAROLINA—Credit union defined as a cooperative association formed for the purpose of promoting thrift among its members and to enable them when in need, to obtain for productive and provident purposes moderate loans of money for short periods and at reasonable rates of interest. [§8-651]

WASHINGTON—Credit union defined as a cooperative society incorporated for the purposes of promoting thrift among its members and creating a source of credit for them at legitimate rates of interest not to exceed 1% per month on the unpaid balance and the equivalent thereto, for provident, productive and educational purposes. [§31.12.020]

ACT IS SILENT:

Kansas	Maryland	Tennessee
Kentucky	Mississippi	Vermont
Louisiana	Missouri	

Restriction on Use of Name

CUNA MODEL ACT: With the exception of a credit union organized under the provisions of this Act or of any other credit union act, or an association of credit unions or a recognized chapter thereof, any person, corporation, co-partnership or association using a name or title containing the words "credit union" or any derivation thereof or representing themselves in their advertising or otherwise as conducting business as a credit union shall be fined not more than \$500.00 or imprisoned not more than one year, or both, and may be permanently enjoined from using such words in its name. [§1.40]

FEDERAL CREDIT UNION ACT: Act is silent.

ACT SIMILAR TO MODEL ACT, but penalties may differ:

Alabama	[§5-17-3]	Montana	[§14-606]
Arizona	[§6-528]	Nebraska	[§21-1771]
Arkansas	[§67-904(1)]	Nevada	[§678.880(1)]
California	[§14003]	New Jersey	[§17:13-46]
Colorado	[§11-30-105]	New Mexico	[§48-19-3]
Florida	[§657.03]	New York	[§179]
Hawaii	[§410-10]	North Carolina	[§54-109.5]
Idaho	[§26-2197]	North Dakota	[§6-06-05]
Illinois	[§496.44]	Ohio	[§1733.44, 1733.99]
Indiana	[§28-7-1-8]	Oklahoma	[§2005]
Iowa	[§533.3]	Oregon	[§723.026]
Kansas	[§17-2203]	Pennsylvania	[§12330]
Louisiana	[§6:643]	South Carolina	[§8-652]
Maine	[§882]	Tennessee	[§45-1805]
Maryland	[§6-328]	Texas	[§2.07]
Massachusetts	[Ch. 171, §4]	Utah	[§7-9-5]
Michigan	[§490.3]	Vermont	[§2053]
Minnesota	[§52.03]	Virginia	[§6.1-224]
Mississippi	[§81-13-9]	West Virginia	[§31-10-3]
Missouri	[§370.360]	Wisconsin	[§186.03]

PROVISION IN ACT LIMITING the use of the name "credit union" to legally chartered credit unions, but no penalty for violation of the prohibition:

Connecticut	[§36-223]	Puerto Rico	[§39]
Kentucky	[§290.060]	Rhode Island	[§19-21-13]
New Hampshire	[§394:2]	Washington	[§31.12.030]

ACT IS SILENT: Georgia

Organizational Potential

(The minimum or maximum potential membership required for issuance of a credit union charter.)

CUNA MODEL ACT: Act is silent.

FEDERAL CREDIT UNION ACT: Act is silent.

MINIMUM POTENTIAL MEMBERSHIP for any charter is number of persons indicated:

California—100	[§14254]	Indiana—100	[§28-7-1-1]
Florida—200	[§657.01]	Pennsylvania—100 adults	[§12306]

MAXIMUM POTENTIAL for residential groups is 25,000 persons:

Colorado	[§33-1-5(2)]	New York	[§451(2)]
----------	--------------	----------	-----------

OTHER ACTS:

ARIZONA—Potential membership sufficient to assure the success of the credit union. [§6-502(C)]

ILLINOIS—Associational and occupational groups—potential membership must exceed 100 persons. Community groups—potential may not exceed 20,000. [§496.3(1)(2)]

LOUISIANA—Minimum potential of 100 persons in occupational credit unions; minimum potential 200 families in all other common bond groups. [§6:645(B)]

NEW JERSEY—Minimum potential for labor unions, benevolent and civil service associations is 200 persons. Maximum potential for rural residents is 2,500. [§17:13-30]

RHODE ISLAND—If after two years from date of incorporation, a credit union does not have at least 50 members, the charter shall be declared forfeited; if the total number of persons eligible for membership is less than 100, 50% of said potential membership is sufficient to retain the charter. [§19-21-4]

TEXAS—A credit union may not transact any business until it has a membership of at least 100 persons. [§2.05(2)]

WEST VIRGINIA—Credit union organizations limited to common bond groups of both large and small membership. [§31-10-5]

ACT IS SILENT:

33 states and Puerto Rico.

Organization Costs

CUNA MODEL ACT: The director may . . . establish chartering . . . fees, subject to the advice and consent of the Credit Union Council. [§2.10(3)]

FEDERAL CREDIT UNION ACT: Act is silent.

ACT SIMILAR TO MODEL ACT:

Texas [§2.03(b)]

\$5 FEE CHARGED RELATIVE to the organization of a new credit union.

California	[§14256]	Washington	[§31.12.050]
Missouri	[§370.040]	Wisconsin	[§186.02]
North Dakota	[§6-06-02(5)]		

\$10 FEE CHARGED RELATIVE to the organization of a new credit union.

Iowa	[§533.1(3)]	Utah	[§7-9-4]
Mississippi	[§81-13-1]	Vermont	[§2051(3)]
South Carolina	[§8-654]		

\$25 FEE CHARGED RELATIVE to the organization of a new credit union.

Idaho	[§26-2134]	Michigan	[§490.1(b)]
Louisiana	[§6:641(D)]	New Jersey	[§17:13-51]

FILING FEE REQUIRED, no amount specified:

Montana	[§14-603(5)]	Ohio	[§1733.07(E)]
---------	--------------	------	---------------

OTHER ACTS:

ARIZONA—\$20 filing fee [§6-125.01(5)]

COLORADO—\$20 filing fee, \$1 certification fee. [§11-30-101(4)]

CONNECTICUT—\$20 application fee if license is issued from July 1 to December 31, \$10 if license is issued from January 1 to June

30; also a franchise and filing fee of \$10. [§33-195,36-196(1)]

FLORIDA—\$5 filing fee, \$15 investigation fee. [§657.01(3)(c)]

GEORGIA—Fees set forth in other act. [§41A-3001]

HAWAII—\$20 investigation fee, \$5 charter fee. [§410-9]

ILLINOIS—\$20. [§196.2]

KANSAS—Fee prescribed in other Act. [§17-2201(c)]

MAINE—\$50 application fee. [§812(2)]

MARYLAND—Filing with the commissioner - \$10, filing with the Department - as provided for under the general corporation law. [§6-306(b)]

MASSACHUSETTS—\$50 filing fee; \$100 investigation fee [Ch. 171 §3, Ch. 172 §7]

MINNESOTA—\$100 application fee. [§52.01(3)]

NEBRASKA—\$1. [§21-1767]

NEVADA—Application for permission to organize a credit union shall be accompanied by an application fee and payment to cover expenses of investigation required for such approval. The amount of the fees shall be established by regulation. [§678.310(4)]

NEW MEXICO—Filing fee prescribed by state corporation commission. [§48-19-1(6)]

NORTH CAROLINA—Charter fee and investigation fee are prescribed by the Credit Union Commission. [§54-109.2(e)]

OKLAHOMA—Fees shall be statutory. [§2004]

OREGON—\$150 filing fee. [§723.012(4)]

PUERTO RICO—\$5 for filing, \$2 for issuance at registration certificate. [§38]

ACT IS SILENT:

Alabama	New Hampshire	Tennessee
Arkansas	New York	Virginia
Indiana	Pennsylvania	West Virginia
Kentucky	Rhode Island	

General Powers

CUNA MODEL ACT: A credit union may . . . make contracts; sue and be sued. [§3.10(1)(2)]

FEDERAL CREDIT UNION ACT: A federal credit union . . . shall have power . . . to make contracts; to sue and be sued. [§107(1)(2)]

ACT SIMILAR TO MODEL ACT:

Arizona	[§6-509(3)]	Missouri	[§370.070(7)]
Arkansas	[§67-905(a)(b)]	Montana	[§14-613(1)(2)]
Florida	[§657.04]	Nebraska	[§21-1773(1)(2)]
Hawaii	[§410-12(f)(1),(2)]	No. Carolina	[§54-109.21(1)(2)]
Idaho	[§26-2108]	Oklahoma	[§2006(1)(2)]
Illinois	[§496.9(4)]	Texas	[§4.01(1)(2)]
Iowa	[§533.4(8)(9)]	Vermont	[§2054(1)(2)]

A CREDIT UNION SHALL HAVE power to sue and be sued:

New York	[§453(19)]	Pennsylvania	[§12305(A)(2)]
North Dakota	[§8-06-06(8)]		

ACT IS SILENT:

Alabama	Maryland	Oregon
California	Massachusetts	Puerto Rico
Colorado	Michigan	Rhode Island
Connecticut	Minnesota	South Carolina
Georgia	Mississippi	Tennessee
Indiana	Nevada	Utah
Kansas	New Hampshire	Virginia
Kentucky	New Jersey	Washington
Louisiana	New Mexico	West Virginia
Maine	Ohio	Wisconsin

Incidental Powers

CUNA MODEL ACT: A credit union may exercise such incidental powers as are granted corporations organized under the laws of this state including such as are necessary or requisite to enable it to promote and carry on most effectively its purposes. [§3.20]

FEDERAL CREDIT UNION ACT: A federal credit union may exercise such incidental powers as shall be necessary or requisite to enable it to carry out effectively the business for which it is incorporated. [§107(15)]

ACT SIMILAR TO MODEL ACT:

Arkansas	[§67-905(p)]	New Jersey	[§17-13-27(g)]
California	[§14807]	Oregon	[§723.012; 2)(g)]
Louisiana	[§6-644(11)]	Texas	[§4.02]
Montana	[§14-614]	Vermont	[§2054(18)]

ACT SIMILAR TO FEDERAL ACT:

Arizona	[§6-509(18)]	Minnesota	[§52.04(14)]
Colorado	[§11-30-104(1)(i)]	Nebraska	[§21-1773(14)]
* Florida	[§657.04(8)]	New York	[§453(24)]
Hawaii	[§410-12(f)(14)]	North Carolina	[§54-109.22]
Idaho	[§26-2108(r)]	Oklahoma	[§2006(15)]
Illinois	[§496.9(12)]	Pennsylvania	[§12305(A)(4)]
Indiana	[§28-7-1-9(o)]	Puerto Rico	[§7(h)]
Iowa	[§533.4(11)]	Wisconsin	[§186.113(10)]

*Pursuant to rules of the department.

ACT PROVIDES THAT THE CREDIT UNION may undertake other activities, not inconsistent with the law, as authorized by the bylaws:

Kentucky	[§290.070(1)]	Tennessee	[§45-1800(4)]
Maryland	[§6-307(6)]	Utah	[§7-9-2]
Rhode Island	[§19-21-8]	Virginia	[§6.1-200]
South Carolina	[§8-656]	Washington	[§31.12.090]

ACT PROVIDES THAT BOARD OF DIRECTORS may authorize other activities not inconsistent with law or reserved by the bylaws to the members:

Maine	[§842(2)(S)]	Nevada	[§678.380(7)]
-------	--------------	--------	---------------

OTHER ACTS:

ALABAMA—The credit union may exercise such incidental powers as necessary to enable it to carry on effectively the purposes for which it is incorporated and such other powers expressly authorized by the Supervisor of the Bureau of Credit Unions. [§5-17-4(a)(9)]

GEORGIA—The credit union may undertake other activities not inconsistent with the provisions of the code. [§41A-3101(f)]

continued

MISSISSIPPI—A credit union, like other state corporations, may have and exercise all powers necessary or convenient to affect any or all of the purposes for which the corporation is organized. [§§81-13-11, 79-3-7(r)]

ACT IS SILENT:

Connecticut	Missouri	North Dakota
Kansas	New Hampshire	Ohio
Massachusetts	New Mexico	West Virginia
Michigan		

Authority to Exercise Federal Powers

CUNA MODEL ACT: Act is silent.

FEDERAL CREDIT UNION ACT: Act is silent.

THE GOVERNMENT SUPERVISOR may authorize state credit unions to engage in any activity in which they could engage if they were federally chartered, if he determines such a move to be in the best interests of the credit union and the public:

Arizona	[§6-533(B)]	Utah	[§7-9-30]
Oregon	[§723.156]	Vermont	[§2066(b)]
Texas	[§1.03]		

THE GOVERNMENT SUPERVISOR may authorize state credit unions to engage in any activity in which they could engage if they were federally chartered:

*California	[§15801.5]	Missouri	[§370.071(3)]
**Colorado	[§11-30-104(1)(i)]	New Mexico	[§48-19-4.1]
Hawaii	[§410-46]	*Ohio	[§1733.341(B)]
*Idaho	[§26-2145]	Rhode Island	[§19-21-51]
Maine	[§928]	*Virginia	[§6.1-200.2]

*Regulations authorizing such activity expire as specified in the act.

**Provided such activity is not prohibited by state law.

THE GOVERNMENT SUPERVISOR, with the approval of the credit union council, may authorize any credit union to engage in any activity in which it could engage if it were federally chartered. Upon a credit union's written request, the supervisor shall exercise such powers if he deems them necessary to protect the credit union and promote the state's economy:

Kansas	[§17-2244]	Montana	[§14-676]
--------	------------	---------	-----------

OTHER ACTS:

ALABAMA—Any credit union may engage in any activity in which it could engage if it were federally chartered, subject to written prohibition by the Superintendent of Banks. [§5-17-4]

LOUISIANA—A credit union may take advantage of all the rights and privileges available to credit unions by virtue of any act of Congress, particularly any act creating a federal credit union system, subject to the approval of the Commissioner of Financial Institutions. [§6:644]

Unless federal laws or regulations provide otherwise, federal credit unions and the members thereof shall possess all of the rights and privileges provided for this state's credit unions. [§6:667.1]

MARYLAND—With authorization of the bank commissioner and the Maryland Credit Union Insurance Corporation, a state credit union may engage in any additional activity or related services under the same conditions or limitations as are applicable for federal credit unions. [§141A]

MINNESOTA—The commissioner may authorize a state-chartered

credit union to engage in any activity in which it could engage if it were federally chartered, provided the activity is not prohibited by Minnesota law and was permitted by law or rule as of June 1, 1977. [§52.04(2)]

NEBRASKA—Any credit union incorporated under Nebraska law shall have all the rights, privileges, benefits and immunities which may be exercised by a federal credit union doing business in the state as of September 2, 1977; provided, that such rights shall not relieve such credit union from payment of Nebraska state taxes. [§21-17, 120.01]

NEW JERSEY—The Department of Banking may, in relation to loans or investments, promulgate rules and regulations in substantial conformity with similar rules and regulations under the Federal Credit Union Act and under regulations promulgated by the administrator of the National Credit Union Association. [§17:13-27(k)]

NORTH CAROLINA—In accordance with the rules and regulations of the Administrator and subject to the advice and consent of the Credit Union Commission, a credit union may engage in any activity in which it could engage if it were federally chartered, if on investigation, the Administrator finds it necessary to protect credit unions and to promote the state's economy. [§54-109.21(25)]

OKLAHOMA—A credit union chartered under Oklahoma law and insured under the Federal Credit Union Act may exercise any of the powers of a federally chartered credit union until otherwise provided by the legislature and subject to prohibition by the State Credit Union Board. [§2023]

SOUTH CAROLINA—The Board of Bank Control may by regulation permit cooperative credit unions to engage in any activities that are authorized for federally chartered credit unions. [§34-1-110]

TENNESSEE—State-chartered credit unions may make loans upon the same terms, conditions, and rates of interest as permitted federal credit unions. [§45-1849] May also make any investment lawful for federal credit unions. [§45-1806(3)(g)] May also engage in any or all shares or funds withdrawal activities authorized for federal credit unions. [§45-1806(6)]

WASHINGTON—A central credit union may exercise any powers conferred on a federally chartered credit union doing business in the state, if the supervisor finds that such exercise of power is desirable. [§31.13.030]

ACT IS SILENT:

18 states and Puerto Rico.

Out-of-State Credit Unions

CUNA MODEL ACT: A credit union organized and duly qualified as a credit union in another state may conduct business as a credit union in this state provided:

- (1) Such credit union is organized under a credit union law substantially similar to this Act;
- (2) The interest rate of such credit union on loans made to members in this state does not exceed the maximum interest rate permitted by this Act;
- (3) A credit union organized and doing business under the laws of this state is permitted to do business in such other state under conditions substantially similar to those in this Act;
- (4) The director approves an application filed by the credit union, which application shall include an agreement to comply with all rules and regulations prescribed by the director. [§1.70]

FEDERAL CREDIT UNION ACT: Act is silent.

ACT SIMILAR TO MODEL ACT:

Ohio [§1733.38, 1733.39]

OTHER ACTS:

ILLINOIS—A credit union chartered in another state may be permitted by the director to do business in Illinois only under the same conditions and to same extent that an Illinois credit union may do business in that state. [§496.45]

KANSAS—No credit union, except credit unions organized under Kansas law or the Federal Credit Union Act, shall do business in this state until it has received the approval of the credit union administrator. [§17-2223(a)]

OREGON—Act similar to Model Act, but such credit union must also agree to submit an annual report of examination from the supervising agency of the state in which it is chartered, and to authorize the examination of its parent credit union by the superintendent and to pay the reasonable cost and fee of such examination. [§723.042]

WISCONSIN—All credit unions authorized to transact in this state a business similar to that authorized to be done by the Wisconsin credit union chapter shall be under the control and supervision of the commissioner. [§186.25]

ACT IS SILENT:

41 states and Puerto Rico.

Deposit of Funds

(Also refer to "Investment" in Financial Institutions")

CUNA MODEL ACT: A credit union may make deposits in legally chartered banks, savings banks, savings and loan associations, trust companies and central-type credit union organizations. [§3.10(13)]

FEDERAL CREDIT UNION ACT: A federal credit union may 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. [§107(8)]

ACT SIMILAR TO MODEL ACT:

Montana [§14-013(12)] Oregon [§723.152(13)]
North Carolina [§54-109.21(12)] Texas [§1.01(13)]

A CREDIT UNION MAY DEPOSIT funds in state and national banks:

*Colorado [§11-30-104(1)(d)] Missouri [§370.070(3)]
Florida [§657.04(4)] Nebraska [§21-1773(9)]
Illinois [§196.9(3)] West Virginia [§31-10-4(d)]

*Provided the bank is insured by the federal deposit insurance corporation.

OTHER ACTS:

ALABAMA—A credit union may deposit funds in federally insured state and national banks, savings and loan associations, and other credit unions. [§5-17-4(a)(6)]

ARIZONA—A credit union may deposit funds in banks authorized to do business in Arizona. [§6-509(11)]

ARKANSAS—A credit union may make deposits (checking accounts) in state and federal chartered banks insured by the FDIC. [§67-905(k)]

CALIFORNIA—A credit union may deposit in savings banks, state banks or trust companies incorporated under California law, national banks in the state, federal and California credit unions in the state, and in federally approved savings and loan associations. [§15101]

CONNECTICUT—A credit union may deposit its funds in financial institutions whose accounts are insured by the U.S., provided not more than 10% of its assets are deposited in financial institutions whose principal offices are located in another state. [§36-198(f)]

GEORGIA—A credit union may deposit funds in banks, building and loan associations, savings and loan associations, and in credit unions, and may purchase certificates of deposits and savings certificates in same. [§11A-3101(d)(4)]

HAWAII—A credit union may deposit funds in national, state and mutual savings banks. [§410-12(f)(8)]

IDAHO—A credit union may make deposits in federally insured banks and savings and loan companies in Idaho, in state or federally chartered credit unions in Idaho and in the Idaho Corporate Credit Union. [§26-2108(k)]

INDIANA—A credit union may deposit funds in savings, private and national banks, trust companies, loan and trust, and safe deposit companies. [§28-7-1-9(d)]

IOWA—A credit union may deposit funds in state and national banks, and in a credit union which has been in existence for not more than a year an amount not to exceed 25% of the assets of the new credit union. [§533.4(4)(14)]

KANSAS—A credit union may deposit funds in state, savings and national banks, and trust companies. [§17-2204(3)]

MARYLAND—A credit union may deposit funds in state or national banks, insured building and savings and loan associations. [§151]

MICHIGAN—A credit union may deposit funds in federally insured state and national banks and in shares of or loans to central-type credit unions, as authorized by board of directors or executive committee. [§190.4(d)]

MINNESOTA—A credit union may deposit funds in state and national banks, and trust companies. [§52.04(4)]

MISSISSIPPI—A credit union may deposit funds in savings, state, national and mutual banks, credit unions, trust companies, savings and loans and any other federally insured financial institution. [§81-13-11(c)(iii)]

NEVADA—Deposits in federal or state banks, savings and loan associations, and credit unions are exempted from the definition of risk assets. [§678.090(2)]

NEW HAMPSHIRE—A credit union may deposit funds in savings, co-operative or national bank, trust company, building and loan association, or savings and loan, which is federally insured. [§394:17(1)]

NEW JERSEY—A credit union may deposit funds in state, savings and national banks, savings and loans, central funds of credit unions or central-type credit unions. [§17:13-27(f)]

NEW MEXICO—A credit union may deposit funds in state and national banks, and to an extent not greater than 25% of credit union's capital, invest in shares of building and loan associations and other credit unions organized under New Mexico laws. [§48-19-4(A)(4)]

continued

NEW YORK—A credit union may deposit funds in savings banks, banks or trust companies incorporated under New York law or in national banks located in state. [§456(1)]

NORTH DAKOTA—A credit union may deposit funds in state and national banks, trust companies, and central-type credit unions. [§6-06-06(4)]

OKLAHOMA—A credit union may deposit funds in state and national banks, trust companies, savings and loans, and credit unions approved by State Credit Union Board as depositories. [§2006(9)]

PENNSYLVANIA—A credit union may deposit funds in insured state banks, bank and trust companies, savings banks, national banking associations, savings associations or federal saving and loan associations. [§12305(B)(6)]

PUERTO RICO—A credit union may deposit funds in commercial banks or in the Puerto Rico Federation of Credit Unions. [§7(d)]

VERMONT—A credit union may deposit funds in banks, trust companies and credit union organizations. [§2054(11)]

WASHINGTON—A credit union may deposit funds in state or national banks located in this state or in checking accounts of banks in other states in which such accounts are insured by the FDIC. [§31.12.260(a)]

ACT IS SILENT:

Kentucky	Ohio	Utah
Louisiana	Rhode Island	Virginia
Maine	South Carolina	Wisconsin
Massachusetts	Tennessee	

Borrowing Power

CUNA MODEL ACT: A credit union may . . . borrow from any source in accordance with policy established by the board of directors. [§3.10(9)]

FEDERAL CREDIT UNION ACT: A federal credit union shall have the power to borrow, in accordance with such rules and regulations as may be prescribed by the Board, from any source, in an aggregate amount not exceeding 50 per centum of its paid-in and unimpaired capital and surplus. [§107(9)]

ACT SIMILAR TO MODEL ACT:

Nevada	[§678.470(2)]	Oregon	[§723.152(9)]
North Carolina	[§54-109.21(8)]		

ACT SIMILAR TO FEDERAL ACT:

California	[§15103]
------------	----------

A CREDIT UNION MAY BORROW from any source, provided the amount borrowed does not exceed the specified percentage of capital, surplus and reserve fund:

Indiana—50%	[§28-7-1-22]	Missouri—50%	[§370.290]
Kansas—25%	[§17-2215]	Tennessee—50%	[§45-1823]
Kentucky—100%	[§290.210]	West Virginia—20%	[§31-10-17]
Mississippi—50%	[§81-13-41]		

A CREDIT UNION MAY BORROW from any source, provided the amount borrowed does not exceed 50% of paid-in and unimpaired capital:

Florida	[§657.15]
---------	-----------

A CREDIT UNION MAY BORROW from any source, provided the amount borrowed does not exceed the specified percentage of paid-in and unimpaired capital and surplus:

Hawaii—50%	[§410-12(f)(9)]	*Maine—50%	[§822(1)]
Louisiana—40%	[§6:655]	**Maryland—50%	[§161]

*Bank Commissioner must be notified of intention to borrow more than 35%.

**For a period not exceeding 1 year, unless commissioner extends period 1 more year.

A CREDIT UNION MAY BORROW from any source, provided the amount borrowed does not exceed the specified percentage of assets:

Alabama—50%	[§5-17-4(a)(8)]	Montana—50%	[§14-613(8)]
Arizona—50%	[§6-509(9)]	*North Dakota—25%	[§6-06-19]
Minnesota—40%	[§52.15]		

*Unless state examiner authorizes more.

A CREDIT UNION MAY BORROW from any source, provided the amount borrowed does not exceed 50% of its shares and deposits:

Colorado	[§11-30-115]	New Mexico	[§48-19-15]
Iowa	[§533.15]		

A CREDIT UNION MAY BORROW from any source, provided the amount borrowed does not exceed the specified percentage of shares, deposits and surplus:

Georgia—50%	[§41A-3101(e)]
Texas—25%, without prior approval of the credit union commissioner.	[§4.01(10)]

A CREDIT UNION MAY BORROW from any source, provided the amount borrowed does not exceed the specified amount:

Arkansas—60% of the share balances	[§67-905(i)]
Nebraska—40% of paid-in and outstanding shares	[§21-1733(7)]
New Jersey—25% of share loans, or amount equivalent to investments in securities other than share loans, whichever is greater	[§17:13-43]

*Wisconsin—50% of total savings, deposits and reserves [§186-112(1)]

*For no longer than 12 months, unless commissioner authorizes longer period.

ACT IS SILENT AS TO SOURCE; amount borrowed by credit union shall not exceed specified amount:

Connecticut—50% of paid-in and unimpaired capital and surplus; bank commissioner must be notified of intention to borrow more than 35%	[§36-198(b)]
Illinois—40% of paid-in and unimpaired capital and surplus	[§496.9(8)]

New Hampshire—30% of paid-in and unimpaired capital	[§394:27]
New York—10% of capital; or 40% of capital with approval of superintendent of banks	[§453(7)]

Ohio—25% of paid-in and unimpaired capital and surplus without approval of superintendent of credit unions [§1733.04(B)(1)]

Rhode Island—25% of paid-in and unimpaired capital and surplus without approval of director of business regulation [§19-21-22(g)]

Virginia—90% of outstanding shares; approval of commissioner required for amounts in excess of 50% of outstanding shares [§6.1-201]

Washington—33-1/3% of paid-in and unimpaired capital and surplus; supervisor may authorize higher limit [§31.12.190]

OTHER ACTS:

IDAHO—A credit union may borrow from any financial institution or individuals in an aggregate amount not to exceed 50% of its members' shares and deposits. [§26-2108(i)]

MASSACHUSETTS—With approval of commissioner of banks, board of directors may borrow for and in behalf of the credit union. It may borrow money without approval of the commissioner from a savings bank, cooperative bank, federal savings and loan associations or the Central Credit Union Fund, Inc., provided that the sum borrowed does not exceed the deposit or share account of the credit union in such institution and the period does not exceed one year. [Ch. 171, §16]

MICHIGAN—At the discretion of its board of directors, a credit union may borrow from any source an amount up to 50% of its paid-in and unimpaired capital or up to 75% of its paid-in and unimpaired capital if its capital consists mainly of funds from other credit unions. Borrowing in excess of 75% must be approved by the commissioner. [§490.15]

OKLAHOMA—A credit union has the power to borrow from any source in an aggregate amount not exceeding 50% of its shares, deposits and undivided earnings; such borrowed money may be borrowed either by means of bills payable or through rediscounts of its negotiable instruments, and credit unions may pledge their assets as collateral securities. [§2006(10)]

PENNSYLVANIA—A credit union may borrow from any source a sum not exceeding 50% of its capital, surplus and undivided profits to meet loan demands or share withdrawals but not for purpose of investment. [§12320]

PUERTO RICO—A credit union may obtain loans from any person or public or private agency. They shall be authorized by board of directors through resolution to that effect. [§26]

SOUTH CAROLINA—A credit union may borrow from banks, savings and loan associations, building and loan associations, trust companies or other credit unions or persons. [§8-656]

UTAH—The board of directors may borrow from banking institutions and other credit unions. [§7-9-11(6)]

VERMONT—Subsequent to a vote at annual meeting, a credit union can borrow from any source an aggregate amount not exceeding 20% of its share, deposit and surplus account balances; or, up to 50% of such balances with prior written approval of commissioner. [§2054(9)]

Acquisition of Property

CUNA MODEL ACT: A credit union may . . . acquire, lease, hold and dispose of property, either in whole or in part, necessary or incidental to its operations. [§3.10(4)]

FEDERAL CREDIT UNION ACT: A federal credit union may purchase, hold and dispose of property necessary or incidental to its operations. [§107(4)]

ACT SIMILAR TO MODEL ACT:

Montana [§14-613(4)] Oregon [§723.152(4)]
North Carolina [§54-109.21(4)]

ACT SIMILAR TO FEDERAL ACT:

Arkansas [§67-905(d)] New Mexico [§48-19-4(A)(7)]
Colorado [§11-30-104(1)(h)] Oklahoma [§2006(4)]
Hawaii [§410-12(f)(4)] Vermont [§2054(4)]
Nebraska [§21-1773(4)]

A CREDIT UNION MAY PURCHASE, lease, hold or dispose of property necessary or incidental to its operations:

Arizona [§6-509(5)] *Texas [§6-509(5)]

*Subject to the regulations issued by the commissioner.

OTHER ACTS:

CALIFORNIA—Every credit union may purchase, hold, either individually or jointly with other credit unions or affiliated organizations, a lot and building to be employed principally for the transaction of business, and to provide for future expansion of the facilities of such organizations. Any excess space which is not occupied by the organizations purchasing and holding the building may be leased to the public. The lot and building may be sold, if all the holders of the property join in its sale. [§14804]

CONNECTICUT—A credit union may acquire, improve, hold, alter, maintain, repair, incumber, and convey such real estate as may be necessary for the transaction of its business or to protect its securities, provided no credit union shall expend in the purchase or construction of any building for the purpose, in whole or in part, of accommodating its business a greater amount than in the opinion of the Bank Commissioner should be used for such purpose. [§36-198(m)]

FLORIDA—Credit union may invest surplus funds in real estate and improvements thereon that may be required for its accommodation in the transaction of its business; before any such investment is made, the proposal must be submitted to the state comptroller and his approval obtained if he is satisfied that the proposed investment is necessary, that the amount is commensurate with the size and needs of the credit union and that it will be beneficial to the members. [§657.161(5)]

GEORGIA—A credit union may purchase, hold and convey real estate for the following purposes only: (1) that necessary for the convenient transaction of its business, subject to prior approval of the Department; (2) that conveyed to it in satisfaction of debt; (3) that purchased at sales under judgments, decrees or mortgage foreclosures pursuant to mortgages or security deeds held by it. [§41A-3101(h)]

IDAHO—A credit union shall have the power to own, hold or use any real property or any interest therein as it may reasonably require for any administrative or branch offices or other areas as approved by the director which may be necessary to the business functions of their offices, and any drive-up teller facilities or customer-credit union communication terminals which in the aggregate shall not exceed 15% of the total of its members' shares and deposits without prior approval of the director. [§26-2109]

ILLINOIS—A credit union shall have the power to purchase, lease, or own such real property as it may reasonably require for its administrative offices, to lease to others any part of such real property as is not required for its own use and to convey or otherwise dispose of such property, subject to the approval of the director of financial institutions. [§496.9(9)]

INDIANA—Credit union has power to provide suitable buildings or other office space or facilities from funds of the credit union but such expenditures shall not exceed 10% of the assets of the credit union and all such expenditures are subject to the approval of the department of financial institutions. A credit union also has power to purchase, hold, own and/or convey such real estate as may be conveyed to the credit union in satisfaction of debts previously contracted in its business or in exchange for real estate so conveyed to the credit union. A credit union may also own, hold and/or con-

continued

Acquisition of Property—continued

vey such real estate as may be purchased by the credit union upon judgment in its favor or decrees of foreclosure upon mortgages held by it. [§28-7-1-9(e)(i)]

IOWA—A credit union has power to purchase, hold and dispose of property necessary and incidental to its operation, provided that any property acquired through foreclosure shall be disposed of within a period not to exceed 10 years. [§533.4(10)]

MAINE—The board of directors can authorize the conveyance of property. A credit union may invest in real estate by the purchase of improved or unimproved real estate, and in the erection or improvement of buildings thereon together with fixtures and equipment, for the purpose of providing offices for the transaction of its business. Such buildings may include space for rental purposes. The cost shall not exceed 50% of the credit union's total surplus; provided that the superintendent may approve an amount in excess of said 50% of total surplus. [§842(2)(E), 863]

MASSACHUSETTS—Subject to approval of commissioner of banking, a credit union may invest a sum not exceeding its guaranty fund and other surplus accounts in the purchase of a suitable site and in erection or preparation of a suitable building or for alterations, improvements, or additions thereto for convenient transaction of its business. Subject to approval, a credit union may expend a sum not exceeding its guaranty fund and other surplus accounts for alterations, improvements and additions to any premises leased by it for the convenient transaction of its business. [Ch. 171, §21]

MICHIGAN—Credit union may purchase land and buildings for the purpose of providing adequate facilities for the transaction of its business at a cost not to exceed 20% of the capital of the credit union. Credit unions may purchase or hold such property jointly; and individually or jointly may purchase, acquire, and hold the outstanding shares of stock of a corporation engaged exclusively in purchasing, constructing, holding and furnishing property for such purposes. [§490.4(g),(h)]

MISSISSIPPI—Credit union may invest in real property and equipment needed for credit union operations as authorized by board of directors. [§81-13-11(c)(iv)]

MISSOURI—Credit union may purchase, hold and dispose of property, real or personal, necessary and incidental to its operations. Any property, real or personal, not used in the business, but acquired by way of pledge or foreclosure in the collection of loans or accounts, may be held by said credit union but must be sold within six years from the date it was so acquired. [§370.070(5)]

NEVADA—The board of directors may authorize the conveyance of property. [§678.380(4)]

NEW HAMPSHIRE—Credit union may purchase, build, improve, hold, dispose of, mortgage, rent, lease or exchange any property, real or personal, as is necessary or incidental to its operation, in which it occupies a portion of its office space, and is reasonably required for further expansion. [§394:19-a]

NEW JERSEY—Credit union can purchase land and buildings for its operations, so long as the cost does not exceed 50% of amount of credit union reserves and so long as the commissioner of banking and insurance approves. [§17:13-27(j)]

NEW YORK—A credit union shall have power, subject to prior approval of the superintendent, and of the membership present at a regular or special meeting, to purchase a plot whereon there is or may be erected a building suitable for the transaction of its business; provided that the aggregate of all investments of any credit

union in such plot and building shall be limited to 25% of the surplus account of such credit union. [§453(18)]

NORTH DAKOTA—Credit union may invest in a credit union office building including the lot, piece, or parcel of land on which the same is located, and in furniture and fixtures, to the extent authorized by regulations issued by the state credit union board. [§6-06-06(9)]

OHIO—Credit union may purchase, acquire by lease or otherwise own and dispose of any property, real or personal, but only when necessary and to the extent required for the use of the credit union alone in the operation of its office or headquarters; and for the purchase of real estate by the credit union, the written approval of the superintendent shall be first secured. [§1733.04(B)(4)]

PENNSYLVANIA—Credit union may hold, purchase, mortgage, alter, improve and sell such real property, and furniture and fixtures to be used therein, as the purposes of the credit union require and which the credit union occupies or intends to occupy for the transaction of its business or partly so occupies and partly so leases to others, provided that the cost at the time of acquisition shall not exceed 50% of the unimpaired surplus and undivided profits of the credit union or 5% of its unimpaired capital up to one million dollars plus 3% of its capital over \$1 million, whichever is greater except with prior approval from department of banking. [§12305(B)(10)]

PUERTO RICO—A savings and credit union may purchase, sell, exchange, and mortgage or take or give in lease the necessary property to carry out the purposes for which it was organized, provided said operations shall also be subject to the limitations imposed by the laws of Puerto Rico. [§11]

WASHINGTON—With prior written approval of supervisor and a three-fourths affirmative vote of directors, a credit union may invest a reasonable amount of its funds in real property or leasehold interests therein for use principally in the transaction of its business when:

- (1) The aggregate of its guaranty fund and undivided profits accounts equals 5% of the aggregate of its share accounts;
- (2) The total investment in such property does not exceed 7½% of the aggregate of its share accounts.

However a credit union may acquire real property through collection of loans secured thereby. [§31.12.090]

WISCONSIN—With the approval of the commissioner the board of directors may purchase or construct a building for the operation of the credit union provided the aggregate cost, including the cost of the land acquisition, does not exceed 100% of regular reserve unless prior approval for greater amounts, not to exceed 10% of savings, is given by the commissioner and the credit union review board. The cost of land acquisition may include vicinal property for future expansion but may not exceed the aggregate cost limitation. The credit union may rent or lease a portion of its building or property. [§186.11(2)]

ACT IS SILENT:

Alabama	Maryland	Tennessee
Kansas	Minnesota	Utah
Kentucky	Rhode Island	Virginia
Louisiana	South Carolina	West Virginia

Subsidiary Offices

(Service facilities or branch offices)

CUNA MODEL ACT: A credit union may maintain service facilities at locations other than its main office if the maintenance of such offices is reasonably necessary to furnish service to its members. [§1.50(1)]

FEDERAL CREDIT UNION ACT: A "branch" includes any office, agency or place of business at which member accounts are established or money is lent. [§101(8)] The Act requires the same publication of legal notice in involuntary liquidation situations regarding branch offices as it does for non-branch offices. [§120(b)(4)]

ACT SIMILAR TO MODEL ACT, but requires approval of the supervisor:

Georgia	[§41A-3116]	Maine	[§926]
Hawaii	[§410-39(1)]	Nevada	[§678.330(1)]
Iowa	[§533.4]	North Carolina	[§54-109.6(a)]

ACT MAKES REFERENCE TO "principal office", "principal place of business", "main office", "business office", or "registered office":

Kentucky	[§290.020(2)(d)]	Nebraska	[§21-1767]
Louisiana	[§6:641(1)]	Pennsylvania	[§12303(B)(3)]
Mississippi	[§81-13-3(a)]	Puerto Rico	[§9(b)]
Missouri	[§370.020(1)]	West Virginia	[§31-10-1(a)(2)]
Montana	[§14-603(2)(a)]		

CREDIT UNION HAS POWER to establish offices at locations other than its main office if the maintenance of such offices shall be reasonably necessary to furnish services to its membership. No additional offices shall be established to serve persons who are not entitled to membership as defined in the common bond provision of the articles of incorporation and who would not be entitled to services of the credit union at its main office.

The state credit union supervisor shall grant prior written approval for the establishment of subsidiary offices. He shall have the authority to issue notice and hold a public hearing to determine if the establishment of the subsidiary office or offices is necessary and in the best interests of the credit union:

*Arkansas [§67-939] Idaho [§26-21-43]

*All books of account shall be maintained at the main office.

OTHER ACTS:

ARIZONA—A credit union may establish a branch office with the prior written permission of supervisor. [§6-524]

CONNECTICUT—The certificate of organization shall contain the location of the credit union's principal office and subsidiary offices. [§36-196(2)(c)]

INDIANA—The credit union shall have power to establish service offices within the state upon prior approval by the department, provided that all books of accounts shall be maintained at principal office. [§28-7-1-9(j)]

MASSACHUSETTS—After such notice and hearing as the commissioner may require and with his written permission and under such conditions as he may approve, a credit union may establish and maintain one or more branch offices or depots in the county where the main office is located or on a site within 15 miles from the premises of the main office in any city or town in another

county. Any of the usual business transacted by a credit union at its main office may be transacted at a branch office. The business at a depot shall be transacted only on such days as may be designated by the board of directors and shall be limited to the receipt of deposits and the collection of moneys due or payable to the credit union, and such business shall be subject to such other conditions, if any, as may be prescribed by the commissioner. With the written consent of the commissioner a branch office or depot may be closed, or its location may be changed. No more than 1 application by a credit union to establish a branch office or depot outside the county shall be approved in any calendar year. [Ch. 171, §2]

MICHIGAN—A credit union shall have the power to establish one or more service centers upon the approval of the commissioner. Before granting approval, the commissioner shall satisfy himself that the credit union is in sound financial condition and that the proposed service center will serve the convenience and needs of the members. [§190.4(o)]

NEW YORK—Any credit union may open and maintain within the state, in any locality in which a substantial portion of its actual or potential membership is employed, one or more stations for the payment of money for withdrawals of shares or deposits, and the receipt of interest, fines and of payments upon shares and upon the principal of loans; with the superintendent's approval. [§460(2)]

OHIO—A credit union shall have no branches, but subject to the approval of the superintendent, may have service facilities other than its home office. [§1733.04(B)(3)]

OREGON—Any credit union may make a written application to the superintendent of banks for leave to establish a branch. Upon application, the credit union shall pay a \$500 non-refundable fee for each branch requested. The superintendent shall determine whether or not the establishment of a branch is advisable or justified and whether the public convenience and advantage will be promoted, and shall, at his discretion, approve or disapprove the establishment of the branch. [§723.032(1)]

RHODE ISLAND—No credit union may establish a branch or branches within the state at any other place than its principal place of business without first obtaining the consent of the board of bank incorporation. [§19-21-12]

TEXAS—Subject to prior written notification of the commissioner, a credit union may establish at locations other than its principal place of business additional offices that are reasonably necessary to furnish services to its members. [§2.08]

VERMONT—With the approval of the commissioner, a credit union may maintain 1 or more offices other than the principal place of business as may be necessary to conduct the affairs of the credit union. [§2054(15)]

WISCONSIN—If the need and necessity exists, a credit union may establish subsidiary offices within the state. [§186.113(1)]

ACT IS SILENT:

Alabama	Maryland	Oklahoma
California	Minnesota	South Carolina
Colorado	New Hampshire	Tennessee
Florida	New Jersey	Utah
Illinois	New Mexico	Virginia
Kansas	North Dakota	Washington

Agent for Government

CUNA MODEL ACT: A credit union may . . . perform such tasks and missions as are requested by the federal government or this state or any agency or political subdivision thereof, when approved by the board of directors and not inconsistent with this Act; act as fiscal agent for and receive deposits from the federal government, this state, or any agency or political subdivision thereof. [§3.10(18)(19)]

FEDERAL CREDIT UNION ACT: Each federal credit union, when requested by the Secretary of the Treasury, shall act as fiscal agent of the U.S. and perform such services as may be required in connection with the collection of taxes and other obligations due the U.S. and the lending, borrowing and repayment of money by the U.S.; and shall be a depository of public money when designated for that purpose. [§121]

ACT SIMILAR TO MODEL ACT:

Nevada [§678.490(2)(3)] Oregon [§723.152(19)]
North Carolina [§54-109.21(17)(18)]

A CREDIT UNION MAY ACT AS A FISCAL AGENT of the federal government, this state, or any of its subdivisions:

New Jersey [§17:13-27(h)]
Texas—Also for federal and state instrumentalities [§1.01(7)]

OTHER ACTS:

CALIFORNIA—The county board of supervisors may designate one or more state or federal credit unions, doing business in the county, as disbursing agent so that the auditor may pay the salaries of such persons who choose to receive their salaries from such an agent. [§28008]

CONNECTICUT—A credit union may act as agent for the sale, issue and redemption of the obligations of the U.S. and pledge assets to the U.S. or the proper federal reserve bank for its obligations as such agent. [§36-198(t)]

ILLINOIS—A credit union has power to act as an issuing agent of the U.S. Treasury in the purchase, sale, and issuance of U.S. savings bonds to members. [§496.9(13)]

LOUISIANA—A credit union may receive from any officer, employee, or agent of those nonmember units of the United States, the state of Louisiana, any parish, or municipality, and political subdivision thereof, payments on shares, share certificates and share deposits. [§6:644(12)]

MICHIGAN—County, city, or other local government units may invest surplus funds in credit unions insured by NCUA. (§129.91)

MONTANA—A credit union may perform such tasks and missions as are requested by the federal government or this state or any agency or political subdivision thereof, when approved by the board of directors and not inconsistent with this act. [§14-613(17)]

PENNSYLVANIA—A credit union may act as an issuing agent of the United States Treasury for the sale, issuance and redemption of U.S. savings bonds to its members. [§12305(B)(12)]

PUERTO RICO—Credit unions may be depositories of public funds of any kind. [§7(i)]

ACT IS SILENT:

34 states

Contributions

CUNA MODEL ACT: A credit union may make donations or contributions to any civic, charitable or community organization as authorized by the board of directors, subject to such regulations as are prescribed by the Director. [§3.10(21)]

FEDERAL CREDIT UNION ACT: Act is silent.

ACT SIMILAR TO MODEL ACT:

Montana [§14-613(19)] Oregon [§723.152(21)]
No. Carolina [§54-109.21(20)] Texas [§4.01(20)]

OTHER ACTS:

CALIFORNIA—A credit union may make a gift or donation, provided it is in the best interests of the credit union and has been approved by resolution of the board and by a vote of a majority of the members present at a meeting for which notice of such intended gift or donation has been given. [§14850]

CONNECTICUT—The credit union may make contributions for charitable, educational or public welfare purposes, so long as the annual total amount of such gifts shall not exceed the greater of \$100, 1½% of its undivided earnings or .1% of gross income. [§36-198(q)]

NEVADA—Credit union may make donations or contributions to any nonprofit civic, charitable or community organization as authorized by the board. [§678.500(1)]

NEW YORK—Credit union may make donations for public welfare or community fund, hospital, charitable, educational, scientific, civic or similar purposes and in time of war or other national emergency, in aid thereof. [§453(21)]

ACT IS SILENT:

38 states and Puerto Rico.

Taxation

CUNA MODEL ACT: Any credit union organized under this or any other credit union act and all shares and deposits therein shall be exempt from all taxation now or hereafter imposed by this state or any taxing authority within this state. No law which taxes corporations in any form, or the shares or deposits thereof, or the accumulation thereon, shall apply to any such credit union; except that any real property and any tangible personal property owned by any such credit union shall be subject to taxation to the same extent as other similar property is taxed, provided that this exception shall not permit the imposition of any sales or use taxes on the credit union.

The shares of any such credit union shall not be subject to stock transfer taxes, either when issued or when transferred from one member to another.

The participation by a credit union in any government program providing unemployment, social security, old age pension or other benefits shall not be deemed a waiver of the taxation exemption hereby granted. [§13.10, .12, .20]

FEDERAL CREDIT UNION ACT: 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. [§122]

ACT SIMILAR TO MODEL ACT:

Nevada [§678.540]

ACT SIMILAR TO FEDERAL ACT:

Hawaii [§410-30] North Dakota [§6-06-29]

Mississippi [§81-13-63]

CREDIT UNIONS ARE TAXED in same manner as savings banks:

Minnesota—[§52.22]

Tennessee—[§45-1830]

CREDIT UNIONS ARE DEEMED an institution for savings and are not subject to taxation except on real estate owned. The shares of a credit union are not subject to a stock transfer tax when issued by the corporation or when transferred from one member to another:

Arkansas [§67-935] Louisiana [§6:662]

Colorado [§11-30-123] Michigan [§490.22]

Idaho [§26-2138] New Mexico [§48-19-22]

Kentucky [§290.300] Pennsylvania [§12331]

OTHER ACTS:

ALABAMA—Credit unions are deemed an institution for savings and are not subject to taxation except on real estate owned. The shares of a credit union are not subject to a stock transfer tax when issued by the corporation or when transferred from one member to another. However, the corporate franchise tax and financial institution excise tax is applicable. [§5-17-24]

CONNECTICUT—Nothing in the credit union act shall be construed to exempt credit unions from taxation under Chapter 208. [§36-220]

GEORGIA—The constitutional ad valorem property tax is assessed unless a specific provision excludes credit unions. The ad valorem tax is assessed upon full market value of the credit union's shares (including surplus and undivided profits) and not upon their assets other than real estate. Tax rate shall not exceed banking corporation's rate of taxation. [§41A-3113]

ILLINOIS—All credit union shares and loans are exempt from taxation. [§496.42]

INDIANA—Credit unions are taxed in the same manner as building and loan associations, except they are exempt from excise tax and the shareholdings of members of both state and federal credit unions are exempt from intangibles tax. [§28-7-1-32]

IOWA—A credit union is deemed an institution for savings and is subject to taxation only as to its real estate, moneys, and credits. The shares are exempt from taxation. [§533.24]

KANSAS—Money, notes and other evidence of debt owned by any credit union is exempt from property and ad valorem taxes. [§79-

3120a(e)]. Credit unions are also exempt from state income taxation. [§79-32, 113(c)]

MAINE—Credit union shares are exempt from state tax. [§833(4)]

MARYLAND—Credit union capital, reserves, surplus and other funds and their income are exempt from all state, county or municipality taxation. [§159]

MONTANA—All credit unions shall have the same immunity from state and local taxation that federal credit unions have under the laws of the United States. [§14-672]

NEBRASKA—Real estate and tangible personal property taxed same as any other corporation or individual. In lieu of all other taxes on intangible property, credit unions shall be assessed and taxed four mills on the dollar of their gross interest income during the preceding calendar year. [§21-17, 126]

NEW JERSEY—Credit unions exempt from property tax on intangibles; also from inheritance and estate taxes. [§17:13-71]

NEW YORK—Credit unions are taxed as institutions for savings. No law which taxes corporations, or their shares or accumulations will apply to credit unions unless the statute specifically so states. [§474]

NORTH CAROLINA—Deemed institution for savings, and credit union and its accumulations shall not be taxable under any law exempting building and loan associations or institutions for savings; no law taxing corporations in any form, their shares, or their accumulations, shall apply to credit unions unless it specifically names credit unions; credit union shares are exempt from stock transfer taxes either when issued or when transferred from member to member. [§54-109.99]

OHIO—Credit unions shall be exempt from domestic corporation annual tax imposed for the privilege of exercising the corporate franchise. [§1733.43]

OKLAHOMA—Credit union shares not subject to any stock transfer tax, either when issued or transferred. [§2014]

OREGON—Credit union deemed an institution for savings within meaning of law which exempts such from taxation. No law which taxes corporations in any form, their shares or accumulations shall apply to credit unions, unless credit unions are specifically mentioned. However, credit unions are subject to the same tax as mutual savings and loan associations. The shares of any credit union shall not be subject to stock transfer taxes, and participation by a credit union in government programs providing unemployment or other benefits shall not be deemed a waiver of the taxation exemption. [§723.752; 723.756; 723.762]

PUERTO RICO—A credit union is not subject to payment of income tax. Also exempt from all property and municipal excise taxes. [§43]

RHODE ISLAND—The capital stock, corporate franchises and personal property, but not the real estate, of credit unions shall be exempt from taxation. [§19-21-40] The RICUL, Corporate Central Credit Union is exempt from the state tax imposed on deposits. [§19-21-53]

TEXAS—Texas-chartered credit unions exempt from all franchise or other license tax. Their intangible property not taxable by the state or political subdivisions. [§2.10]

UTAH—Credit unions are exempt from taxation. [§7-9-25]

VERMONT—Credit unions are exempt from all taxation except that any real property and tangible personal property owned by

continued

a credit union may be taxed as similar property is taxed; there shall be no sales or use taxes imposed on credit unions; credit union shares shall not be subject to transfer taxes when transferred from one member to another. [§2085]

VIRGINIA—All credit unions organized under laws of Virginia are exempt from payment of any franchise tax. [§6.1-225]

WASHINGTON—Neither the credit union nor its members shall be taxed on its shares and deposits as property. A credit union is deemed a mutual institution for savings and neither it nor its property shall be taxable under any law which exempts from taxation savings banks or institutions for savings, except that credit union real property and tangible personal property is taxable. [§31.12.380]

WEST VIRGINIA—Exempt from all taxation. Laws concerning taxation of corporation, its shares or its accumulations do not apply to credit unions, except that all real property and tangible personal property owned by the credit union shall be taxed. The shares of a credit union are not subject to a stock transfer tax, either when issued or transferred from one member to another. [§31-10-33]

ACT IS SILENT:

Arizona	Massachusetts	South Carolina
California	Missouri	Wisconsin
Florida	New Hampshire	

Fiscal Year

CUNA MODEL ACT: [Alternative A.] The fiscal year of each credit union organized under this Act shall end on the last day of

[Alternative B.] The fiscal year of each credit union organized under this Act shall be as determined by the board of directors. [§1.60]

FEDERAL CREDIT UNION ACT: The fiscal year of all federal credit unions shall end December 31. [§110]

ACT SIMILAR TO FEDERAL ACT:

Alabama	[§5-17-9]	Nevada	[§678.340]
Arizona	[§6-511(A)]	New Jersey	[§17:13-49]
Arkansas	[§67-909]	New Mexico	[§48-19-7]
Colorado	[§11-30-107]	New York	[§475]
Connecticut	[§36-202]	North Dakota	[§6-06-09]
Florida	[§657.07]	Ohio	[§1733.27]
Georgia	[§41A-3112]	Oklahoma	[§2009]
Hawaii	[§410-12(d)]	Oregon	[§723.036]
Idaho	[§26-2112]	Pennsylvania	[§12308]
Illinois	[§496.11]	Rhode Island	[§19-21-14]
Indiana	[§28-7-1-14]	Tennessee	[§4-1811]
Iowa	[§533.7]	Texas	[§2.02(4)]
Louisiana	[§6:647]	Utah	[§7-9-8]
Maryland	[§6-311]	Vermont	[§2070]
Michigan	[§490.7]	Virginia	[§6.1-209]
Minnesota	[§52.07]	West Virginia	[§31-10-7]
Mississippi	[§81-13-23]	Wisconsin	[§186.06(4)]
Montana	[§14-608]		

THE FISCAL YEAR SHALL END at the close of business on the last business day in December:

Maine	[§834]	Washington	[§31.12.150]
Nebraska	[§21-1780]		

THE FISCAL YEAR SHALL END at the close of business on September 30:

Kansas	[§17-2207]	Missouri	[§370.160]
--------	------------	----------	------------

OTHER ACTS:

KENTUCKY—Each credit union shall establish its own fiscal year. [§290.110(1)]

MASSACHUSETTS—At close of business on last business day in October. [Ch. 171, §12]

NEW HAMPSHIRE—The fiscal year shall end June 30. [§394:38]

PUERTO RICO—The fiscal year shall be set in the Articles of Incorporation. [§9(f)]

SOUTH CAROLINA—At close of business on December 31 or any other date approved by the State Board of Bank Control. [§8-673]

ACT IS SILENT:

California	North Carolina
------------	----------------

Amendments to Bylaws

CUNA MODEL ACT: (1) The articles of incorporation or the bylaws may be amended as provided in the bylaws. Amendments to the articles of incorporation or bylaws shall be submitted to the Director of the Credit Union Department who shall approve or disapprove the amendments within sixty (60) days.

(2) [Alternative A.] Amendments shall become effective upon approval in writing by the Director and no fee shall be charged for such approval.

(2) [Alternative B.] Amendments shall become effective upon approval in writing by the Director and a reasonable fee may be charged for processing such proposed amendments, which fee may not exceed _____ dollars (\$_____). [§1.32]

FEDERAL CREDIT UNION ACT: Act is silent.

ACT SIMILAR TO MODEL ACT (Alternative A):

Montana	[§14-605]	North Carolina	[§54-109.4]
Nevada	[§678.320]		

ACT SIMILAR TO MODEL ACT (Alternative B) with the specified fee:

Oregon—\$5 [§723.022]

PRIOR APPROVAL OF GOVERNMENT SUPERVISOR only requirement for amendment of bylaws stated in Act:

Arkansas	[§67-903]	New Mexico	[§48-19-2]
Colorado	[§11-30-102]	Rhode Island	[§19-21-11]
Florida	[§657.02]	Texas	[§2.08]
Kansas	[§17-2202]	Utah	[§7-9-7]
Kentucky	[§290.050]	Vermont	[§2052]
Mississippi	[§81-13-7]	Virginia	[§6.1-199]
Missouri	[§370.060]	Washington	[§31.12.120]
Nebraska	[§21-1770]	West Virginia	[§31-10-2]
New Jersey	[§17:13-31]		

THREE-FOURTHS VOTE OF MEMBERS at meeting and prior approval of supervisory authority required to amend bylaws:

*Alabama	[§5-17-9]	North Dakota	[§6-06-04]
Michigan	[§490.2]		

*The proposed amendment must also be contained in the call for the meeting.

TWO-THIRDS VOTE OF MEMBERS and approval of the government supervisor required to amend bylaws:

Pennsylvania [§12304]

BOARD OF DIRECTORS may amend bylaws:

*Indiana [§28-7-1-16(d)] South Carolina [§8-661(8)]

*Provided that the membership qualifications are defined in the articles of incorporation.

OTHER ACTS:

ARIZONA—Proposed bylaw amendments shall be adopted upon vote of three-fourths of the board of directors present; then they shall be submitted to superintendent for his approval; then ratified by the members at the next regular or special meeting. [§6-505(B)]

CALIFORNIA—The bylaws shall prescribe the manner in which they may be amended. [§14202(p)]

CONNECTICUT—Two-thirds vote of the board of directors at meeting and approval of government supervisor. [§36-196(4)(c)]

GEORGIA—Two-thirds vote of board and approval of department. [§41A-3005]

IDAHO—The bylaws may be amended as provided in bylaws. Amendments must be approved by the director of finance and submitted to a vote by the members. [§26-2106]

ILLINOIS—The bylaws may be amended by a majority vote of the members present or by two thirds vote of the directors present provided the proposed amendment is set forth in the call for the meeting. Amendments to the bylaws must be approved by the Director. [§196.5]

IOWA—The bylaws may be amended by the majority vote of a quorum of the members and with approval of the administrator of credit unions. [§533.2]

LOUISIANA—The members may amend the bylaws upon a majority vote, or may delegate that power to the board of directors. [§6:665]

MAINE—Amendments of the bylaws may be adopted and amendments of charter requested by an affirmative vote of two-thirds of the members of the board. [§848]

MARYLAND—Amendments require approval of commissioner, and three-fourths vote of members present, or voting by mail if the board authorizes mail ballots. [§6-312, 6-313]

MASSACHUSETTS—Three-fourths vote of members present at meeting and entitled to vote. Amendments dealing with common bond, name, or location of the credit union require approval of the commissioner. [Ch. 171 §8]

MINNESOTA—Approval of the commissioner and two-thirds of the members actually voting (by mail or at the meeting), provided the members actually voting constitute a quorum. [§52.02]

NEW HAMPSHIRE—The bylaws may be amended by three-fourths of the members present at a meeting and entitled to vote. [§394:7]

NEW YORK—Bylaws may be amended, with the approval of the superintendent, by vote of a majority of the directors a credit union would have if there were no vacancies. Any bylaw change affecting the shareholders meeting, voting rights of shareholders, the number of directors, or membership qualifications also requires approval of a majority of shareholders present at a meeting. [§473]

OHIO—Members may adopt amendments upon vote of two-thirds of those present at meeting called for that purpose; or if articles provide for it, by a greater or lesser proportion of the vote, so long as at least a majority approves the amendment. [§1733.33]

TENNESSEE—Three-fourths vote of those members present at meeting required to amend bylaws. [§45-1811]

WISCONSIN—All amendments to the bylaws shall be filed with the commissioner and shall become operative only when approved by him. [§186.02]

ACT IS SILENT:

Hawaii Oklahoma Puerto Rico

Merger of Credit Unions

CUNA MODEL ACT: Any credit union may, with the approval of the Director of the Credit Union Department, merge with another credit union under the existing charter of the other credit union, pursuant to any plan agreed upon by the majority of each board of directors of each credit union joining in the merger, and approved by the affirmative vote of a majority of the members of the merging credit union present at a meeting of its members duly called for such purpose. [§11.30(1)]

FEDERAL CREDIT UNION ACT: The Board 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 the Act. [§120(a)]

ACT SIMILAR TO MODEL ACT:

Montana [§14-666] Oregon [§723.682]

ACT SIMILAR TO MODEL ACT, but requires the affirmative vote of a majority of the members of each of the credit unions:

*Arkansas [§67-929(1)] Maryland [§6-326(a)]
Idaho [§26-2132] Nevada [§678.800]
Iowa [§533.30(1)] Oklahoma [§2022]
Kansas [§17-2228] **Utah [§7-9-27]

*The supervisor may waive the common bond requirement.

**Other merger procedures may be authorized by the regulatory agency.

ACT SIMILAR TO MODEL ACT, but the supervisor may waive the necessity for a meeting of the members to approve the merger:

Texas [§10.03(a)]

ACT SIMILAR TO FEDERAL ACT:

Louisiana [§6:646(A)(1)]

PROVISION IN ACT FOR MERGER PROVIDED merging credit unions are of like community of interest of membership:

California [§15600] Pennsylvania [§12327(C)]
Hawaii [§410-33] West Virginia [§31-10-28]

PROVISION IN ACT FOR MERGER between any two credit unions:

Georgia [§41A-3188(a)] Rhode Island [§19-21-44(1)]
Massachusetts [Ch. 171, §30] Tennessee [§45-1828(c)]
Missouri [§370.351, 370.352] Washington [§31.12.370]
North Carolina [§54-109.94] Wisconsin [§186.31(2)]
Ohio [§1733.34]

PROVISION IN ACT FOR MERGER between any two state credit unions or between a state and federal credit union:

Alabama	[\$5-17-22]	Maine	[\$872]
Arizona	[\$6-526(A)]	Nebraska	[\$21-17, 122]
Colorado	[\$11-30-122]	New Mexico	[\$48-19-20.2]
Connecticut	[\$36-223c]	North Dakota	[\$6-06-36]

OTHER ACTS:

ILLINOIS—Provision for merger of credit unions having similar associational, community, occupational interest or similar common bonds. The director may disregard that requirement if one of the merging credit unions is forced to liquidate. [§196.32]

INDIANA—A credit union may, with the approval of the department, merge with another Indiana credit union not more than 100 miles from the initial credit union's principal office pursuant to a plan approved by majority vote of board of directors and members (present at meeting) of each credit union. [§28-7-1-33]

KENTUCKY—With the approval of the commissioner, any credit union may merge with any other credit union chartered by the state and located in the capital city of the state and operated solely for the benefit of state employees. Such merger must be approved both by the credit union to be absorbed and by the continuing credit union. [§290.260]

MICHIGAN—A credit union may merge with a state or federal credit union. The commissioner shall approve mergers only in cases where the merging credit union is in financial difficulty, or its field of membership was lost, substantially reduced or has only limited potential for growth. [§190.4(s)]

MINNESOTA—Provision for merger between any credit union within the state or with credit union of another state or federal credit union, and vice versa. [§52.203]

VERMONT—Act similar to model act, but the commissioner may waive the necessity for voting for the credit union accepting the merger and approval is by a two-thirds vote of the respective memberships. A certificate of merger containing certain criteria is required. [§2083]

ACT IS SILENT:

Florida	New Jersey	South Carolina
Mississippi	New York	Virginia
New Hampshire	Puerto Rico	

Conversion of Charter

CUNA MODEL ACT: (1) A credit union chartered under the laws of this state may be converted to a credit union chartered under the laws of any other state or under the laws of the United States, subject to regulations issued by the Director of the Credit Union Department.

(2) A credit union chartered under the laws of the United States or of any other state may convert to a credit union chartered under the laws of this state. To effect such a conversion, a credit union must comply with all the requirements of the jurisdiction under which it was originally chartered and the requirements of the Director of the Credit Union Department and file proof of such compliance with said Director. [§11.40]

FEDERAL CREDIT UNION ACT: 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 possession of the United States, the Panama Canal Zone, or the Commonwealth of Puerto Rico, by complying with the requirements of the act.

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 proof of such compliance, satisfactory to the Board, and (c) filing with the Administration an organization certificate as required by this act. [§125(a), (b)(1)]

ACT SIMILAR TO MODEL ACT:

Montana	[\$14-667]	North Carolina	[\$54-109.95]
Nevada	[\$678.810]	Oregon	[\$723.686]

ACT PROVIDES FOR CONVERSION of a federal credit union or a credit union chartered by another state to a credit union chartered by the enacting state. Act also provides for conversion of a credit union chartered under the act to a federal charter or that of another state:

Connecticut		Oklahoma	[§2021]
	[\$36-223a, 36-223b]	Washington	
Illinois	[\$496.35, 496.36]		[\$31.12.390, 31.12.400]

ACT PROVIDES FOR CONVERSION of a credit union chartered by the enacting state to a federal charter:

Colorado	[\$11-30-120.5]	West Virginia	[\$31-10-27]
Maryland	[\$6-325]	Wisconsin	[\$186.314]

ACT PROVIDES FOR CONVERSION of a federal credit union to a credit union chartered by enacting state. Act also provides for conversion of a credit union chartered by the enacting state to a federal credit union:

Arizona	[\$6-533, 6-534]	New Hampshire	
Arkansas	[\$67-936]		[\$394:52, 394:53]
California	[\$15700, 15750]	New Jersey	[17:13-74]
Florida	[\$657.23]	New Mexico	[\$48-19-20.1]
Georgia	[\$41A-3119]	New York	[\$480-a; 480-b]
Hawaii	[\$410-31,32]	North Dakota	[\$6-06-35]
Idaho	[\$26-2139]	Ohio	[\$1733.341]
Indiana	[\$28-7-1-29]	Pennsylvania	[\$12327]
Iowa	[\$533.34, 533.35]	Rhode Island	[\$19-21-43]
Louisiana	[\$6:667]	South Carolina	[\$8-676]
Michigan	[\$490.25, 490.26]	Tennessee	[\$45-1831, 45-1832]
Mississippi	[\$81-13-65]	Texas	[\$10.04]
Nebraska		Vermont	[\$2084]
	[§21-17,112; 21-17,114]		

OTHER ACTS:

KANSAS—A Kansas chartered credit union may convert to federal credit union charter and a federal credit union or a credit union chartered by another state may convert to Kansas charter. [§17-2222, 17-2223]

MAINE—Act provides for conversion from a federal charter to a state charter; state charter to a federal charter; or a state credit union charter to a charter to do business as a savings bank, trust company, or savings and loan association. [§373, 874, 875]

MASSACHUSETTS—Any credit union operating under a charter other than one issued by the Commonwealth of Massachusetts may make application to the commissioner for incorporation under the state act. [Ch. 171, §30]

MINNESOTA—Act provides for conversion of a federal credit union to a charter under the Minnesota Act. [§52.20]

MISSOURI—A federal credit union, a credit union chartered by

continued

another state or another country may convert to a Missouri charter. A Missouri chartered credit union may convert to a federal charter, a charter of another state or of another country. [§370.358, 370.359]

ACT IS SILENT:

Alabama	Puerto Rico	Virginia
Kentucky	Utah	

Preservation of Records

CUNA MODEL ACT: (1) A credit union shall maintain all books, records, accounting systems and procedures in accordance with such rules as the Director from time to time prescribes. In prescribing such rules, the Director shall consider the relative size of a credit union and its reasonable capability of compliance.

(2) A credit union is not liable for destroying records after the expiration of the record retention time prescribed by the Director.

(3) A photostatic or photographic reproduction of any credit union records shall be admissible as evidence of transactions with the credit union. [§2.40]

FEDERAL CREDIT UNION ACT: After the expiration of five years from the date of cancellation of the charter of a federal credit union the Board may, in its discretion, destroy any or all books and records of such federal credit union in its possession under its control. [§120(c)]

ACT SIMILAR TO MODEL ACT:

Maine	[§225]	North Carolina	[§54-109.17]
Montana	[§14-612]	Oregon	[§723.116]

ALL CREDIT UNION RECORDS shall be kept for the specified period after date of making or last entry:

Arkansas—5 years	[§67-932]	Vermont—6 years	[§2068]
Connecticut—At least 6 years	[§37-217]	West Virginia—6 years	[§31-10-30]
Nevada—6 years	[§678.7 (1)]		

CREDIT UNIONS NOT REQUIRED to preserve or keep their records or files for a longer period than 5 years next after the first day of January of the year following the time of the making or filing of such records or files; provided, however, that all ledger and journal sheets showing unpaid balances in favor of shareholders and depositors of such credit union shall not be destroyed unless photographic copies of such ledger and journal sheets are retained:

Florida	[§657.22]	Utah	[§7-9-26]
---------	-----------	------	-----------

OTHER ACTS:

IOWA—Credit unions shall not be required to preserve or keep

their records or files for a longer period than eleven years next after the first day of January of the year following the time of the making or filing of such records or files; provided, however, that signature identification records, and ledger sheets showing balance in favor of member of such credit union shall not be destroyed. [§533.26]

MASSACHUSETTS—Each credit union shall preserve all records for 6 years from date of making or last entry. Such records shall be preserved in their original form for two years and thereafter may be preserved on microfilm or microfiche. [Ch. 171, §26A]

NEW YORK—Each credit union shall preserve all records for a period of at least 6 years; photographic reproductions of records constitute compliance with this section. [§480]

NORTH DAKOTA—No credit union shall be required to preserve and retain its records of accounts or files, except share and deposit files, for longer than 6 years after the first day of January of the year following the final date of the termination of such accounts or files; nor share and deposit account records for longer than two years after the first day of January of the year following the date of the death of the shareholder or deposit holder. A credit union must keep sufficient records to satisfy the reporting requirements of the escheat and abandoned property laws of the state. [§6-06-38]

OHIO—A credit union shall keep the minutes of all committees of the board for at least 6 years. Financial records required by the superintendent shall be kept for a period specified by the superintendent. [§1733.29]

OKLAHOMA—Credit unions may destroy records after 5 years, with the approval of the State Bank Commissioner. [§2019]

RHODE ISLAND—A credit union may with the consent of the director of business regulation, and in accordance with such rules and regulations as he may adopt, destroy its records as may have become obsolete. [§19-21-37]

TEXAS—A credit union may cause any or all records to be copied or reproduced by any photostatic, photographic, electronic, or microfilm process that correctly and permanently copies, reproduces, or forms a medium for copying or reproducing the original record on a file or other durable material, subject to any regulations promulgated by the commissioner, and dispose of the original record. Any copy or reproduction shall be deemed to be an original record for all purposes. A facsimile, exemplification, or certified copy shall, for all purposes, be deemed as such. [§4.01(22)]

ACT IS SILENT:

27 states and Puerto Rico.

THE MEMBER



Common Bond

CUNA MODEL ACT: Credit union membership may include, but is not necessarily limited to, groups having a common bond of similar occupation, association or interest, or to groups who reside within an identifiable neighborhood, community, or rural district, or to employees of a common employer, and members of the immediate family of such persons. [§4.10(2)]

FEDERAL CREDIT UNION ACT: 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. [§ 109]

ACT SIMILAR TO MODEL ACT:

*Georgia [§41A-3001(8)(b)] New York [§451(2)]
 Nevada [§678.510(2)] North Carolina [§51-109.26(b)]
 *Also includes members of a bona fide cooperative, educational, fraternal, professional, religious, rural or similar organization.

ACT SIMILAR TO FEDERAL ACT:

Alabama	[§5-17-5]	Mississippi	[§81-13-13]
Colorado	[§11-30-193(2)]	Missouri	[§370.080(2)]
Iowa	[§533.5]	New Mexico	[§48-19-5(A)]
Kansas	[§17-2205]	North Dakota	[§6-06-07]
Louisiana	[§6:645(B)]	Tennessee	[§45-1807]
Michigan	[§490.5]	Texas	[§3.01(1)]
Minnesota	[§52.05]	Washington	[§31.12.080]

CREDIT UNION MEMBERSHIP shall include groups having a common bond of occupation or association; groups with a well-defined neighborhood, community or rural district; employees of a common employer; and members of a bona fide fraternal, religious, cooperative, labor, rural, educational, or similar organization:

Arkansas	[§67-907(2)]	Kentucky	[§290.080]
Hawaii	[§410-11(1)(A)]	Maine	[§814(1)]
Idaho	[§26-2110(b)]	Vermont	[§2055]

BYLAWS TO DEFINE FIELD OF MEMBERSHIP, but must include the specified conditions which qualify a person for membership:

Massachusetts—Residence, occupation or association. [Ch. 171, §7(c)]
 New Hampshire—Residence or occupation. [§394:5]
 Rhode Island—Residence, occupation or community of interest. [§19-21-5(m)]
 South Carolina—Residence or occupation. [§8-655(3)]
 Utah—Domicile or vocation. [§7-9-6(3)]

ACT REFERS TO BYLAWS for definition of field of membership:
 Maryland [§6-304(b)(4)] Puerto Rico [§12]
 Oregon [§723.172]

CREDIT UNION MEMBERSHIP LIMITED to groups having a common bond of occupation or association:
 Oklahoma [§2007] West Virginia [§31-10-5]

OTHER ACTS:

ARIZONA—Credit union membership is open to those with a common bond of interest. [§6-502(C)]

CALIFORNIA—Act declares that principles of organizing a credit union are based on common bond of employment, membership, or residence. The commissioner may issue a certificate authorizing a credit union for an association of employers located in one reasonably compact geographical area. [§1425-1]

CONNECTICUT—The certificate of organization shall contain a description of the field of membership in detail. [§36-196(2)(d)]

FLORIDA—Act similar to Federal Act, but a credit union may amend its bylaws to accept into the field of membership individuals of a similar common bond of a liquidating credit union. [§657.04(11)]

ILLINOIS—In an associational credit union, membership is limited to persons belonging to a specific local association or organization; community credit union limited to residents of a well-defined neighborhood or community with less than 20,000 population; occupational credit union limited to persons having a common employer or having employers associated in an industry. [§496.3]

INDIANA—Membership shall be limited to persons having a common bond of occupation, trade or professional association, members of a labor organization or local church, or persons engaged in a common trade or profession within a well-defined geographical location; members of their immediate family; organizations of such persons; employees of the credit union; and farm bureau cooperatives and other farm bureau organizations. [§28-7-1-10]

MONTANA—Membership may include groups having a common bond of similar occupation, association or interest provided, that mere residence in a community may not establish a common bond of association or interest; or to employees of a common employer, and members of the immediate family of such persons. [§14-615(2)]

NEBRASKA—Membership is limited to groups of both large and small membership having a common bond of occupation or association, including religious, social or educational groups, employees of a common employer or members of a fraternal, religious, labor, farm, or educational organization and members of the immediate families. [§21-177-4]

NEW JERSEY—Membership is limited to persons employed by a common employer or belonging to the same labor union or fraternal or benevolent association or employees of organizations oper-

ating in a compact business community, industrial park or shopping center, or employees of trade association members; members of a church parish or congregation; persons employed by local, state or federal government in the state; residents of a well-defined rural area having not more than 2500 population; employees of the credit union. [§17:13-30]

OHIO—Membership shall be limited to persons having a common bond of association. [§1733.05(c)]

PENNSYLVANIA—Membership is limited to groups having a potential membership of 100 or more adults and common bond of association within a well-defined community or rural district by reason of occupation or of membership in a religious, labor or fraternal organization. [§12306]

VIRGINIA—Membership is limited to persons having a specified common bond of interest, members of their families, associations of such persons, and employees of the credit union. [§6.1-198(3)]

WISCONSIN—The bylaws shall prescribe the conditions of residence or occupation which qualify persons for membership. However, credit unions shall be open to groups having common bonds of occupation or association; residents of a well-defined neighborhood, community or rural district; employees of related or vicinal industries; members of a bona fide fraternal, religious, cooperative, labor, rural, educational or similar organization; employees of the credit union. [§186.05(1)]

Immediate Family

CUNA MODEL ACT: Credit union membership may include, but is not necessarily limited to, groups having a common bond of similar occupation, association or interest, or to groups who reside within an identifiable neighborhood, community, or rural district, or to employees of a common employer, and members of the immediate family of such persons. [§4.10(2)]

FEDERAL CREDIT UNION ACT: Act is silent.

ACT SIMILAR TO MODEL ACT:

Arkansas	[§67-907(2)]	Maine	[§81-4(1)]
Colorado	[§11-30-103(2)]	Montana	[§14-615(2)]
Hawaii	[§410-11(1)(A)]	Minnesota	[§52.05]
Idaho	[§26-2110(b)]	Nebraska	[§21-177-4]
Indiana	[§28-7-1-10]	North Carolina	[§54-109.26(b)]
Kentucky	[§290.080(1)]	Virginia	[§6.1-198(3)]
Louisiana	[§6:645B]		

OTHER ACTS:

ARIZONA—Immediate family is defined as persons related by blood, by marriage or adoption. [§6-501(5)]

CONNECTICUT—Any credit union may provide for the inclusion of the surviving spouse of a deceased member in its field of membership. [§36-196a(a)]

GEORGIA—Membership includes persons related by blood, adoption or marriage to, and living in the same household with, a person within the common bond, and the surviving spouses of deceased members. [§41A-3001(8)(b)]

ILLINOIS—In the case of occupational, associational, or community credit unions, membership is defined to include spouses, children and parents domiciled in the same residence as the primary member. [Ch. 32, §496.3(3)]

IOWA—Membership may be extended to persons related to a member in a specified degree (including foster children and adopted children) and to such relatives of a deceased member. [§533.5]

NEVADA—Immediate family includes any relative, by consanguinity or marriage, of a member living in the members household and includes foster and adopted children. [§678.130]

NEW JERSEY—Members of the immediate family defined as parents, brothers and sisters, spouse and children and unremarried widows or widowers of such persons; provided that such immediate family members over age 16 shall be permitted to borrow from the credit union only to the extent of their shareholdings in the credit union unless such loans are fully secured; provided further, that such immediate family members shall not be permitted to act as a comaker or endorser of any member's loan, except as provided otherwise in the act. [§17:13-30(e)]

NEW MEXICO—The immediate family of any person who is eligible for membership in, and is a member of a credit union, may also be admitted to membership therein; but the rights and privileges of any member admitted and eligible by virtue only of such relationship may be specially restricted, qualified and terminated as the bylaws of the credit union may provide. "Immediate family" shall be deemed to mean the relationship of spouse, child, parent, brother, sister, aunt or uncle, and any such step relationship. Relationship by the half blood shall be deemed the same as by the whole blood. [§48-19-5(A)]

NEW YORK—To the extent the bylaws do not provide otherwise, in each instance where a person is eligible to membership, his or her spouse, dependent children or parents living in the same household, shall be eligible to membership. [§451(2)]

OHIO—Membership is limited to those having a common bond of association, defined as a member and his family. [§1733.05, 1733.61(j)]

OREGON—Membership may include groups having a common employer, and members of the immediate family of such persons. [§723.172(2)]

PENNSYLVANIA—Persons who are members of the immediate family of a member of the credit union and who share the same domicile with a member may be elected to membership, but may not hold office. Unremarried spouse of a deceased member may become member. [§12306(B),(E)]

VERMONT—Members of immediate family of various common bond groups are eligible to join credit union. "Immediate family" includes any relative of any member by blood or marriage living under the same roof and in the same household. [§2055(b)]

WISCONSIN—Members of immediate family of various common bond groups are eligible to join credit union. "Immediate family" includes wife, husband, parents and children of the member or spouse of member living together in the same household as the member. [§186.05(1)(a)]

ACT IS SILENT:

Alabama	Mississippi	South Carolina
California	Missouri	Tennessee
Florida	New Hampshire	Texas
Kansas	North Dakota	Utah
Maryland	Oklahoma	Washington
Massachusetts	Puerto Rico	West Virginia
Michigan	Rhode Island	

Member Other Than Natural Person

CUNA MODEL ACT: Societies, and co-partnerships composed primarily of individuals who are eligible to membership, and corporations whose stockholders are composed primarily of such individuals, may be admitted to membership in the same manner and under the same conditions as individuals, but may not borrow in excess of their shareholdings. [§4.20]

FEDERAL CREDIT UNION ACT: Membership may include incorporated and unincorporated organizations to the extent permitted by the rules and regulations prescribed by the Board. [§109]

ACT SIMILAR TO MODEL ACT:

Arkansas	[§67-907(3)]	New York	[§451(2)]
Florida	[§657.15]	North Carolina	[§54-109.27]
Georgia	[§41A-3102(b)]	*Oregon	[§723.176, .184]
Kansas	[§17-2205]	Rhode Island	[§19-21-3]
Kentucky	[§290.08(1)]	Tennessee	[§45-1807]
Missouri	[§370.080(1)]	Vermont	[§2055]
Montana	[§14-616]	Virginia	[§6.1-198(3)]
Nebraska	[§21-1774]	Wisconsin	[§186.05(1)(b)]

*State deemed member for credit union to receive deferred compensation deposits from it.

MEMBERSHIP MAY INCLUDE organizations—incorporated or unincorporated—composed of the same general group as credit union members:

Alabama	[§5-17-5]	Mississippi	[§81-13-13]
Colorado	[§11-30-103(1)]	New Mexico	[§48-19-5(A)]
Hawaii	[§410-11(1)(B)]	North Dakota	[§6-06-07]
Iowa	[§533.5]	Oklahoma	[§2007]
Louisiana	[§6:645A]	Pennsylvania	[§12306(A)]
Michigan	[§490.5]	West Virginia	[§31-10-5]
Minnesota	[§52.05]		

MEMBERSHIP MAY INCLUDE any fraternal organization, voluntary association, partnership or corporation, with its place of business within the state, composed principally of persons eligible to membership in the credit union. Except with consent of supervisor, no loan may be made to such member in excess of shareholdings nor shall the total shareholdings of such class of members exceed 25% of the credit union's assets:

Maine	[§814(2)]	Washington	[§31.12.080]
Massachusetts	[Ch. 171, §5]		

OTHER ACTS:

IDAHO—Societies and associations composed of individuals who are members may be admitted to membership. [§26-2110(c)]

ILLINOIS—Organizations composed exclusively of persons eligible for membership may join, except such groups may not borrow in excess of their shareholdings. [§496.6]

INDIANA—Membership may be extended to organizations of those persons otherwise eligible to join. [§28-7-1-10]

MARYLAND—Membership includes every incorporator, and every person who meets the requirements. [§6-309]

OHIO—Associations comprised of persons within the field of membership of a credit union may become members. [§1733.05(D)] The total loans to such members may not exceed 10% of unimpaired surplus and capital or the total value of shares pledged by association members as security, whichever is greater. [§1733.25(E)]

PUERTO RICO—All those nonprofit artificial persons that comply with the requirements established in the bylaws and articles of incorporation may become members. [§12]

ACT IS SILENT:

Arizona	Nevada	South Carolina
California	New Hampshire	Texas
Connecticut	New Jersey	Utah

Small Employee Groups

CUNA MODEL ACT: Membership in Central Credit Union may include . . . employees of an employer with insufficient numbers to form or conduct the affairs of a separate credit union. [§12:20(4)]

FEDERAL CREDIT UNION ACT: Act is silent.

ACT SIMILAR TO MODEL ACT:

Montana	[§14-669(4)]	Oregon	[§723.706(4)]
---------	--------------	--------	---------------

ANY CREDIT UNION MAY ADMIT as members groups with an insufficient number to have a separate credit union with supervisor's approval:

Colorado—such groups must have common bond of employment or association; central credit union also eligible. [§11-30-103]

Iowa—employee groups only. [§533.5(13)]

Ohio—must have a common bond; may later form own credit union. [§1733.05(d)]

EMPLOYEE GROUPS WITH INSUFFICIENT NUMBERS to form their own credit union, are eligible for membership in a central credit union

Arkansas	[§67-907(4)]	*Nebraska	[§21-17, 117]
Louisiana	[§6:645B]	Vermont	[§2056(c)]

*50 or more employees with common bond

OTHER ACTS:

CALIFORNIA—A central credit union may, with approval of commissioner, admit small employee groups of at least 25 in number and whose place of employment is within 25 miles of principal office of the credit union to the credit union or is located within boundaries of a greater or lesser geographic area prescribed by the commissioner, upon the application of the employees. [§14008.1(a)]

CONNECTICUT—A central credit union may accept small employee groups of under 250 if employer agrees to a program of automatic payroll deduction. [§36-196(1)(b)]

FLORIDA—A central credit union may serve select groups with a common bond of employment of not more than 250 employees and not less than 7 employees, provided they are approved by the board of the central credit union and reviewed by the department. [§657.245]

GEORGIA—A central credit union may admit groups within a common bond which the Commissioner determines lack the potential membership for their own credit union. [§41A-3120(b)(6)]

HAWAII—Any resident in the state not eligible for membership in any credit union in the state, may be eligible for membership in a central credit union. [§410-37] Credit unions shall be open to groups having common or related bonds of occupation. [§410-11(1)(A)]

ILLINOIS—A central credit union may accept as members persons from occupational groups too small to form their own credit union. [§496.3(4)]

NEW JERSEY—Employees of small business groups having less than 100 people and located in the state are eligible for membership in a central credit union. [§17:13-73(6)]

SOUTH CAROLINA—Employees of employers who do not qualify under the organization provision in the act may become members of the statewide credit union authorized by §34-27-50 of the Act. [§8-654.1]

ACT IS SILENT:

29 states and Puerto Rico.

ACT STATES BOARD OF DIRECTORS HAS DUTY to act on membership applications, but may delegate it to either a membership officer or to a membership committee:

Arizona	[§6-513(B)(1)]	Idaho	[§26-2116(a)]
Iowa	[§533.9(1)]		

ACT STATES BOARD OF DIRECTORS HAS DUTY to act on membership applications, but may delegate it to either a membership officer or to an executive committee:

Arkansas	[§67-913(a)]	Florida	[§657.09(1)]
California	[§14406(a)]	Vermont	[§2061(1)]

ACT RESERVES TO BOARD OF DIRECTORS the duty to act on applications for membership:

Alabama	[§5-17-11]	Pennsylvania	[§12312(1)]
Massachusetts	[Ch. 171, §16]	Rhode Island	[§19-21-22(a)]
Michigan	[§490.9(1)(a)]	Utah	[§7-9-11(1)]
New Hampshire	[§394:26]	Virginia	[§6.1-211(1)]

OTHER ACTS:

ILLINOIS—A membership committee shall be elected by the directors from among their number to act upon all applications for membership. [§496.14(3)] However, the board of directors has the power to review membership applications. [§496.13(1)]

KANSAS—Only the board of directors, not membership officers, may reject applications for membership. [§17-2209(1)]

NEW JERSEY—Applications for membership shall be acted upon by the proper authorities as prescribed in the bylaws. [§17:13-37]

NEW MEXICO—The board of directors may delegate the duty to act on membership application to one or more designated directors or appointed membership officer. [§48-19-9(A)]

ACT IS SILENT:

Texas

Acceptance Into Membership

CUNA MODEL ACT: It shall be the duty of the directors to . . . act upon applications for membership; or to appoint one or more membership officers to approve applications for membership under such conditions as the board prescribes. A record of a membership officer's approval or denial of membership shall be available to the board of directors for inspection. A person denied membership by a membership officer may appeal the denial to the board. [§5.56(1)]

FEDERAL CREDIT UNION ACT: The board of directors shall act upon membership applications. An executive committee or one or more membership officers may be appointed by the board from among the members, other than the treasurer or loan officer, to approve membership applications under the conditions set by the board. Such membership officers shall submit to the board at each monthly meeting a list of approved and pending applications for membership, together with such related information as the bylaws require. A person denied membership may request in writing, a written explanation of the reasons for the denial. [§113]

ACT SIMILAR TO MODEL ACT:

Missouri	[§370.200(1)]	North Carolina	[§54-109.44(1)]
Montana	[§14-631(1)]	Oregon	[§723.296(1)]

UNLESS THE BYLAWS EXPRESSLY RESERVE THE DUTY TO THE SHAREHOLDERS, the board of directors is to act upon all applications for membership. It may also delegate that responsibility to a committee or officer:

Kentucky	[§290.130(2)(a)]	New York	[§469(1)]
Nebraska	[§21-1785(1)]		

UNLESS THE BYLAWS EXPRESSLY RESERVE THE DUTY TO THE SHAREHOLDERS, the board of directors is to act upon all applications for membership:

Georgia	[§41A-3107(a)]	West Virginia	[§31-10-9(a)]
Mississippi	[§81-13-27(a)]		

ACT STATES BOARD OF DIRECTORS HAS THE DUTY to act on applications for membership, but may delegate it to one or more membership officers:

Colorado	[§11-30-109(1)(a)]	No. Dakota	[§6-06-12(1),(10)]
Connecticut	[§36-203(4)(8)]	Ohio	[§1733.05(a)]
Hawaii	[§410-13(c)(1)]	Oklahoma	[§2010(C)]
Indiana	[§28-7-1-10(a)]	Puerto Rico	[§16(a)]
Louisiana	[§6.649B(1)]	South Carolina	[§7-661(1)]
Maine	[§842(2)(A)]	Tennessee	[§45-1813]
Maryland	[§6-316(b)(2), 319]	Washington	[§31.12.190]
Minnesota	[§52.09(2)(1)]	Wisconsin	[§186.08(1)]
Nevada	[§678.380(1)]		

Entrance Fee

CUNA MODEL ACT: The membership of a credit union shall be limited to . . . (those) persons (who) have paid the required entrance fee, or membership fee, or both. No amount specified. [§4.10(1)]

FEDERAL CREDIT UNION ACT: Persons applying for membership shall pay a uniform entrance fee, if required by board of directors; no amount specified. [§109]

ACT SIMILAR TO MODEL ACT:

California	[§14800(a)(1)]	Oklahoma	[§2007]
Florida	[§657.05]	Oregon	[§723.172(1)]
Georgia	[§41A-3102(2)]	Pennsylvania	[§12306(A)]
Iowa	[§533.5]	Tennessee	[§45-1807]
Minnesota	[§52.05]	Vermont	[§2055]
Montana	[§14-615(a)]	Washington	[§31.12.080]
New York	[§453(2)]	West Virginia	[§31-10-5]
North Carolina	[§54-109.26(a)]		

ACT REQUIRES PAYMENT OF ENTRANCE FEE as provided in bylaws:

Arkansas	[§67-907(1)]	Missouri	[§370.080(1)]
Louisiana	[§6:645A]	Nebraska	[§21-1774]
Mississippi	[§81-13-13]	Nevada	[§678.510(1)]
		North Dakota	[§6-06-07]

continued

ACT REQUIRES PAYMENT OF ENTRANCE FEE if any is provided for in bylaws:

- *Idaho [§26-2110(a); Massachusetts [Ch. 171, §7(j)]
26-2108(e)] Michigan [§490.5]
- Maine [§813(2)(B)(9)]
- *Fee not to exceed \$1.00.

ACT REQUIRES PAYMENT OF ENTRANCE FEE if any is provided for:

- Illinois [§496.6] New Mexico [§48-19-5(A)]

ENTRANCE FEE PRESCRIBED IN BYLAWS, but not to exceed specified amount:

- Alabama [§5-17-14]--\$1.00 Maryland [§6-308(f)]--\$.25
- Indiana [§28-7-1-10]--\$.25 Texas [§3.01(2), 4.01(5)]--\$1.00

ENTRANCE FEE SET BY the board of directors:

- Kentucky [§290.160(2)] Utah [§7-9-11(8); 7-9-14]
- *South Carolina [§8-661(10); 8-664]

*Not to exceed \$1.00.

OTHER ACTS:

COLORADO--A credit union organized after April 17, 1941, shall charge an entrance fee of 25 cents. [§11-30-112]

NEW HAMPSHIRE--The amount of the entrance fee, if any, shall be fixed by members at each annual meeting. [§394:12]

OHIO--If authorized by the regulations, a credit union may charge a membership or entrance fee not to exceed \$1 per member. [§1733.04(A)(4)]

RHODE ISLAND--The board of directors shall make recommendations to meetings of members relative to the amount of the entrance fee. [§19-21-22(f)]

ACT IS SILENT:

- Arizona Kansas Virginia
- Connecticut New Jersey Wisconsin
- Hawaii Puerto Rico

Leaving Field of Membership

CUNA MODEL ACT: Members who leave the field of membership may be permitted to retain their membership in the credit union as a matter of general policy of the board of directors. [§4.40]

FEDERAL CREDIT UNION ACT: Act is silent.

ACT SIMILAR TO MODEL ACT:

- Iowa [§533.5] North Carolina [§54-109.29]
- Montana [§14-619] Oregon [§723.186]

ONE WHO LEAVES FIELD OF MEMBERSHIP may retain his membership at the discretion of board of directors:

- Georgia [§41A-3102(c)] Nevada [§678.510(3)]
- Hawaii [§410-14(c)] Wisconsin [§186.05(1)(c)]

OTHER ACTS:

ARIZONA--The membership of one who leaves employment of the company, association, or corporation which is basis of field of membership may be terminated when so provided by bylaws, except membership is retained if a person retires from employment. Terminated members may have shares in credit union until payment of next dividend. [§6-500(0)2]

COLORADO--One who leaves the field of membership may retain membership as provided by the bylaws. [§11-30-103(3)]

CONNECTICUT--Any person properly admitted to membership may continue his membership in the credit union during his lifetime, notwithstanding any change in occupation, residence, or other condition initially controlling eligibility. [§36-196a(b)]

IDAHO--One who leaves field of membership may retain his credit union membership at discretion of board of directors, and as the bylaws may provide. [§26-2110(d)]

ILLINOIS--A credit union may retain as a member any person who, subsequent to becoming a member, changes his employment, his place of residence, or his marital status. [§496.3]

LOUISIANA--A member (or his family) who leaves the field of membership may retain his membership, but cannot hold any credit union office or serve on any credit union committee or board. A person retiring from office maintains full membership privileges. [§6:645B]

NEBRASKA--One duly admitted to membership, unless expelled or withdrawn pursuant to this act, retains his membership for life. [§21-1774]

NEW MEXICO--One who leaves sphere of operation may retain full membership if bylaws so provide. However, the board may impose special restrictions on such membership. [§48-19-5(B)]

NEW YORK--Any person eligible for membership in a credit union by virtue of being employed by a common employer shall not become ineligible after termination of such employment as long as he receives a pension from said employer. Any member who leaves the field of membership and is not a pensioner may continue as a member; however, he may not borrow in excess of his shareholdings. [§451(2)]

OHIO--A person is deemed to retain the common bond so long as he remains a member of the credit union. [§1733.05(c)]

PENNSYLVANIA--One who leaves field of membership and has not withdrawn all of his share account retains all the rights and obligations of membership. [§12306(D)]

VERMONT--A member shall have all privileges of membership so long as he is a member in good standing. [§2055]

ACT IS SILENT:

26 states and Puerto Rico.

Annual Members Meeting

CUNA MODEL ACT: The annual meeting and any special meetings of the members of the credit union shall be held at the time, place, and in the manner indicated by the bylaws. [§4.60(1)]

FEDERAL CREDIT UNION ACT: The annual meeting of each federal credit union shall be held during January, February, or March of each year at a time and place specified in the bylaws. [§116]

ACT SIMILAR TO FEDERAL ACT:

- Arizona [§6.511(B)] New Mexico [§48-19-7]
- Connecticut [§36-202] New York [§464(2)]
- Georgia [§41A-3002(b)(1)] Virginia [§6.1-198(1)]
- Indiana [§28-7-1-4(a)] Washington [§31.12.160]
- Maryland [§6-310(a)] Wisconsin [§186.05(7)]
- New Jersey [§17:13-32]

ACT SIMILAR TO MODEL ACT:

Alabama	[§5-17-9, 5-17-10]	North Carolina	[§54-109.31(a)]
Arkansas	[§67-910]	Oklahoma	[§2009]
California	[§15400]	Oregon	[§723.196(1)]
Idaho	[§26-2113]	Pennsylvania	[§12309]
Illinois	[§496.11]	South Carolina	[§8-657]
Iowa	[§533.7]	Texas	[§3.02]
Montana	[§14-621(1)]	Utah	[§7-9-8]
Nebraska	[§21-1769(1)]	Vermont	[§2057]
Nevada	[§678.550(1)]		

ANNUAL MEETING shall be held during January:

Rhode Island	[§19-21-13]	West Virginia	[§31-10-7]
--------------	-------------	---------------	------------

ANNUAL MEETING SHALL BE HELD at a time and place prescribed in the bylaws but no later than a specified date after close of fiscal year:

Hawaii—90 days		Missouri—90 days	[§370.030]
	[§410-11(C)(7)]	New Hampshire—90 days	
Kansas—120 days	[§17-2201(b)]		[§394.8]
Massachusetts—30 days			
	[Ch. 171, §13]		

OTHER ACTS:

COLORADO—The fiscal year shall end Dec. 31; the annual meeting shall be held within 45 days after that date. [§11-30-107]

KENTUCKY—The annual meeting shall be held in accordance with the bylaws. Special meetings shall be held upon written request of 10% of the members. At any meeting, a majority vote of the entire membership is sufficient to overrule the board of directors. [§290.110(1), (3)]

LOUISIANA—The annual meeting shall be held in January, or in any other month approved by the board and the commissioner. [§6:641(4)]

MAINE—The annual meeting shall be held as the board of directors determines, but within 60 days of the close of the fiscal year. [§8:46(1)]

MINNESOTA—The date of the organization meeting shall be the date of the annual meeting. [§52.08]

MISSISSIPPI—The bylaws shall specify the date of the annual meeting, which shall be during the month in which the annual report is filed. [§5393(a)]

NORTH DAKOTA—The organization meeting shall be the first annual meeting. [§6-06-11]

OHIO—The annual meeting shall be held on the first Friday in March, unless another date is provided for in the articles or regulations. [§1733.12(A)]

PUERTO RICO—The annual meeting shall be held during the first three months after close of fiscal year. However, the Inspector of Cooperatives can extend the time for the meeting up to six months. [§14]

TENNESSEE—The annual meeting shall be held at any time during January or February of each year. [§45-1803(1)]

ACT IS SILENT:

Florida	Michigan
---------	----------

Absentee Voting

CUNA MODEL ACT: No member may vote by proxy, but a member may vote by absentee ballot, if the bylaws of the credit union so provide. [§4.60(2)]

A society, association, co-partnership or corporation, having membership in the credit union, may be represented and have its vote cast by one of its members or shareholders, provided such person has been fully authorized by the organization's governing body. [§4.60(3)]

FEDERAL CREDIT UNION ACT: No member may vote by proxy, but a member not a natural person may vote through an agent designated for the purpose. [§110]

ACT SIMILAR TO MODEL ACT:

Kentucky	[§290.110(2)]	Oregon	[§723.196(2)(3)]
Montana	[§14-621]	Vermont	[§2057]
North Carolina	[§54-109.31(b)(c)]		

ACT SIMILAR TO FEDERAL ACT:

Alabama	[§5-17-9]	Nebraska	[§21-1782]
Arkansas	[§67-910]	Nevada	[§678.550(2)]
Connecticut	[§36-202]	New Hampshire	[§394:11]
Florida	[§657.07]	New Jersey	[§17:13-32]
Georgia	[§41A-3112]	New Mexico	[§48-19-7]
Idaho	[§26-2113]	North Dakota	[§6-06-10]
Iowa	[§533.7]	Oklahoma	[§2009]
Kansas	[§17-2207]	Pennsylvania	[§12309]
Louisiana	[§6:647(C)]	Puerto Rico	[§14]
Massachusetts	[Ch. 171, §13]	So. Carolina	[§8-657]
Michigan	[§490.7]	Tennessee	[§45-1811]
Mississippi	[§81-13-23]	Texas	[§3.02]
Missouri	[§370.170(3)]	West Virginia	[§31-10-7]

ACT SIMILAR TO FEDERAL ACT, but also provides for voting by mail if authorized by the board under the stated conditions:

Maryland—By resolution at least 90 days before a meeting. [§6-310(b), 6-313, 6-314]

Minnesota—[§52.02, 52.07]

Washington—As prescribed in the bylaws. [§32.12.160]

ACT PERMITS PROXY VOTING by natural persons only on a vote of dissolution. Non-natural members may vote by proxy at any meeting:

Maine	[§8:46(2)]	Rhode Island	[§19-21-15]
-------	------------	--------------	-------------

OTHER ACTS:

ARIZONA—The bylaws shall provide regulations as to voting. [§6-503(B)(1)]

CALIFORNIA—The bylaws may provide that any action or specifically designated actions which may be taken at a meeting of the shareholders may be taken without a meeting by submitting the matter to all members who would be entitled to vote upon such action at a meeting, for their written vote. [§15:107]

COLORADO—There shall be no voting by proxy, but a member other than a natural person may cast a single vote through a delegated agent. [§11-30-107] Also, members may vote for directors and committee members by proper balloting within 30 days before or 20 days after the annual meeting. [§11-30-108]

HAWAII—Credit unions may conduct elections by mail ballot, which must be signed by the member and be valid only for the meeting designated. [§410-11(C)]

continued

ILLINOIS—No proxy voting except in election of directors and in merger or dissolution propositions. Non-natural members may vote through an authorized agent. [§496.11]

INDIANA—The bylaws shall prescribe the voting regulations and the methods of voting, which must include absentee and proxy voting. [§28-7-1-4(g)]

NEW YORK—Every member entitled to vote at a meeting of members may authorize another person or persons to act for him by proxy at such meeting, subject to certain conditions provided by the act and further limitations which may be imposed by the bylaws. [§464(1)]

OHIO—If the articles or regulations so provide, any person who is entitled to vote at a members' meeting may be represented by a proxy or proxies appointed by a writing signed by such person. No appointment of a proxy shall be valid for more than 11 months. [§1733.13(C)]

UTAH—The bylaws may provide for ballot by mail, provided that voting by proxy is disallowed. [§7-9-10]

VIRGINIA—No voting by proxy except at a meeting called to amend the articles of incorporation or dissolve the corporation. [§6.1-209]

WISCONSIN—A credit union may conduct elections by mail ballot which shall be valid only for the meeting designated. [§186.113(12)]

Voting—Minimum Age

CUNA MODEL ACT: The board of directors may establish a minimum age, not greater than sixteen (16) years of age, as a qualification of eligibility to vote at meetings of the members or to hold office, or both. [§4.60(4)]

FEDERAL CREDIT UNION ACT: Act is silent.

ACT SIMILAR TO MODEL ACT:

Vermont [§2057(d)]

MINIMUM AGE FOR VOTING IS 16 YEARS; minimum age to hold office is 18 years.

New Jersey [§17:13-37] No. Carolina [§54-109.31(d)(e)]

MINIMUM AGE FOR VOTING IS 18 YEARS:

Maine [§8-46(2)] New Mexico [§48-19-7]

Massachusetts [Ch. 171, §11] Washington [§31.12.140]

New Hampshire [§394.18]

OTHER ACTS:

COLORADO—The board of directors may provide in the bylaws a minimum age of any minor to vote at any meeting of the members. [§11-30-113]

HAWAII—Minimum age for voting is 16 years. No person may become a director or committee member until he or she has reached the age of majority. [§410-20]

LOUISIANA—The bylaws may provide the minimum age for a member to vote or to hold office. [§647(C)]

MONTANA—Similar to Model Act, but minimum shall not be greater than 18. [§14-621(4)]

NEVADA—Minimum age for voting is 16 years. [§678.520(2)]

OHIO—The bylaws may set a minimum age for voting. [§1733.07(B)(2)]

OREGON—The board may establish a minimum age as a qualification to vote. [§723.196(4)]

TEXAS—A minor may vote in the meetings of the members if permitted by the bylaws, except no minor may vote through his parent or guardian. No minor is eligible for any office or committee membership within the credit union unless the bylaws specify otherwise. [§6.06]

WISCONSIN—Minor's right to vote is at discretion of board of directors. [§186.10]

ACT IS SILENT: 29 states and Puerto Rico.

Multiple Share Voting

CUNA MODEL ACT: At all such meetings a member shall have but one vote, irrespective of his shareholdings. [§4.60(2)]

FEDERAL CREDIT UNION ACT: No person shall have more than one vote, irrespective of the number of shares. [§110]

ACT SIMILAR TO MODEL AND FEDERAL ACTS:

Alabama	[§5-17-9]	Nevada	[§678.550(3)]
Arkansas	[§67-910]	New Hampshire	[§394:11]
Colorado	[§11-30-107]	New Jersey	[§17:13-32]
Connecticut	[§36-202]	New Mexico	[§48-19-7]
Florida	[§657.07]	New York	[§464(1)]
Georgia	[§41A-3112]	North Carolina	[§54-109.31(b)]
Hawaii	[§410-12(a)]	North Dakota	[§8-06-10]
Idaho	[§26-2113]	Ohio	[§1733.13(a)]
Indiana	[§28-7-1-14]	Oklahoma	[§2009]
Iowa	[§533.7]	Oregon	[§723.196(2)]
Kansas	[§17-2207]	Pennsylvania	[§12309]
Kentucky	[§290.110(2)]	Puerto Rico	[§14]
Louisiana	[§6:647(C)]	Rhode Island	[§19-21-15]
Maine	[§846(2)]	So. Carolina	[§8-657]
Maryland	[§6-310(b)]	Tennessee	[§45-1811]
Massachusetts	[Ch. 171, §13]	Texas	[§3.02]
Michigan	[§490.7]	Vermont	[§2057]
Minnesota	[§52.07]	Virginia	[§6.1-209]
Mississippi	[§81-13-23]	Washington	[§31.12.160]
Missouri	[§370.170(2)]	West Virginia	[§21-10-7]
Montana	[§14-621(2)]	Wisconsin	[§186.06(1)]
Nebraska	[§21-1782]		

OTHER ACTS:

ARIZONA—The bylaws shall provide regulations as to voting. [§6-503(B)(1)]

CALIFORNIA—In credit unions formed on or after September 15, 1945, no member shall have more than one vote irrespective of the number of shares held by him. [§15402]

ILLINOIS—At all elections and in all questions except the election of directors, each member shall have one vote. [§496.11]

In all elections for directors, every shareholder shall have the right to vote, in person or by proxy, for the number of shares owned by him for as many persons as there are directors to be elected, or to cumulate such shares, and give one candidate as many votes as the number of directors multiplied by the number of his shares shall equal, or to distribute them on the same principle among as many candidates as he shall think fit, and such directors shall not be elected in any other manner. [§496.12]

ACT IS SILENT: Utah



THE OFFICIALS

General Authority of Board of Directors

CUNA MODEL ACT: The board of directors shall have the general direction of the business affairs, funds and records of the credit union. [§5.50]

FEDERAL CREDIT UNION ACT: The board of directors shall have the general direction and control of the affairs of the corporation. [§113]

ACT SIMILAR TO MODEL ACT:

Arkansas	[§67-913]	Nebraska	[§21-1785]
California	[§14403]	Nevada	[§678.360(1)]
Connecticut	[§36-203(1)]	New York	[§468]
Georgia	[§41A-3107]	North Carolina	[§54-109.41]
Idaho	[§26-2116]	Oregon	[§723.282]
Indiana	[§28-7-1-16]	Rhode Island	[§19-21-22]
Kansas	[§17-2209]	South Carolina	[§8-661]
Kentucky	[§290.130]	Tennessee	[§45-1813]
Louisiana	[§6:649]	Utah	[§7-9-11]
Maine	[§842(2)]	Vermont	[§2061]
Maryland	[§6-316(a)]	Virginia	[§6.1-211]
Mississippi	[§81-13-27]	West Virginia	[§31-10-9]
Missouri	[§370.200]	Wisconsin	[§186.08]
Montana	[§14-628]		

ACT SIMILAR TO FEDERAL ACT:

Alabama	[§5-17-11]	New Hampshire	[§394:26]
Arizona	[§6-513]	New Jersey	[§17:13-33]
Colorado	[§11-30-109(1)]	New Mexico	[§48-19-9]
Florida	[§657.09]	North Dakota	[§6-06-12]
Hawaii	[§410-13(b)]	Oklahoma	[§2010(C)]
Iowa	[§533.9]	Pennsylvania	[§12312(A)]
Massachusetts	[Ch. 171, §16]	Puerto Rico	[§16]
Michigan	[§490.9(1)]	Texas	[§5.01]
Minnesota	[§52.09 (Subd. 2)]	Washington	[§31.12.190]

OTHER ACTS:

ILLINOIS—The board of directors is responsible for general management of the credit union; in discharging this general responsibility it may delegate duties but may not relinquish, waive or surrender any of its responsibilities. [§496.13]

OHIO—Except as otherwise provided by law, the articles or regulations, the corporate powers of the credit union shall be exercised, its business conducted, and its property controlled by a board of directors. [§1733.15]

Composition of Board of Directors

CUNA MODEL ACT: The credit union shall be directed by a board consisting of an odd number of directors, at least five in number, to be elected from the members. [§5.10]

FEDERAL CREDIT UNION ACT: The business affairs of a federal credit union shall be managed by a board of not less than five directors to be elected from the members. [§111]

ACT SIMILAR TO MODEL ACT:

Montana	[§14-622(1)]	North Carolina	[§54-109.35(a)]
Nevada	[§678.350(1)]	Oregon	[§723.252(1)]

ACT SIMILAR TO FEDERAL ACT:

Arizona	[§6-512]	Missouri	[§370.030]
Arkansas	[§67-911]	Nebraska	[§21-1783]
Georgia	[§41A-3002]	Ohio	[§1733.15]
Idaho	[§26-2114]	South Carolina	[§8-658]
Indiana	[§28-7-1-4(b)]	Tennessee	[§45-1803]
Kansas	[§17-2201(2)]	Texas	[§5.01]
Louisiana	[§6:641(5)]	Utah	[§7-9-10]
Maryland	[§6-315(a)]	Vermont	[§2058]
Michigan	[§490.8]	Washington	[§31.12.170]
Mississippi	[§81-13-5(b)]	West Virginia	[§31-10-8]

THE CREDIT UNION SHALL BE DIRECTED by a board of not less than five directors:

Alabama	[§5-17-10]	North Dakota	[§6-06-11]
Colorado	[§11-30-108]	Pennsylvania	[§12310]
Florida	[§657.08]	Puerto Rico	[§15]
New Hampshire	[§394:20]	Virginia	[§6.1-210]
New Mexico	[§48-19-8]		

BOARD SHALL CONSIST of not less than seven directors:

Illinois	[§496.12]
Oklahoma—Must be members of the credit union.	[§2010]

BOARD SHALL CONSIST of not less than five nor more than fifteen directors:

Connecticut—Must be members of the credit union.	[§36-203(1)]
Hawaii—Must be an odd number of directors.	[§410-13(a)]
Kentucky	[§290.120]
New York—Must be U.S. citizens and shareholders.	[§450(6)]

OTHER ACTS:

CALIFORNIA—Bylaws shall establish the number of directors which shall constitute a quorum. [§14202(d)]

continued

IOWA—Board shall consist of not less than 9 directors. [§533.8]

MAINE—The number of directors shall not be less than five, all of whom must be residents of this state. [§842(1)(A)]

MASSACHUSETTS—Board shall consist of not less than 11 directors, unless the number of members of the credit union is less than 11. No person shall be a director of two credit unions at the same time. [Ch.171, §14.15A]

MINNESOTA—The credit union shall be managed by a board of not less than five directors to be elected from the members; however, no full time manager of a credit union shall be a director. [§52.05]

NEW JERSEY—The board shall consist of not less than seven directors, all of whom must be members of the credit union and a majority of whom shall be residents of the state. [§17:13-33]

RHODE ISLAND—Number of directors to be fixed in the bylaws, but must be a multiple of three. [§19-21-17]

WISCONSIN—The board shall consist of an odd number of directors, at least five in number. [§186.06]

Election of Board of Directors

CUNA MODEL ACT: The board of directors shall be elected at the annual members' meeting by and from the members. [§5.10]

FEDERAL CREDIT UNION ACT: The business affairs of a federal credit union shall be managed by a board of not less than five directors . . . all to be elected at the annual members' meeting by and from the members. [§111]

ACT SIMILAR TO MODEL ACT:

Arizona	[§6-512]	Nevada	[§678.350(1)]
Arkansas	[§67-911]	New Jersey	[§17:13-33]
California	[§15400]	New York	[§467]
Connecticut	[§36-203]	North Carolina	[§54-109.35(a)]
Georgia	[§41A-3106]	Ohio	[§1733.12]
Idaho	[§26-2114]	Oklahoma	[§2010]
Indiana	[§28-7-1-15]	Oregon	[§723.252(1)]
Kansas	[§17-2208]	South Carolina	[§8-658]
Louisiana	[§6:648]	Tennessee	[§45-1812; 45-1803(2)]
Massachusetts	[Ch. 171, §14]	Texas	[§5.03(a)]
Michigan	[§490.8]	Utah	[§7-9-10]
Mississippi	[§81-13-25]	Vermont	[§2058]
Missouri	[§370.180]	Washington	[§31.12.170]
Montana	[§14-622(1)]	West Virginia	[§31-10-8]
Nebraska	[§21-1783]		

THE BOARD OF DIRECTORS shall be elected at the annual members' meeting by the members:

Alabama	[§5-17-10]	New Mexico	[§48-19-8]
Colorado	[§11-30-108]	North Dakota	[§6-06-11]
Florida	[§657.08]	Pennsylvania	[§12310]
Hawaii	[§410-13(a)]	Puerto Rico	[§15]
Iowa	[§533.8]	Rhode Island	[§19-21-17]
Maine	[§842(1)(B)]	Virginia	[§6.1-210]
Minnesota	[§52.08]	Wisconsin	[§186.07]
New Hampshire	[§394:20]		

OTHER ACTS:

ILLINOIS—Directors of a credit union shall be elected, classified, and shall hold their office for such period of time as is provided by the bylaws and general law governing the election and classification of directors of corporations. [§496.12]

KENTUCKY—Directors shall be elected by the members at the annual meeting from their own number. Any person so elected must be the owner or joint owner of at least one share in the credit union. [§290.120]

MARYLAND—Directors shall be elected from the members, at the annual meeting, or by mail if mail ballots are authorized by the board. [§6-310(c)(2),313]

Meetings of Board of Directors

CUNA MODEL ACT: The board of directors and the executive committee shall meet as often as necessary, but one body must meet at least monthly and the other at least quarterly. [§5:54]

FEDERAL CREDIT UNION ACT: Board of directors shall meet at least once a month. [§113]

ACT SIMILAR TO MODEL ACT:

Montana	[§14-630]	Oregon	[§723.292]
---------	-----------	--------	------------

ACT SIMILAR TO FEDERAL ACT:

Arizona	[§6-513]	New Hampshire	[§394:26]
Hawaii	[§410-13(b)]	Pennsylvania	[§12312]

BOARD OF DIRECTORS SHALL MEET as often as necessary:

Kentucky	[§290.130(1)]	Tennessee	[§45-1813]
Louisiana	[§6:648]	Utah	[§7-9-11]
Maryland	[§6-316(b)(1)]	Virginia	[§6.1-211]
Mississippi	[§81-13-27]	West Virginia	[§31-10-9]
Rhode Island	[§19-21-22]	Wisconsin	[§186.08]
South Carolina	[§8-661]		

BOARD OF DIRECTORS SHALL MEET as often as necessary, but not less than once each month:

Arkansas	[§67-913]	Massachusetts	[Ch. 171, §16]
Connecticut	[§36-203(2)]	Nebraska	[§21-1785]
Idaho	[§26-2116]	Nevada	[§678.360(1)]
Indiana	[§28-7-1-16]	Vermont	[§2061]
Maine	[§42(2)]	Washington	[§31.12.190]

OTHER ACTS:

GEORGIA—Board shall meet as often as necessary, but at least once during ten different months of each calendar year. [§41A-3107]

ILLINOIS—Board shall meet at least once each quarter. [§496.13]

KANSAS—The board shall meet at least six times each year with at least one meeting in each quarter-year period. [§17-2209(7)]

MICHIGAN—The commissioner may call a meeting of the board when he deems it expedient. [§9(2)]

NEW YORK—Unless otherwise provided in the bylaws, regular meetings of the board may be held without notice if the time and place of such meetings are fixed by the bylaws or the board. Special meetings of the board shall be held upon notice to the directors. The directors must hold an annual meeting within ten days after the annual meeting of the shareholders for the purpose of electing officers and committees as the bylaws provide. [§467(5), 464(2)]

NORTH CAROLINA—Board shall meet as often as bylaws prescribe. [§54-109.43]

OKLAHOMA—Board shall meet at least once a month, unless permitted by the bank commissioner to meet less often. [§2010(C)]

ACT IS SILENT:

Alabama	Minnesota	Ohio
California	Missouri	Puerto Rico
Colorado	New Jersey	Texas
Florida	New Mexico	
Iowa	North Dakota	

Term of Directors

CUNA MODEL ACT: All members of the board shall hold office for such terms as the bylaws provide. [§5.10]

FEDERAL CREDIT UNION ACT: All members of the board . . . shall hold office for such terms . . . as the bylaws may provide. [§111]

ACT SIMILAR TO MODEL AND FEDERAL ACTS:

Arkansas	[§67-911]	North Carolina	[§54-109.35(a)]
Illinois	[§496.12]	Oklahoma	[§2010]
Indiana	[§28-7-1-15]	Oregon	[§723.252(1)]
Louisiana	[§6:648]	South Carolina	[§8-658]
Maryland	[§6-315(b)]	Tennessee	[§45-1812]
Mississippi	[§81-13-25]	Texas	[§5.03(c)]
Missouri	[§370.180]	Utah	[§7-9-10]
Montana	[§14-622(1)]	Vermont	[§2058]
Nebraska	[§21-1783]	West Virginia	[§31-10-8]
Nevada	[§678.350(2)]		

TERMS OF DIRECTORS SHALL BE AS THE BYLAWS PROVIDE, and until successors qualify:

Alabama	[§5-17-10]	Minnesota	[§52.08]
Colorado	[§11-30-108]	New Mexico	[§48-19-8]
Florida	[§657.08]	North Dakota	[§6-06-11]
Iowa	[§533.8]	Pennsylvania	[§12310]
Kansas	[§17-2208]	Wisconsin	[§186.05(5), 186.07]
Michigan	[§490.8]		

DIRECTORS SHALL BE ELECTED for not less than one, nor more than three years, as the bylaws shall provide. If the term is for more than one year, the directors shall be divided into classes and an equal number, as nearly as can be, elected each year:

Arizona	[§6-512]	Massachusetts	[Ch. 171, §14]
California	[§14401]	New Hampshire	[§394:23]
Maine	[§842(1)(C)]	Washington	[§31.12, 170]

OTHER ACTS:

CONNECTICUT—The directors shall have terms not to exceed 3 years, as the bylaws provide and until their successors qualify. [§36-203(1)]

GEORGIA—The directors shall serve until the next annual meeting and until their successors are elected and qualified, unless the bylaws provide for staggered elections. [§11A-3106(b)]

HAWAII—The directors shall hold their offices until others are elected or appointed, and qualified, in their stead. [§410-13(a)]

IDAHO—Term of one year. [§26-2114]

NEW JERSEY—At least one-third of the directors shall be elected each year. [§17:13-33]

NEW YORK—If the bylaws so provide, the term of office for directors may be one, two or three years. [§467]

OHIO—May divide directors into two or more classes whose terms

shall expire at different times and may fix term of any class at not more than three years. [§1733.15(c)]

PUERTO RICO—Directors shall be elected for not less than one, nor more than 3 years and shall not be appointed for more than two consecutive terms. However, they shall hold office until their successors are elected and qualified. [§15]

RHODE ISLAND—Directors shall be elected in classes for terms of three years, such that one-third shall expire each year. [§19-21-17]

ACT IS SILENT:

Kentucky	Virginia
----------	----------

Executive Officers

CUNA MODEL ACT: (1) At their organization meeting and within thirty (30) days following each annual meeting of the members, the directors shall elect from their own number an executive officer, who may be designated as chairman of the board or president; a vice-chairman of the board or one or more vice presidents; a treasurer; and a secretary. The treasurer and the secretary may be the same individual. The persons so elected shall be the executive officers of the corporation.

(2) The terms of the officers shall be one year, or until their successors are chosen and have duly qualified.

(3) The duties of the officers shall be prescribed in the bylaws.

(4) The board of directors may employ an officer in charge of operations whose title shall be either president and/or general manager; or, in lieu thereof, the board of directors may designate the treasurer or an assistant treasurer to act as general manager and be in active charge of the affairs of the credit union. [§5.40]

FEDERAL CREDIT UNION ACT: 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. The offices of secretary and treasurer may be held by the same person. The duties of the officers shall be determined by the bylaws. [§112]

ACT SIMILAR TO MODEL ACT:

Arizona	[§6-503(B)(2), 6-513(A)]	Montana	[§14-627]
Colorado	[§11-30-109(1)]	North Carolina	[§54-109.40]
Kansas	[§17-2201(b)(2), 17-2209]	North Dakota	[§6-06-13]
		*Oklahoma	[§2010(B)]
		Oregon	[§723.276]

*Terms not specified.

THE DIRECTORS SHALL ELECT from their own number a president, vice president, secretary, and treasurer. The offices of secretary and treasurer may be held by the same individual. Duties of officers determined by bylaws.

*Kentucky	[§290.030(2), 290.130]	*Missouri	[§370.030(2), 370.190]
*Louisiana	[§6:641(5), 6:649]	South Carolina	[§8-655(9), 8-659]
Mississippi	[§81-13-5(b), 81-13-27]		

*The offices of secretary and treasurer may be held by the same person if the bylaws so provide.

THE DIRECTORS SHALL ELECT from their own number a president, vice president, secretary, and treasurer. The offices of secretary and treasurer may be held by the same individual.

continued

Duties of officers shall be determined by bylaws, except the treasurer shall be general manager:

Florida [§657.09] *Minnesota [§52.09]

*Treasurer need not be director.

THE DIRECTORS SHALL ELECT from their own number a president, vice president, secretary, and treasurer. The offices of secretary and treasurer may, if the bylaws so provide, be held by one person; and other officers may be elected in the discretion of the directors. Duties of officers determined by bylaws:

Virginia [§6.1-198(2)] West Virginia [§31-10-1(b)(2), 31-10-9]

THE DIRECTORS SHALL ELECT from their own number a president, vice president, secretary, and treasurer. The offices of secretary and treasurer may be held by the same individual. Duties of officers not specified:

Arkansas [§67-912] Vermont [§2059]

*Nebraska [§21-1784]

*The offices of secretary and treasurer may be held by the same person if the bylaws so provide.

THE DIRECTORS SHALL ELECT from their own number a president, one or more vice presidents, a clerk, a treasurer, and such other officers as may be necessary. The offices of clerk and treasurer may be held by the same individual. Duties of officers shall be determined by bylaws:

Maine [§813(2)(B)(8), 843(1)] New Hampshire [§394:5,

Massachusetts [Ch. 171, 394:25] §7(1), 15]

OTHER ACTS:

(NOTE: Duties of officers determined by bylaws unless otherwise stated)

ALABAMA—The directors shall elect a president, who must be either a member of the board of directors or an employee of the credit union. The directors shall also elect from their own number, a vice-president, secretary and treasurer, of whom the last two may be the same individual. [§5-17-11]

CALIFORNIA—The directors shall elect a president, vice president, secretary and treasurer. The same person may be secretary and treasurer if the bylaws so provide. [§14404, 14551, 14552]

CONNECTICUT—The directors shall elect a president, vice president, secretary, and treasurer from their own number, and such other officers as the bylaws or chapter 649 of the general statutes may provide. Board members shall hold only one office at a time. Duties shall be as set forth in the bylaws and determined by the board. [§36-204]

GEORGIA—The board shall elect a president, vice president, secretary and treasurer from its own number, and may also elect such other officers as the bylaws may provide. [§11A-3004(b)]

HAWAII—The directors shall elect from their own number a chief executive officer who may be designated as chairman of the board, a vice-chairman, a treasurer and a secretary, of whom the last two may be the same individual. [§110-14(a)]

IDAHO—The directors shall elect from their own number a president, one or more vice presidents, a treasurer, and a secretary, of whom the last two may be the same individual. The board may appoint an assistant treasurer from the membership. Act silent as to duties of officers. [§26-2115]

ILLINOIS—The Directors may elect from their own number a chairman and a vice chairman and shall elect a president, a vice president, a treasurer and a secretary, of whom the last two may be the same individual. The title of vice president may be expanded or used in combination with any other title except president. The directors shall also elect any other officers and assistant officers as are provided in the bylaws. These officers need not be directors. [§496.14]

INDIANA—The board shall elect from its own number a chairman of the board and a vice chairman or vice chairmen of the board, secretary and treasurer of the board. The board may appoint 1 or more persons as officers of the credit union, with titles of president and vice president(s). If the bylaws so provide, the office of secretary and treasurer may be held by the same person and there may be an assistant secretary and/or assistant treasurer. [§28-7-1-16]

IOWA—The directors shall elect from their own number a chairman of the board, vice chairman, president and secretary of whom the last two may be the same individual. The president shall be the general manager. [§533.9]

MARYLAND—At their first meeting after the annual meeting of the members, the board shall elect a president, vice president, secretary and treasurer who shall be the executive officers of the corporation. The president shall be selected from among the directors. If the bylaws so provide an assistant secretary or an assistant treasurer, or both, may be appointed by the board. The offices of secretary and treasurer may, if the bylaws so provide, be held by one person. [§6-137]

MICHIGAN—The directors shall elect from their own number a president, vice president, treasurer, and secretary of whom the last two named may be the same individual. The board may by resolution designate a general manager and define his duties. [§490.9]

NEVADA—The board shall elect from their own number a chairman of the board, vice-chairman, treasurer, and secretary, of whom the last two may be the same person. [§678.420]

NEW JERSEY—A president, vice president, secretary and treasurer shall be chosen either by the board of directors or by the members as the bylaws may direct, and shall hold their offices until others are chosen and qualified in their stead; the president shall be chosen from among the directors. All officers shall perform such duties as shall be assigned to them. [§17:13-36]

NEW MEXICO—The directors shall elect from their own number a president, vice president, treasurer and clerk, of whom the last two may be the same individual. The duties of the officers shall be as determined by the bylaws, except that the principal financial officer shall be the general manager. [§48-19-11]

NEW YORK—Directors shall elect officers, including a president from their own number, one or more vice presidents, a secretary and a treasurer and such other officers of the corporation as are required by the bylaws. The offices of secretary and treasurer may be held by the same person if the bylaws so provide. [§168.472]

OHIO—The directors shall elect a president, a secretary, and a treasurer, and, if desired, a chairman of the board, one or more vice presidents and such other officers and assistant officers as is provided for in the regulations, bylaws, or by resolution of the board. The chairman of the board shall be a director. Unless the articles or regulations otherwise provide, none of the other officers need be a director. Any two offices may be held by the same person, but no

officer shall execute, acknowledge, or verify any instrument in more than one capacity. [§1733.20]

PENNSYLVANIA—The directors shall elect from their own number a president, one or more vice presidents, a treasurer and a secretary and may elect a chairman of the board. The same individual may be both secretary and treasurer. The directors may appoint one or more assistant treasurers. Directors may employ an officer in charge of operations whose title shall be general manager or executive vice president. [§1232(A)]

PUERTO RICO—The directors shall elect from their own number the officers of the board. Duties determined by bylaws. The treasurer may act as general manager. [§16]

RHODE ISLAND—The board shall elect a president, a vice president, a clerk (or secretary) and a treasurer, who shall be the executive officers. It may also choose such other officers, with such powers, as it may deem expedient, provided that it shall not delegate to such other officers and committees any functions properly exercised only by the board. [§19-21-21]

TENNESSEE—The bylaws shall provide the duties of officers elected by the board. [§45-1802(2)]

TEXAS—The board shall elect from their own number a chairman, treasurer and secretary. From their own number or otherwise the board shall elect such other officers as may be prescribed in the bylaws, and may employ or shall designate the president. The president may or may not be, in the discretion of the board, the same person as the treasurer or general manager. The treasurer and the secretary may be the same person, but the president and secretary may not be the same person. [§5.03(d), 5.04]

UTAH—The board shall elect a president and a vice president from their own number, and a secretary and a treasurer who may or may not be directors. The executive officers shall have the power to act for and on behalf of the entire board in such matters as the board may delegate and as provided in the bylaws. [§7-9-11]

WASHINGTON—The directors shall elect from their own number a president, one or more vice presidents, a secretary, a treasurer, and such other officers as may be necessary. The treasurer need not be a director. The offices of secretary and treasurer may be held by the same individual. [§31.12.180]

WISCONSIN—The directors shall elect from their own number a chairman of the board and 1 or more vice chairmen, a secretary and a treasurer. The directors shall appoint a president and may appoint 1 or more vice presidents. The president shall be the operating executive officer and may be a director, as may the vice presidents. [§186.08]

Selection of Credit Committee

CUNA MODEL ACT: The board of directors shall appoint a credit committee, or in lieu of a credit committee, a credit manager. [§5.10(3)]

FEDERAL CREDIT UNION ACT: Credit committee is to be elected by and from the members at the annual members' meeting. [§111]

ACT SIMILAR TO MODEL ACT:

Montana [§14-622(3)] Texas [§5.05(a)(g)]
North Carolina [§54-109.35(c)]

ACT SIMILAR TO FEDERAL ACT:

Alabama	[§5-17-10]	North Dakota	[§6-08-11]
Arkansas	[§67-911]	Oklahoma	[§2010]
Georgia	[§41A-3106]	Pennsylvania	[§12310]
Kentucky	[§290.120]	Puerto Rico	[§15]
Louisiana	[§6:648]	Rhode Island	[§19-21-19]
Minnesota	[§52.08]	South Carolina	[§8-658]
Mississippi	[§81-13-25]	Tennessee	[§45-1812]
Missouri	[§370.180]	Vermont	[§2058]
Nebraska	[§21-1783]	Virginia	[§6.1-210]
New Hampshire	[§394:20]	West Virginia	[§31-10-8]
New Jersey	[§17:13-34]		

CREDIT COMMITTEE APPOINTED BY the board of directors:

Arizona	[§6-513(11)]	Maryland	[§6-321(a)]
Hawaii	[§410-13(a)]	Nevada	[§678.400(1)]
Idaho	[§26-2114]	Utah	[§7-9-10]
Maine	[§842(2)(k)]	Wisconsin	[§186.07]

CREDIT COMMITTEE ELECTED BY the board of directors from their own number:

Illinois	[§496.14]	Massachusetts	[Ch.171, §15]
Iowa	[§533.9]		

CREDIT COMMITTEE MAY EITHER BE APPOINTED by the board or elected by the membership:

California—As the bylaws provide. [§14500]

Indiana—As the bylaws provide. [§28-7-1-15]

New Mexico—If, at the option of the board, a credit committee is not appointed, it shall be the duty of the board to assume the duties of the credit committee. [§48-19-10(A)]

New York—As the bylaws provide. If committee is appointed, vacancies shall be filled for the unexpired term by the board. [§164(2)]

Oregon—A credit manager may be appointed in lieu of a credit committee. [§723.252(3)]

OTHER ACTS:

COLORADO—At the annual meeting, or by other proper ballot, within 30 days before and 20 days after the meeting, the members may elect a credit committee or authorize the board to appoint a credit committee or credit officer. [§11-30-108]

CONNECTICUT—The board of directors shall elect a credit committee. [§36-203(4)]

FLORIDA—Credit committee elected at annual meeting of members, unless bylaws provide for its appointment by the board. [§657.08]

KANSAS—The bylaws shall state the manner of appointment or election of a credit committee. [§17-2208]

MICHIGAN—Credit committee members to be elected at annual meeting of members, or the bylaws may provide for their election by the board. The bylaws may also provide for the appointment by the board, or by the membership, of one or more alternates. [§490.8]

OHIO—Unless the articles or regulations provide otherwise, the board shall appoint the credit committee members. [§1733.19(d)]

WASHINGTON—The board of directors shall select a credit committee. [§31.12.180]

Loan Officer—Appointment of

CUNA MODEL ACT: The credit committee may appoint one or more loan officers . . . [§5.64(1)]

FEDERAL CREDIT UNION ACT: The credit committee may appoint one or more loan officers. Not more than one member of the credit committee may be appointed as a loan officer. [§114]

ACT SIMILAR TO MODEL ACT:

Alabama	[§5-17-12]	Puerto Rico	[§17]
Kentucky	[§290.140]	South Carolina	[§8-669]
Montana	[§14-634(1)]	Tennessee	[§45-1815]
Ohio	[§1733.26(a)]	Texas	[§5.05(f)]
Oregon	[§723.252(2)]	Vermont	[§2062]

ACT SIMILAR TO FEDERAL ACT:

Arkansas	[§67-915(2)]	Maryland	[§146]
Colorado	[§11-30-110]	New Jersey	[§17:13-34]
Florida	[§657.10(2)]	North Dakota	[§6-06-14]
Georgia	[§41A-3109(b)]	Pennsylvania	[§12313]
Hawaii	[§410-13(c)]		

BOARD OF DIRECTORS MAY AUTHORIZE CREDIT COMMITTEE to appoint one or more loan officers:

Michigan—Subject to approval of Commissioner [§490.10]

Minnesota—When credit union's assets exceed \$10,000 [§52.1v]

New Mexico [§48-19-10]

BOARD OF DIRECTORS MAY AUTHORIZE CREDIT COMMITTEE to appoint a credit manager when credit union's assets exceed \$50,000:

Illinois—Subject to approval of Director [§496.15]

Missouri [§370.220(4)]

OTHER ACTS:

ARIZONA—The credit committee may, subject to the provisions of the bylaws and upon ratification of the board, appoint one or more loan officers. [§6-514(B)]

CALIFORNIA—The credit committee may, with the approval of the board of directors, appoint one or more loan officers, who must be a member of the credit union and may, but need not be, a member of the credit committee or an officer or director. [§14502]

CONNECTICUT—The board may appoint 1 or more loan officers, who shall not be members of the supervisory committee but any or all of whom may be members of the credit committee. [§36-203(9)]

IDAHO—The credit committee, upon approval of the board, may appoint one or more loan officers to act under the supervision of the credit committee. No more than one member of the credit committee may serve as loan officer. [§26-2118]

INDIANA—The board of directors of a credit union may appoint 1 or more loan officers and delegate to him or them authority not to exceed that granted to the credit committee. Not more than one member of the credit committee may be appointed as a loan officer. [§28-7-1-16(g)]

IOWA—Upon approval of the board the credit committee may appoint one or more loan officers, who may be the president or vice president. [§533.10]

KANSAS—The credit committee may appoint one or more loan officers, who may be the treasurer or an assistant treasurer. [§17-2210]

LOUISIANA—The credit committee may appoint one or more loan officers from among members of the credit union, other than a treasurer, assistant treasurer, membership officer, or other person authorized to disburse funds of the credit union. [§6:650.1]

MAINE—When so provided by the bylaws, the credit committee may appoint one or more loan officers who may receive such compensation as may be provided by the board of directors. [§845(2)]

MASSACHUSETTS—The board of directors may delegate to one or more loan officers, who need not be members of the credit committee, or to an employee, who need not be a member of the board, the power to make all loans. [Ch. 171, §22]

MISSISSIPPI—The credit committee may delegate authority to approve loans and advances to loan officers. [§81-13-31]

NEBRASKA—The credit committee may apply to the Department of Banking for the licensing of one or more loan officers in order to delegate to him or them the power to approve loans up to a limit set by the credit committee on its application. A loan officer shall be a member of the credit union. Not more than one member of the credit committee shall be appointed as a loan officer. [§21-1786]

NEVADA—The credit committee may appoint a loan officer. Only one member of the credit committee may be appointed as loan officer or assistant loan officer. [§678.400(3)]

NEW HAMPSHIRE—When so provided by the bylaws, the board may, with the approval of the credit committee, appoint and provide for the compensation of a loan officer to act under the supervision of the credit committee. A deputy loan officer may be appointed and compensated in the same manner. [§394:25(a)]

NEW YORK—The credit committee may appoint one or more loan officers. Not more than one loan officer shall be a member of the credit committee, nor shall any officer who is authorized to sign checks act as a loan officer. [§470]

NORTH CAROLINA—The credit committee may appoint one or more loan officers to act under the supervision of the credit committee. The board of directors may appoint one or more loan officers in lieu of a credit committee. [§54-109.47(a), 54-109.35(c)]

OKLAHOMA—To facilitate its work, the credit committee may appoint one or more loan officers and such assistants as may be necessary. [§2010(D)]

RHODE ISLAND—The bylaws may provide for the appointment by the credit committee of one or more loan officers. [§19-21-5(n)]

UTAH—When recommended by the credit committee, the board may appoint and provide for compensation of one or more loan officers and such assistants as may be necessary. The treasurer may be appointed as a loan officer. [§7-9-18]

VIRGINIA—The credit committee may appoint one or more loan officers, but no member of the credit committee may be appointed as a loan officer. [§6.1-212]

WASHINGTON—Board of a credit union with assets of \$200,000 may appoint such loan officers as it deems advisable for the purpose of approving certain types of loans without further authorization from the credit committee. Credit unions with assets of \$200,000 or less may appoint loan officers with the approval of the supervisor. [§31.12.245]

WISCONSIN—The board of directors shall appoint such other officers as it determines are necessary. [§186.07]

ACT IS SILENT: West Virginia

Selection of Supervisory Committee

CUNA MODEL ACT: The board of directors shall appoint a supervisory committee at the organization meeting and within thirty (30) days following each annual meeting of the members. [§5.10(2)]

FEDERAL CREDIT UNION ACT: The supervisory committee shall be appointed by the board of directors. [§111]

ACT SIMILAR TO FEDERAL ACT:

Arizona	[§6-513(11)]	*Nevada	[§678.390(1)]
*Hawaii	[§410-13(a)]	North Carolina	[§54-109.35(b)]
Idaho	[§26-2114]	Oregon	[§723.252(2)]
Maine	[§842(2)(j)]	Utah	[§7-9-11(12)]
Maryland	[§6-320(a)]	Vermont	[§2058]
Montana	[§14-622(2)]		

*Committee officially known as the audit committee.

SUPERVISORY COMMITTEE ELECTED by the members at the annual meeting:

Alabama	[§5-17-10]	New Hampshire	[§394.20]
Arkansas	[§67-911]	*New Jersey	[§17.13-35]
California	[§15400]	Pennsylvania	[§12310]
Florida	[§657.08]	Puerto Rico	[§15]
Georgia	[§41A-3106]	Rhode Island	[§19-21-19]
Indiana	[§28-7-1-15]	South Carolina	[§8-658]
Kentucky	[§290.120]	Tennessee	[§45-1812]
Louisiana	[§6:648]	Virginia	[§6.1-210]
Minnesota	[§52.08]	**Washington	[§31.12.200]
Mississippi	[§81-13-25]	West Virginia	[§31-10-8]
Missouri	[§370.180]		

*Committee officially known as the examining committee.

**Committee officially known as the auditing committee.

SUPERVISORY COMMITTEE ELECTED by the board of directors from their own number:

Illinois	[§496.14]	Massachusetts [Ch. 171, §15]
Iowa	[§533.9]	

BOARD OF DIRECTORS APPOINTS SUPERVISORY COMMITTEE under the conditions indicated:

Nebraska—with approval of a two-thirds majority. [§21-1784]
Ohio—unless articles or regulations provide otherwise. [§1733.19(b)]
Oklahoma—unless bylaws provide otherwise. [§2010]

OTHER ACTS:

COLORADO—At the annual meeting, or by other proper balloting within 30 days before and 20 days after the meeting, the members shall elect a supervisory committee [§11-30-108]

CONNECTICUT—The board of directors shall elect a supervisory committee. [§36-203(4)]

KANSAS—The bylaws shall state the manner of appointment or election of a supervisory committee. [§17-2208]

MICHIGAN—Supervisory committee members to be elected at annual meeting of members, or the bylaws may provide for their election by the board. The bylaws may also provide for the appointment by the board, or by the membership, of one or more alternates. [§490.8]

NEW MEXICO—Supervisory committee may be either appointed by the board or elected by the membership. [§48-19-11]

NEW YORK—Supervisory committee may either be appointed by the board or elected by the membership as the bylaws provide. If

committee is appointed, vacancies shall be filled for the unexpired term by the board. [§464(2)]

NORTH DAKOTA—Supervisory committee members to be elected by the members at the annual meeting unless the bylaws provide for their appointment by the board. [§6-06-11]

TEXAS—The board shall make or cause to be made a comprehensive annual audit and such supplementary audits as it deems necessary. [§5.07(a)]

WISCONSIN—After the annual meeting and within one month the board of directors shall appoint a competent and qualified person to audit the operations of the credit union. [§186.15]

Composition of Supervisory Committee

CUNA MODEL ACT: Supervisory committee consists of not less than three members. [§5.10(2)]

FEDERAL CREDIT UNION ACT: Committee consists of not less than three, nor more than five members, one of whom may be a director, other than the treasurer. [§111]

ACT SIMILAR TO MODEL ACT:

Arkansas	[§67-911(1)]	Montana	[§14-622(2)]
Arizona	[§6-513(11)]	New Mexico	[§48-19-8]
California	[§14450]	North Dakota	[§6-06-11]
Colorado	[§11-30-108]	Ohio	[§1733.19(d)]
Idaho	[§26-2114]	Oregon	[§723.252(2)]

SUPERVISORY COMMITTEE CONSISTS of three members:

Alabama	[§5-17-10]	Minnesota	[§52.08]
Florida	[§657.08]	Puerto Rico	[§15]

SUPERVISORY COMMITTEE CONSISTS OF NOT LESS than three nor more than five members, only one of whom may be a director:

Connecticut—None of whom may be an officer or member of the credit committee nor an employee. [§36-208(1)]

Hawaii—[§410-13(a)]

SUPERVISORY COMMITTEE CONSISTS OF NOT LESS than three members, none of whom may be directors or credit committee members:

Kentucky	[§290.120]	Virginia	[§6.1-210]
Nebraska	[§21-1784]	West Virginia	[§31-10-8]
Vermont	[§2058]		

SUPERVISORY COMMITTEE CONSISTS OF NOT LESS than three members, none of whom may be directors:

Georgia	[§41A-3002(b)(4), 41A-3106(a)]	Louisiana	[§6:648]
---------	--------------------------------	-----------	----------

SUPERVISORY COMMITTEE CONSISTS OF THREE MEMBERS, none of whom may be directors or credit committee members:

Rhode Island	[§19-21-19]	South Carolina	[§8-658]
--------------	-------------	----------------	----------

SUPERVISORY COMMITTEE CONSISTS OF NOT LESS than three members. Unless the number of credit union members is less than eleven, no director may be a member of the committee:

Indiana	[§28-7-1-4, 28-7-1-15]	Missouri	[§370.030, 370.180]
*Kansas	[§17-2208]	Tennessee	[§45-1803, 45-1812]

Mississippi [§81-13-5(d), 81-13-25]

*Except treasurer may be member

continued

OTHER ACTS:

ILLINOIS—Supervisory committee of three members all of whom are to be members of the board of directors, excluding officers and members of the credit committee. [§496.14(2)]

IOWA—Supervisory committee of at least three members, all of whom are to be members of the board of directors. [§533.9]

MAINE—Supervisory committee consists of not less than three members, not more than one of whom may be a director. No director shall be a member of both the credit and supervisory committee unless the number of members of the credit union is less than eleven. [§842(2)(j), 842(4)]

MARYLAND—Supervisory committee of three to seven members, one of whom may be a director other than the treasurer. No member of the credit committee or any employee of the credit union may be on the supervisory committee. [§6-320]

MASSACHUSETTS—Auditing committee of not less than three members of the board of directors. No member of the board may be a member of both the credit and auditing committee unless the credit union has less than 11 members. [Ch. 171, §15]

MICHIGAN—Supervisory committee consists of three members, none of whom are directors, officers, loan officers, credit committee members or other employees of the credit union. [§490.8]

NEW HAMPSHIRE—Supervisory committee of three members, who may not be members of the board or credit committee unless the number of members of the union is less than eleven. [§394:20, 394:21]

NEW JERSEY—Examining committee of not less than three members, none of whom may be officers, directors, or members of the credit committee. [§17:13-35]

NEW YORK—Supervisory committee of not less than three, all of whom must be U. S. citizens and shareholders. [§451(6), 465]

NORTH CAROLINA—Supervisory committee of not less than three members, no more than one of whom may be a director and none a member of the credit committee. [§54-109.35(b)]

OKLAHOMA—Supervisory committee of not less than three members; one director other than the treasurer may be elected to it. [§2010(A)]

PENNSYLVANIA—Supervisory committee of not less than three nor more than five members, none of whom may be a member of the board of directors, the treasurer, an assistant treasurer or a member of the credit committee. [§12310]

TEXAS—Act provides that the board shall make or cause to be made the audits. [§5.07(a)]

UTAH—Supervisory committee of not less than three members, none of whom may be a member of the credit committee or an employee of the credit union, but one of whom may be a member of the board, other than the treasurer. [§7-9-10, 7-9-11(12)]

WASHINGTON—The auditing committee shall consist of not less than three members, not more than one of whom may be a director. No director may be a member of both the credit and auditing committees. [§31.12.180, 31.12.200]

WISCONSIN—Act provides for appointment of a competent and qualified person to audit operations of credit union. No provision for a supervisory committee. [§186.5]

ACT IS SILENT: Nevada

Delegation of Board Duties

(Refers to Executive and/or Investment Committee; see also "Acceptance into Membership")

CUNA MODEL ACT: From the persons elected to the board, the board may appoint an executive committee of not less than three directors who may be authorized to act for the board in all respects, subject to such conditions and limitations as are prescribed by the board.

It shall be the duty of the directors to . . . have charge of the investment of surplus funds, except that the board of directors may designate an investment committee or any qualified individual to have charge of making investments under controls established by the board of directors. [§5.52, 5.56(7)]

FEDERAL CREDIT UNION ACT: The board may appoint an executive committee of not less than three directors to exercise such authority as may be delegated to it, subject to such conditions and limitations as may be prescribed by the board.

The board may designate a committee of not less than two to act as an investment committee, such investment committee to have charge of making investments under rules and procedures established by the board of directors. [§113]

ACT SIMILAR TO MODEL ACT:

Montana	[§14-629; 14-631(7)]	North Carolina	[§54-109.42,
Nevada	[§678.360(2);		54-109.44(7)]
	678.380(2)]	Oregon	[§723.286; 723.296(7)]

ACT SIMILAR TO FEDERAL ACT:

Louisiana	[§649(8)(11)]	*Pennsylvania	[§12312(C)]
-----------	---------------	---------------	-------------

*No reference to investment committee.

THE BOARD MAY APPOINT AN EXECUTIVE COMMITTEE

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:

Arizona	[§6-513(8)]	Florida	[§657.09(8)]
---------	-------------	---------	--------------

OTHER ACTS:

CALIFORNIA—With the written approval of the commissioner, the board may appoint an executive committee of no fewer than three directors, to serve at its pleasure, to act for it in the purchase and sale of securities, investment and withdrawal of funds, in borrowing funds and to make loans to other credit unions in accordance with the law and regulations. [§14404]

CONNECTICUT—The board may appoint an executive committee of not less than 3 nor more than 5 directors, one of whom shall be the president of the credit union who shall serve as chairman of the committee, to exercise such authority as may be delegated to it between meetings of the board. The board may also appoint from among the credit union members an investment officer or an investment committee to act for it between board meetings in all matters involving the deposit or investment of credit union funds except loans to members. [§36-203(6)(7)]

HAWAII—The board may appoint an executive committee of not less than three directors and delegate its authority to the committee to act for the board, within limitations established by the board. [§410-13(d)]

IDAHO—The board may appoint an executive committee from its own members to exercise such authority as may be delegated to it between meetings of the board. [§26-2116(p)]

INDIANA—The board may delegate the authority for investments

to an executive committee or manager. However, the board shall review all investments made by the executive committee or manager at least monthly. [§28-7-1-16(f)]

MAINE—The board shall appoint an executive committee, when the bylaws so provide, consisting of not less than three members with the authority to invest surplus funds or borrow in the name of the credit union. [§8-42(2)(L)]

MICHIGAN—The board may appoint an executive committee of not less than three directors or an investment officer who shall be either a member of the board or an employee of the credit union to act for it in the purchase and sale of securities or the making of loans to or the deposits in other credit unions. The investment officer shall act only within the limits of an investment policy and list of approved investments established by the board. The executive committee or investment officer shall make a report at each regular meeting of the board. [§490.9]

OHIO—The regulations may provide for the creation by the directors of an executive committee consisting of not less than three directors and may authorize the delegation to any such committee of any of the authority of directors other than any action requiring more than a majority vote of the board, provided that the executive committee shall exercise only such authority in the interim between meetings of the board and shall make a full report of all its action for review by the board at the next regular meeting of the board. [§1733.19(a)]

PUERTO RICO—The board may appoint an executive committee of at least 3 persons. Said committee shall execute the resolutions and decisions the board may entrust to them. [§16(h)]

RHODE ISLAND—The board may elect, from its own number, a finance committee and an executive committee, and may delegate to such committees such of its powers as they may deem expedient. [§19-21-21]

WASHINGTON—The board may elect an investment committee of not less than three members of the credit union, who need not be board members. No director shall be a member of both the investment and auditing committee. The investment committee shall hold such meetings as are necessary to accomplish its work. It shall have the authority to make those investments permitted by this act, but the actions of the committee shall be subject to the supervision of the board. [§31.12.180, .205]

ACT IS SILENT:

28 states.

Compensation of Officials

CUNA MODEL ACT: No officer, director, or committee member, other than the treasurer, a credit manager, or a loan officer may be compensated for his service as such, but providing reasonable life, health, accident and similar insurance protection for a director or committee member shall not be considered compensation. Directors and committee members, while on official business of the credit union, may be reimbursed for necessary expenses incidental to the performance of the business. [§5.20]

FEDERAL CREDIT UNION ACT: No board, credit committee or supervisory committee member, or executive officer, other than the treasurer, shall be compensated as such; provided, however, that reasonable health, accident, and similar insurance protection shall not be considered compensation under regulations promulgated by the Board. [§111, 112]

ACT SIMILAR TO MODEL ACT with provision that compensation of treasurer and employees shall be established by the board:

Arkansas [§67-918] Montana [§14-625]
Idaho [§26-2122]

ACT SIMILAR TO MODEL ACT, but the general manager may also be compensated:

Oregon [§723.266]

ACT SIMILAR TO MODEL ACT, but no reference made to officers:

Florida [§657.04(9)(10), 657.09(4)] North Carolina [§54-109.38]

ACT SIMILAR TO FEDERAL ACT:

Louisiana [§6-649(c)]

NO OFFICER, DIRECTOR OR COMMITTEE MEMBER, other than the treasurer, may be compensated for his services as such. This shall not be construed to prevent reimbursement of such directors and committeemen for actual expenses they may incur in carrying out their duties:

Hawaii [§§4-10-14(c), 410-42] Vermont [§2064]

NO MEMBER OF BOARD or either committee shall be compensated:

Alabama [§5-17-11] Mississippi [§81-13-29]
Arizona [§6-512(C)] Tennessee [§45-1814]
Colorado [§11-30-109(2)] West Virginia [§31-10-9]
Iowa [§533.9]

NO MEMBER OF THE BOARD or either committee shall be compensated, but the board may authorize compensation to the following individuals:

Illinois—officers. [§496.14]

Kansas—officers and employees. [§17-220.(7)]

Kentucky—treasurer, assistant treasurer and office personnel. [§290.130(4)]

Maine—treasurer or any other officer serving in the capacity of general manager. [§8-42(3), 843(3)]

Nebraska—treasurer - based on services rendered. [§21-1785]

South Carolina—treasurer. [§8-600]

OTHER ACTS:

CALIFORNIA—No member of the board or of the credit or supervisory committees shall receive any compensation for his services, except for actual expenses incurred in the performance of his duties. [§14405, 14454, 14501]

CONNECTICUT—No director may be compensated for his services as board member or as member of any committee other than the supervisory committee. Supervisory committee members and the treasurer or chief financial officer may be compensated. All officers may be reimbursed for expenses incurred in the performance of their duties. [§36-204(c)] Also, directors, supervisory and credit committee members may be provided with personal liability or indemnity insurance. [§36-204(a)(2)]

MARYLAND—Officers elected by the board may receive such compensation as the members may authorize, except as to compensation of the treasurer. Members of the board, credit and supervisory committees may receive such compensation as the members may authorize subject to the final approval of the State Bank Commissioner. [§6-324]

MASSACHUSETTS—Members of the board, audit and credit committees shall receive no compensation but members of the audit

continued

and credit committee may receive reimbursement for actual expenses in performance of their duties, as authorized by the board subject to the approval of the members. The officers elected by the board shall receive such compensation as it may authorize. Any credit union may provide group life, accident, health, and/or hospital insurance or benefits for its employees, officers, and directors. [Ch. 171, §17, 18, 22; Ch. 167, §57]

MICHIGAN—No member of the board or of either committee or officer, except the treasurer, shall, as such, be compensated. [§490.9(2)]

MINNESOTA—No member of the board or of either committee shall receive a salary as such, but may be compensated for time actually spent in his official duties at an hourly rate as determined by the annual meeting of members. [§52.08]

MISSOURI—No member of the board, credit or supervisory committees shall receive compensation. No salary shall be paid any officer or other employee except as may have been approved by the board, but in no instance shall the total salaries so authorized exceed the amount approved for such purpose by the regular annual meeting of the members. [§370.216]

NEVADA—No director or committee member, other than officers, shall be compensated for his services except that he may be provided reasonable health, life, accident and similar insurance protection. Any member may be reimbursed for necessary expenses incidental to the performance of credit union business and approved by the board. [§678.450]

NEW HAMPSHIRE—No member of the board of directors or of either committee shall receive any compensation. The officers elected by the board of directors may receive such compensation as the board shall authorize. However, if at any time any credit union shall have enlarged its business to such an extent that this section may create an impediment to its proper functioning, the commissioner, upon petition of the board of directors, may permit the board to pay such credit committee such compensation as he shall consider proper. [§394:29]

NEW JERSEY—Compensation for officers and committee members provided for in the bylaws; however, the Commissioner of Banking and Insurance may, at any time, reduce the amount of such compensation if in his judgment it is excessive. [§17:13-36]

NEW MEXICO—A board member in attendance at regular board meetings may be compensated up to a maximum of \$20 per month for such attendance. The compensation, if any, of the board, if other than a regular credit union employee, shall be established by the board. [§48-19-9, 48-19-10(B)]

NEW YORK—Compensation of officers is as prescribed in bylaws; directors may not be compensated. Subject to restrictions set by the superintendent of banking, a credit union may purchase life insurance for its officers and employees, who have served at least one year, in an amount not to exceed \$10,000 or three times such person's annual salary, whichever is greater. However, in no event shall such sum exceed \$50,000. [§468, 472, 472-a]

NORTH DAKOTA—The general manager may be given a reasonable compensation. No other board or committee member shall receive any compensation, except that the board may pay for expenses incurred by the directors or committee members while on official business. [§6-06-13]

OHIO—No officer, director, or employee shall receive any commission, salary, or other emolument for services arising out of his association with the credit union except per diem, wages, or salary

which he receives as compensation for his services to the credit union. Except that no director or member of any committee shall receive any compensation for his services as such, but, unless otherwise provided in the articles or regulations, shall be entitled, when so authorized by the board of directors, to reimbursement for his expenses incurred in connection with the business of the credit union. [§1733.22]

OKLAHOMA—No member of the board shall be compensated, but the officers elected by the board and the members of the credit and supervisory committees may receive such compensation for services performed, as the board shall, by resolution, authorize. [§2010(A)]

PENNSYLVANIA—The directors fix the amount of compensation of directors, officers, committee members and the loan officer, if the credit union paid a dividend of not less than 3% from the earnings of the last preceding year. The Department of Banking may prohibit or regulate such compensation if it deems it excessive or in its opinion the financial condition of the credit union is not such as to warrant such compensation. [§12312(B)]

PUERTO RICO—No director shall receive compensation as such. However, the treasurer, secretary and general manager may receive compensation determined by the board. [§16(k)]

RHODE ISLAND—Officers, members of the credit and supervisory committees may receive compensation as the board shall authorize. The board of directors shall receive no compensation unless the credit union has assets of \$500,000 in which case the members at the annual meeting may fix from time to time such compensation. [§19-21-36]

TEXAS—No director may receive compensation, directly or indirectly, for serving as a director or committee member. Directors may receive reimbursement for actual expenses incurred in carrying out their duties. [§5.03(a)]

UTAH—No member of the board of directors or of the credit committee or supervisory committee shall receive any compensation for his services as a member thereof. However, any member of any credit union who may incur any expense or perform any service authorized by the board of directors may be compensated for such expense or service in such amount as the board of directors may deem just; provided, however, that all such items shall be available for review at the annual meeting of members for their inspection. The board shall determine the compensation of the treasurer, other administrative and operating personnel, and the loan officer(s). [§7-9-18]

VIRGINIA—No member of the board shall receive compensation. The members of the credit or supervisory committee may receive compensation as determined by the board if assets of the credit union are in excess of \$50,000. The bylaws will set the maximum compensation of all officers. [§6.1-211, 6.1-198(2)]

WASHINGTON—No director shall receive compensation. The treasurer elected by the board may receive such compensation as the board may authorize. [§31.12.210]

WISCONSIN—No member of the board shall receive any compensation. The officers elected by the board and the members of the credit committee may receive such compensation as the board shall authorize, but the expenditures of the credit union for all purposes shall be from its earnings. [§186.12]

ACT IS SILENT:

Georgia

Indiana

Employees

CUNA MODEL ACT: It shall be the duty of the directors to authorize the employment of such persons necessary to carry on the business of the credit union, including the credit manager, loan officers and auditing assistants requested by the supervisory committee; and fix the compensation, if any, of the treasurer and the general manager and provide for compensation for other employees within guidelines predetermined by the board of directors. [§5.56(8)]

FEDERAL CREDIT UNION ACT: The board of directors shall provide for compensation of necessary clerical and auditing assistance requested by the supervisory committee, and of loan officers appointed by the credit committee. [§113]

ACT SIMILAR TO MODEL ACT:

Arkansas	[§67-913(i)(o)]	Montana	[§14-631(8)]
Hawaii	[§410-13(c)(8),(10)]	Oregon	[§723.296(8)]
Maine	[§84-109(1)(O)]	Vermont	[§2061(10)(17)]

ACT SIMILAR TO FEDERAL ACT:

Colorado	[§11-30-109(1)(i)]	New Hampshire	[§394:25-a,26]
----------	--------------------	---------------	----------------

THE BOARD SHALL EMPLOY SUCH PERSON or persons as necessary to carry on the business of the credit union:

Connecticut	[§36-203(3)(i)]	Nebraska	[§21-1785(9)]
Kentucky	[§290.130(2)(f)]	North Carolina	[§54-109.44(8)]

OTHER ACTS:

ARIZONA—The board shall appoint and dismiss employees and fix their compensation. Such duties may be delegated to the chief executive officer. [§6-513(15)]

IDAHO—The board of directors shall authorize the employment of such person or persons as may be necessary to carry on the business of the credit union and authorize their compensation. [§26-2116(h)]

ILLINOIS—The board shall provide for any necessary clerical and auditing assistance requested by the supervisory committee and for the credit manager appointed by the credit committee, and shall employ and compensate necessary managerial and clerical personnel as authorized and defined in the bylaws. [§496.13(10)(12)]

MINNESOTA—The board shall fix the salaries of the treasurer and other employees. [§52.09(8)]

NEVADA—The board shall authorize the employment of persons necessary to carry on the business of the credit union, including a general manager, and shall establish compensation to be paid any employee, officer or other persons performing services on behalf of the credit union. [§678.370(9); 678.380(3)(8)]

OHIO—In lieu of a supervisory audit committee the board may employ a public accountant or a firm of same. [§1733.19(c)]

ACT IS SILENT:

Alabama	Michigan	Rhode Island
California	Mississippi	South Carolina
Florida	Missouri	Tennessee
Georgia	New Jersey	Texas
Indiana	New Mexico	Utah
Iowa	New York	Virginia
Kansas	North Dakota	Washington
Louisiana	Oklahoma	West Virginia
Maryland	Pennsylvania	Wisconsin
Massachusetts	Puerto Rico	

Suspension or Removal of Officials

CUNA MODEL ACT: The supervisory committee by a unanimous vote may suspend any member of the credit committee and shall report such action to the board of directors for appropriate action. The supervisory committee by a unanimous vote may suspend any officer or member of the board of directors until the next members' meeting, which shall be held not less than 7 nor more than 21 days after suspension. At such meeting the suspension shall be acted upon by the members. [§5.72]

It shall be the duty of directors to... suspend any or all members of the credit or supervisory committee for failure to perform their duties. [§5.56(12)]

FEDERAL CREDIT UNION ACT: The supervisory committee may by a unanimous vote suspend any officer of the credit union or any member of the credit committee or of the board of directors, until the next members' meeting, which shall be held not less than 7 nor more than 14 days after any such suspension, at which meeting any such suspension shall be acted upon by the members. [§114]

Any member of the supervisory committee may be suspended by a majority vote of the board of directors. The members shall decide, at a meeting 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. [§115]

ACT SIMILAR TO MODEL ACT §5.72, 5.56(12):

Montana	[§§14-637(1),(2),(3), 14-631(12)]
Oregon	[§§723.326(1),(2),(3), 723.296(12)]

ACT SIMILAR TO MODEL ACT §5.56(12) ONLY:

Maine	[§842(2)(M)]	North Carolina	[§54-109.44(12)]
-------	--------------	----------------	------------------

ACT PROVIDES FOR SUSPENSION of any officer, director or committee member by unanimous vote of the supervisory committee with approval by the membership and that the board of directors may suspend members of the credit and supervisory committees under certain conditions:

Arizona	[§§6-515(B)(1), 6-513(16)]
Idaho	[§§26-2121, 26-2116(1)(n)]
Minnesota	[§§52.11(3), 52.09(11)]
Pennsylvania	[§§12314(c),(e)]

ACT PROVIDES FOR SUSPENSION of any officer, director or credit committee member by unanimous vote of the supervisory committee with approval by the membership and that the board of directors may suspend members of the credit and supervisory committees under certain conditions:

Arkansas	[§§67-917(3), 67-913(n), (p)]	Vermont	[§§2063, 2061(16)]
Hawaii	[§410-13(c)(12), (f)]	Washington	[§§31.12.200, 31.12.190]
Kansas	[§§17-2211, 17-2208]		

SUPERVISORY COMMITTEE MAY, by unanimous vote, suspend any member of the credit committee or any officer elected by the board and shall call the members together to act on such suspension:

Rhode Island	[§19-21-24]	*South Carolina	[§8-662]
--------------	-------------	-----------------	----------

*Act also similar to Federal Act §115.

SUPERVISORY COMMITTEE MAY suspend any officer, director or committee member by unanimous vote and shall call the members together to act on the suspension:

Alabama	[§5-17-13(e)]	*Mississippi	[§81-13-31]
*Colorado	[§11-30-111(1)(c)]	*Nebraska	[§21-1791]
*Connecticut	[§36-208(2)]	*New Hampshire	[§394:34,35]
Florida	[§657.11(3)]	New Mexico	[§48-19-11(D)]
*Georgia	[§41A-3108(a)]	North Dakota	[§6-06-15(4)]
Iowa	[§533.11(3)]	*Oklahoma	[§2010(E)]
*Kentucky	[§290.150(1)]	*Tennessee	[§45-1816]
*Louisiana	[§6:651]	*West Virginia	[§31-10-11]
Michigan	[§490.11(c)]		

*Only credit committee members may be suspended in this manner.

SUPERVISORY COMMITTEE MAY suspend any officer, director or member of the credit committee by unanimous vote and shall call the members together to act on the suspension; the commissioner may remove any or all members of the supervisory committee for failure to perform their duties:

California	[§§14451(a), 14452, 14455]
*Missouri	[§§370.230, 370.157]
Utah	[§7-9-13]

*Commissioner may also remove any officers or members of other committees.

OTHER ACTS:

ILLINOIS—The supervisory committee may, by unanimous vote, suspend any officer or member of any committee, and call the board together to approve the suspension. If not approved by the board the committee may call the members together to act upon the suspension. [§496.10(4)] The board may remove or suspend for cause any member, any officer or any committee member by a two-thirds vote of the board, but only after that person has been given an opportunity to be heard. [§496.13(11)]

MARYLAND—By unanimous vote, the supervisory committee may recommend to the board the suspension of any director, officer, or member of the credit committee. [§147] Within seven days after the receipt of a report or recommendation from the supervisory committee concerning the suspension of any officer, director, or member of the credit committee, the board may (with the commissioner's approval) give notice to the members of a special meeting to act on such recommendation. [§6-322(a)]

MASSACHUSETTS—The board may by a two-thirds vote remove from office for cause any officer or any member of any committee. [Ch. 171, §16]

NEVADA—The audit committee may by unanimous vote suspend any director, officer or member of the credit union and shall call the members together to act on such suspension. [§678.390(2)] The board may, by unanimous vote, suspend any member of the audit committee, and shall call the members together to act on such suspension. [§678.390(3)]

NEW JERSEY—If any director or committee member shall violate the provisions of his oath the board may, by a vote of two-thirds of those present at any meeting of the board after notice to each director and to the committee member, if any, affected, declare the position of such director or committee member to be vacant. [§17:13-33]

NEW YORK—Supervisory committee members may be removed for cause by vote of the shareholders at a regular or special meeting thereof, provided that a written copy of the charges made against each such member shall have been served upon him personally and mailed to each shareholder and to the superintendent at least two weeks before such meeting. [§471(3)] The supervisory committee may suspend any officer, director or member of the credit committee by unanimous vote and shall call the members together to act on the suspension. [§471(1)(a), (2)(b)]

OHIO—The directors may remove any director and thereby create a vacancy on the board: 1) If, by order of court, he is found to be of unsound mind, adjudicated a bankrupt, or convicted of a felony; 2) If the board, by a two-thirds majority at any meeting called for that expressly stated purpose.

Any or all directors may be removed by a two-thirds vote of the members voting at any meeting called for that express purpose.

Any officer may be removed, with or without cause, by the directors without prejudice to the contract rights of such officer. The election or appointment of an officer for a given term, or a general provision in the articles, regulations, or bylaws with respect to term of office, shall not be deemed to create contract rights. [§1733.18, 1733.20(d)]

PUERTO RICO—The supervisory committee may suspend any director, officer or committee member by unanimous vote, if he should act contrary to the provisions of this act, the bylaws or the resolutions or decisions of the members' meeting. Prior to the suspension, the committee shall inform the person or persons affected of the charges preferred against them and shall give them a reasonable opportunity to defend themselves in person or by counsel, at a hearing to that effect. From the decision of the committee, appeal may be taken before the next meeting of the credit union or before the Inspector of Cooperatives. [§18(c)]

TEXAS—If the commissioner finds an offending officer, director, or employee has continued violations or practices previously charged and found, after notice and demand, and further finds that removal from office or employment is necessary and in the best interests of the credit union he shall order removal. The credit union, the director, or the person removed shall have 10 days to file for an appeal before the commissioner. [§5.09(d)]

VIRGINIA—The commission may remove from office any director or officer who violates any lawful order of the commission a second time. [§6.1-223.1] The supervisory committee may suspend any officer, director or credit committee member by unanimous vote and shall call the members together to act on the suspension. [§6.1-213]

WISCONSIN—The members may, by three-fourths vote, remove any officer and fill the vacancy caused by such removal, if the notice of meeting specified the questions to be considered.

The commissioner may request the removal of any officer, director or committeeman. If such request is not complied with within a reasonable time fixed by the commissioner he may, with approval of the credit union review board, remove such officer, director, or committeeman after there has been an opportunity for a hearing before the credit union board. [§§186.06(3)(c), 186.24]

ACT IS SILENT:

Indiana



THE SAVINGS

Share Capital

CUNA MODEL ACT: A credit union may receive savings from its members in the form of shares . . . The capital of the credit union consists of the payments made by members on shares. [§§3.10(6), 6.10(1)]

FEDERAL CREDIT UNION ACT: A federal credit union shall have the power to receive payments on shares and share certificates from its members, from other credit unions, from an officer, employee or agent of those non-member units of federal, state or local governments and political subdivisions thereof, and from non-members in the case of credit unions serving predominantly low-income members. [§107(6)]

ACT SIMILAR TO MODEL ACT:

Alabama	[§§5-17-4(a)(1), 5-17-14]
*California	[§§14801(a), 15100, 14800(a)]
Colorado	[§§38-1-4(1)(a), 38-1-12]
*Connecticut	[§§36-198(b), 36-200(1)]
Florida	[§§657.04(1), 657.12]
Georgia	[§§41A-3101(a), 41A-3105]
*Idaho	[§§26-2108(f), 26-2104(b)]
Illinois	[§§496.9(1), 496.18]
*Indiana	[§§28-7-1-9(a), 28-7-1-19]
Iowa	[§§533.4(1), 533.12]
Kansas	[§§17-2204(1), 17-2212]
Kentucky	[§§290.070(1), 290.160(1)]
Louisiana	[§§6:644(1), 6:652]
Maine	[§§827, 831(A)]
Maryland	[§§6-307(1), 6-308(a)]
*Michigan	[§§490.4(a), 490.12]
Minnesota	[§§52.04(1), 52.12]
*Mississippi	[§§81-13-11(a), 81-13-35]
Montana	[§§14-613(6), 14-639(1)]
**New Hampshire	[§§394.16, 394.15]
New Mexico	[§§48-19-4(A)(i), 48-19-12]
Oregon	[§§723.152(6), 723.402(1)]
Pennsylvania	[§§12305(B)(1), 12315]
**South Carolina	[§§8-656, 8-664]
Tennessee	[§§45-1806(1), 45-1824]
**Utah	[§§7-9-2, 7-9-14]
Vermont	[§§2054(6), 2071(a)]
**Washington	[§§31.12.090 31.12.130]
West Virginia	[§§31-10-4(a), 31-10-12]

*Act uses term other than "savings"
 **Act implies that capital consists, in whole or in part, of shares

A CREDIT UNION SHALL have the power to receive payments on shares from its members; act does not include reference to shares as capital:

Arkansas	[§67-905(f)]	*New Jersey	[§17:13-27(a)]
Hawaii	[§410-12(f)(6)]	**Oklahoma	[§2006(6)]
Nebraska	[§21-1773(5)]	*Virginia	[§6.1-200]

*Act uses term "savings" rather than "payments"
 **Shares may also be purchased by other credit unions doing business in the state.

OTHER ACTS:

ARIZONA—A credit union may receive the funds of its members as payment on shares. The capital of a credit union shall consist of members' share accounts, special investment accounts and undivided earnings. [§§6-509(1), 6-517]

MASSACHUSETTS—A credit union may receive savings of its members in payment for shares, but share holdings of certain members are limited to a particular percentage of the credit union's assets. The capital of a credit union shall be unlimited in amount and shall consist of shares and deposits. [Ch. 171, §§6,10]

MISSOURI—A credit union has the power to receive the savings of its members in payment for shares. The capital of a credit union shall consist of the outstanding share balances of the members. [§§370.070(1), 370.240]

NEVADA—A credit union may sell shares in the manner prescribed by the by-laws; anyone who purchases one or more shares is a member. [§678.530(1)]

NEW YORK—Subject to the restrictions and limitations contained in this chapter and in its by-laws, a credit union has the power to receive sums of money from its members in payment of shares. The capital of a credit union shall consist of the payments and dividends credited to shareholders on their shares. [§§153(4), 455]

NORTH CAROLINA—A credit union may receive savings from its members in the form of shares . . . The capital of a credit union consists of the payments made by members on shares, undivided surplus and reserves. [§§54-109.21(6), 54-109.53(a)]

NORTH DAKOTA—A credit union shall have the power to . . . receive the savings of its members as payment on shares . . . The capital of a credit union shall consist of the entrance fees paid in and the payments made to it by the several members on shares therein. [§§6-06-06(1), 6-06-16]

OHIO—A credit union may allow persons to subscribe to shares; such subscription is a prerequisite for membership. The capital of a credit union is the amount paid or to be paid under subscription

continued

for all shares, fractional shares and share accounts. [§1733.01(k), (m)]

PUERTO RICO—Credit unions may incorporate under this act for the purpose of receiving the savings of its members . . . as payment for stock . . . The capital of a credit union shall not be limited in amount and shall consist of the payments made by members on shares subscribed. [§§7(a), 19]

RHODE ISLAND—A credit union may receive the savings of its members and the funds of a credit union member in payment for shares . . . The capital of the corporation shall be unlimited in amount. Shares of capital stock may be subscribed for and paid in such manner as the by-laws shall prescribe. [§§19-21-8, 19-21-6]

TEXAS—A credit union may receive from its members payments on shares . . . The capital of a credit union consists of the aggregate amount of the share and deposit accounts of its members plus all reserves and undivided earnings of the credit union. [§§4.01(6), 6.01]

ACT IS SILENT:
Wisconsin

Share Value

CUNA MODEL ACT: The par value of the shares of the credit union . . . shall be in \$5 multiples, of not less than \$5, nor more than \$25. [§1.20(2)(c)]

FEDERAL CREDIT UNION ACT: The par value of the shares shall be \$5 each. [§103(4)]

ACT SIMILAR TO MODEL ACT:

Arizona	[§6-503(4)]	Nevada	[§678.310(3)(b)]
Arkansas	[§67-919(1)]	New Mexico	[§48-19-1(C)(1)]
Idaho	[§26-2123]	No. Carolina	[§54-109.2(b)(3)]
Indiana	[§28-7-1-1(b)(6)]	Oregon	[§723.012(2)(c)]
Maine	[§831(1)(B)]	Utah	[§7-9-14]
Montana	[§14-603(2)(c)]	Vermont	[§2051(C)]

ACT SIMILAR TO FEDERAL ACT:

Colorado	[§11-30-101(2)(a)]	New Jersey	[§17:13-28(f)]
Georgia	[§41A-3102(a)]	Ohio	[§1733.24]
Hawaii	[§410-16]	South Carolina	[§8-664]
Kentucky	[§290.020(2)(c)]	Tennessee	[§45-1802]
Massachusetts	[Ch. 171, §10]	Washington	[§31.12.050(4)]
Nebraska	[§21-'702(3)]		

PAR VALUE OF SHARES NOT TO EXCEED \$10 each:

Florida	[§657.01(1)(a)(3)]	New Hampshire	[§394:15]
Kansas	[§17-2201(3)]	Oklahoma	[§2002]
Maryland	[§6-308(b)]	Pennsylvania	[§12303(5)]
Michigan	[§490.1(3)]	Puerto Rico	[§9(d)]
Minnesota	[§52.01(1)(c)]	West Virginia	[§31-10-1(4)]
Mississippi	[§81-13-3(c)]		

PAR VALUE OF SHARES NOT TO EXCEED \$25 each:

Alabama	[§5-17-2(b)(3)]	Missouri	[§370.020(4)]
Iowa	[§533.1(1)(c)]	New York	[§450(3)]
Louisiana	[§641(B)(3)]	Wisconsin	[§186.05(c)(2)]

OTHER ACTS:

CONNECTICUT—Act similar to Model Act, except that any credit union in existence on May 23, 1969, having a par value of shares other than as set forth in this subsection [i.e. greater than

\$25] shall not be required to change such par value. [§36-200(3)]

ILLINOIS—The par value of shares must be at least \$5 each. [§496.2(5)]

NORTH DAKOTA—The par value of shares shall not exceed \$50 each. [§6-06-02(1)]

RHODE ISLAND—The par value of shares to be provided in by-laws. [§19-21-5(c)]

TEXAS—The par value of shares shall be \$5, or multiples thereof. [§2.02(5)]

ACT IS SILENT:

California Virginia

Limit On Shareholdings

CUNA MODEL ACT: It shall be the duty of the directors to limit the number of shares . . . which may be owned by a member, such limitations to apply alike to all members. [§5.56(6)]

FEDERAL CREDIT UNION ACT: The directors shall determine from time to time the maximum number of shares and share certificates and the classes of shares and share certificates that may be held. [§113]

ACT SIMILAR TO MODEL ACT:

Alabama	[§5-17-11]	Missouri	[§370.200(4)]
Arizona	[§6-513(6)]	Montana	[§14-631(6)]
California	[§14406(f)]	Nebraska	[§21-1785(5)]
Colorado	[§38-1-9(g)]	Nevada	[§678.370(4)]
Florida	[§11-30-109(1)(f)]	New Mexico	[§48-19-9(F)]
Georgia	[§41A-3107]	North Carolina	[§54-109.4(6)]
Hawaii	[§410-13(c)(5)]	North Dakota	[§6-06-12(7)]
Idaho	[§26-2116(f)]	Oklahoma	[§2010(c)]
Illinois	[§496.13(5)]	Oregon	[§723.296(6)]
Indiana	[§28-7-1-16(d)]	Pennsylvania	[§12312(7)]
Iowa	[§533.9(6)]	Puerto Rico	[§16(f)]
Kansas	[§17-2209(4)]	Rhode Island	[§19-21-22(f)]
Kentucky	[§290.130(c)]	South Carolina	[§8-661]
Louisiana	[§6-649(4)]	Tennessee	[§45-1813(4)]
Maine	[§842(2)(G)]	Vermont	[§2061(6)]
Maryland	[§316(b)(4)]	Virginia	[§6.1-211]
Michigan	[§490.9(f)]	West Virginia	[§31-10-9(d)]

OTHER ACTS:

ARKANSAS—The board of directors shall limit the number of shares to be owned by a member, not to exceed 10% of outstanding shares. [§67-913(e)]

CONNECTICUT—The board shall limit the number of shares that may be held by a member, provided that no member shall own at any time an amount of shares with a share or membership liability in excess of \$50,000 exclusive of dividends thereafter credited and exclusive of shares which are insured in full under the Federal Credit Union Act. [§36-200(4), 36-203(3)(m)]

MASSACHUSETTS—Maximum shareholdings restricted as follows: \$14,000 per individual, \$28,000 jointly. If credit union's assets are over \$500,000, \$23,000 per individual and \$46,000 jointly. If assets are over \$4,000,000, \$40,000 per individual and \$80,000 jointly. However, NCUA-insured credit unions may not accept deposits or share payments in excess of coverage limits. [Ch. 171, §10]

MINNESOTA—The board of directors shall limit the maximum

number of shares to be owned by a member, not to exceed 10% of the outstanding shares, or \$2,000, whichever is larger.

[§52.09-2(6)]

MISSISSIPPI—Unless the bylaws reserve the duty to the members, the directors shall fix the maximum number of shares which may be held by one member. [§81-13-27(d)]

NEW HAMPSHIRE—The bylaws shall prescribe the maximum number of shares which may be held by one member. [§394:5]

NEW YORK—Maximum shareholdings determined by the board of directors, but subject to the following restrictions: (a) If the capital is \$100,000 or less—not to exceed 10% of amount paid in on shares. In any event, a member may hold shares with a par value of up to \$2,000. (b) If the capital is more than \$100,000, but not over \$2 million—not to exceed \$10,000. Or, if insured by the N.C.U.A.—not to exceed the insured limit or \$10,000, whichever is greater. (c) If the capital is over \$2 million—not to exceed \$15,000. Or, if insured by N.C.U.A.—not to exceed the insured limit, or \$15,000, whichever is greater. [§453(11)]

WASHINGTON—Maximum shareholdings is \$500 or 20% of total shares and deposits, whichever is greater. [§31.12.130]

ACT IS SILENT:

New Jersey	Texas	Wisconsin
Ohio	Utah	

Deposits or Classes of Shares

(Savings instruments other than traditional share account)

CUNA MODEL ACT: A credit union may receive savings on deposit from its members, subject to such conditions as the board of directors establishes. Deposits differ from shares in that a predeclared rate of return may be established on deposits and they have a prior claim on the assets of the credit union . . . Dividends are payable on such classes of shares as are determined by the board. [§6.20(1)(2), 6.12]

FEDERAL CREDIT UNION ACT: A federal credit union shall have the power to receive payments on shares and share certificates from its members, from other credit unions, from an officer, employee, or agent of those nonmember units of federal, state, or local governments and political subdivisions thereof, and from nonmembers in the case of credit unions serving predominantly low-income members. [§107(6)]

A CREDIT UNION MAY RECEIVE the savings of its members as deposits:

Alabama	[§5-17-4(a)(1)]	North Dakota	[§6-06-06(1)]
Colorado	[§38-1-4(1)(a)]	Texas	[§6.03]
Florida	[§657.04(1)]	Utah	[§7-9-2]
Kentucky	[§290.070(1)]	Vermont	[§2054(6)]
Maryland	[§6-307(1)]	Washington	[§31.12.090]
New Mexico	[§48-19-4(A)(1)]	West Virginia	[§31-10-4(a)]

A CREDIT UNION MAY RECEIVE DEPOSITS from members and from the specified groups:

Georgia—Non-members, in such manner as the bylaws provide. [§41A-3101(a)(b)]

Mississippi—Other credit unions. [§81-13-11(a)]

North Carolina—Non-members, as provided by the board and the bylaws. [§54-109.55]

Oklahoma—Other credit unions, state and federal, doing business in the state. [§2006(7)]

Puerto Rico—Non-members. [§7(a)]

A CREDIT UNION MAY RECEIVE DEPOSITS and provide for classes of shares, according to conditions, maturities and rates:

Hawaii	[§410-12(f)(6)]	*Oregon	[§723.406, .412, .184]
Iowa	[§533.18(1)]	Rhode Island	[§19-21-5(d), 19-21-8]
Maine	[§827, 833]	Wisconsin	[§186.16]
Michigan	[§490.4(a)]		
Nevada	[§678.560, 678.700]		

*May also receive deposits from state under deferred compensation program.

A CREDIT UNION MAY PROVIDE FOR CLASSES OF SHARES, according to conditions, maturities and rates:

California	[§15200]	Missouri	[§370.070(1)]
Connecticut	[§36-210]	Montana	[§14-640(1)]
Illinois	[§496.22]	Nebraska	[§21-17, 105]
Indiana	[§28-7-1-9(g)]	Ohio	[§1733.24]
Louisiana	[§6:658(A)]	Virginia	[§6.1-219]

DEPOSIT ACCOUNTS PROHIBITED:

Arkansas—No credit union shall carry any demand, commercial or checking accounts, or issue any time or demand certificates of deposit. [§67-906]

New York—Act states no credit union shall accept money for deposit. However, act contains references to deposits being received in connection with a minor's account or a trust account. Subject to limitations, a credit union may receive payments on share certificates which may be issued at varying interest rates and maturities established by board of directors. [§§454(14)(a), 453(15), (16), 453]

OTHER ACTS:

ARIZONA—A credit union may receive the funds of its members in special investment accounts. [§6-509(1)(2)] A credit union may accept direct deposits of net pay for state, county, municipal or school district employees. [§23-351]

IDAHO—Members may purchase certificates of deposit for a specified period and bearing a guaranteed rate of interest. [§26-2123]

MASSACHUSETTS—A credit union may receive deposits and provide for classes of shares according to conditions, maturities and rates. [Ch. 171, §10A,B]. A credit union may act as trustee under a profit sharing plan, but the deposit accounts of any person, partnership or corporation may not exceed \$75,000 or 1½% of the deposits or shares of the credit union, whichever is greater. [Ch. 171, §10C]

MINNESOTA—A credit union may receive deposits and provide for classes of shares according to conditions, maturities and rates. Credit unions may accept deposits of public funds but such accounts must be covered by insurance or else the credit union must provide security or surety bond coverage. U.S. Treasury tax and loan accounts may be accepted. [§52.04 (17,18)]

NEW HAMPSHIRE—A credit union may receive money from members on deposit and on payment of shares, upon such terms and in amounts as bylaws provide. [§394.16]

SOUTH CAROLINA—A credit union may issue share certificates, subject to same withdrawal penalties, maximum rates, and minimum dollar requirements as NCUA sets for federal credit unions. Except no maximum rate on corporate certificates. [L.1978, H.3888]

TENNESSEE—A credit union may receive members' special accounts. [§45-1806]

ACT IS SILENT:

Kansas	New Jersey	Pennsylvania
--------	------------	--------------

Thrift Club Accounts

(Special purpose thrift accounts)

CUNA MODEL ACT: Christmas clubs, vacation clubs, and other thrift accounts may be operated under the conditions established by the board of directors. [§6.24]

FEDERAL CREDIT UNION ACT: Act is silent.

ACT SIMILAR TO MODEL ACT:

Alabama	[§5-17-4(a)(1)]	Nebraska	[§21-1773(4)]
Arkansas	[§67-905(f), 67-920]	Nevada	[§678.560(2)]
Colorado	[§11-30-104(1)(a)]	New Jersey	[§17:13-27(a)]
Florida	[§657.04(1)]	New Mexico	[§48-19-4(A)(2)]
Hawaii	[§410-17]	North Carolina	[§54-109.56]
Idaho	[§26-2123]	North Dakota	[§6-06-06(1)]
Indiana	[§28-7-1-25]	Oregon	[§723.416]
Iowa	[§533.4]	Tennessee	[§45-1806(1)]
Maine	[§827]	Texas	[§6.04]
Minnesota	[§52.04(1)]	Vermont	[§2073]
Missouri	[§370.070(9)]	West Virginia	[§31-10-4(a)]
Montana	[§14-641]	Wisconsin	[§186.113(11)]

OTHER ACTS:

ARIZONA—A credit union may receive the funds of its members, employees of members, sponsors or profit or pension trusts of such members, employers or sponsors in special investment accounts. [§6-509(2), 6-513(B)(4)]

CONNECTICUT—A credit union may issue short term shares in connection with accounts upon which payments may be made at the option of the members to be withdrawn within fifteen months and on which no dividends need be paid. [§36-198(a)]

MASSACHUSETTS—A credit union may accept deposits at intervals within a period of 12 months, of sums of money to be known as club deposits, not to exceed \$4,000, and may pay interest or dividends thereon. [Ch. 171, §10]

VIRGINIA—A credit union may issue short term savings shares. [§6.1-200]

ACT IS SILENT:

California	Michigan	Pennsylvania
Georgia	Mississippi	Puerto Rico
Illinois	New Hampshire	Rhode Island
Kansas	New York	South Carolina
Kentucky	Ohio	Utah
Louisiana	Oklahoma	Washington
Maryland		

Withdrawal Notice Requirements

CUNA MODEL ACT: Act is silent.

FEDERAL CREDIT UNION ACT: Act is silent.

CREDIT UNION MAY REQUIRE 60 days notice of intention to withdraw shares and 30 days notice of intention to withdraw deposits:

Alabama	[§5-17-6]	Michigan	[§490.19]
California	[§15-404]	Minnesota	[§52.19]
Florida	[§657.19]	New Mexico	[§48-19-19]
Iowa	[§533.19]	North Dakota	[§6-06-27]

CREDIT UNION MAY REQUIRE notice to withdraw shares in the bylaws:

Colorado	[§11-30-119]	Maryland	[§6-322(b)(2)]
----------	--------------	----------	----------------

CREDIT UNION MAY REQUIRE 60 days notice of intention to withdraw shares:

Arizona	[§6-507]	Missouri	[§370.340]
Connecticut	[§38-200(5)]	Nebraska	[§21-17,102]
Illinois	[§496.7]	Ohio	[§1733.24(H)]
Indiana	[§28-7-1-26]	Pennsylvania	[§12324]
Kansas	[§17-2219]	Texas	[§6.02(c)]
Louisiana	[§6:659]		

CREDIT UNION MAY REQUIRE 60 days notice to withdraw deposits:

Georgia	[§41A-3104]	West Virginia	[§31-10-23]
---------	-------------	---------------	-------------

WRITTEN NOTICE OF WITHDRAWAL of shares may be required:

New York	[§463]	Oklahoma	[§2012]
----------	--------	----------	---------

CREDIT UNION MAY REQUIRE notice of withdrawal:

Arkansas	—60 days (shares), 60 days (deposits). [§67-908]
Idaho	—20 days (shares), 20 days (deposits). [§26-2111]
Massachusetts	—90 days (shares), 60 days (deposits). [Ch. 171 §10]
Mississippi	—90 days on deposits; not specified on shares. [§81-13-57]
New Jersey	—30 days (shares). [§17:13-38]
Puerto Rico	—30 days (deposits), 90 days (shares). The board may require, whenever it may deem necessary, that notice of withdrawal be given with more anticipation, provided it obtains the approval of the Inspector of Cooperatives. [§31]
Tennessee	—Written notice (shares), 60 days (special accounts). [§45-1827]
Washington	—90 days (shares), 60 days (deposits). [§31-42.130]

ACT IS SILENT:

Hawaii	New Hampshire	Utah
Kentucky	North Carolina	Vermont
Maine	Oregon	Virginia
Montana	Rhode Island	Wisconsin
Nevada	South Carolina	

Transfer of Shares and Deposits

CUNA MODEL ACT: Shares may be subscribed to, paid for and transferred in such manner as the bylaws prescribe. [§6.10(2)]

FEDERAL CREDIT UNION ACT: Act is silent.

ACT SIMILAR TO MODEL ACT:

Arkansas	[§67-919(1)]	North Carolina	[§54-109.53(b)]
Hawaii	[§410-16]	Oregon	[§723.402(2)]
Montana	[§14-639(2)]	Texas	[§6.02(a)]
Nevada	[§678.530(1)]	Vermont	[§2071]

THE BYLAWS SHALL PRESCRIBE the conditions under which shares may be transferred or withdrawn:

Arizona	[§6-503(B)(5)]	New Hampshire	[§394:5]
California	[§14202(g)]	New York	[§451(2-a)(7)]
Georgia	[§41A-3002(5)]	Rhode Island	[§19-21-5(d)]
Indiana	[§28-7-1-4(e)]	South Carolina	[§8-655(5)]
Kansas	[§17-2201(5)]	Tennessee	[§45-1803(5)]
Kentucky	[§290.030]	Utah	[§7-9-6(5)]
Maine	[§813(2)(B)(4)]	Washington	[§31.12.100(3)]
Massachusetts	[Ch. 171, §7(d)]	West Virginia	[§31-20-1(b)(5)]
Mississippi	[§81-13-5(e)]	*Wisconsin	[§186.05(3)]
Missouri	[§370.030(5)]		

*Act refers to "accounts" rather than "shares".

OTHER ACTS:

IDAHO—Shares may be transferred in such manner as the bylaws may prescribe. [§26-2123]

MARYLAND—A member of a credit union may subscribe and pay for shares as provided in the bylaws. [§6-308(c)]

NEBRASKA—The bylaws shall provide the conditions upon which shares may be issued and withdrawn. [§21-1769(6)]

NEW JERSEY—A non-member who acquires title to the shares of a member may withdraw such shares, but he shall have no other rights of membership. [§17:13-37(a)]

OHIO—Shares in a credit union may be negotiated or transferred only to the credit union which issued them, except on liquidation, in which event the accounts may be transferred to the liquidating agent or acquiring owner. [§1733.24(d)]

PENNSYLVANIA—Shares are transferable only to other members. [§12315]

VIRGINIA—Shares are transferable as the bylaws provide, but only to the account of another member, or to a federal agency or a corporation organized pursuant to the Virginia Credit Union Share Insurance Act, upon payment by such agency or corporation of a claim based upon such shares. [§6.1-198(5), 6.1-206]

ACT IS SILENT:

Alabama	Iowa	New Mexico
Colorado	Louisiana	North Dakota
Connecticut	Michigan	Oklahoma
Florida	Minnesota	Puerto Rico
Illinois		

Joint Accounts

CUNA MODEL ACT: A member may designate any person or persons to hold shares, deposits and thrift club accounts with him in joint tenancy with the right of survivorship, but no joint tenant, unless a member in his own right, shall be permitted to vote, obtain loans, or hold office or be required to pay an entrance or membership fee. Payment of part or all of such accounts to any of the joint tenants shall, to the extent of such payment discharge the liability to all. [§6.32]

FEDERAL CREDIT UNION ACT: Shares may be issued in joint tenancy with right of survivorship with any person 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. [§109]

ACT SIMILAR TO MODEL ACT:

Arizona	[§6-508]	Kansas	[§17-2213]
Arkansas	[§67-921]	Missouri	[§370.287]
Hawaii	[§410-19]	Montana	[§14-643]
Idaho	[§26-2124]	North Carolina	[§54-109.58]
Iowa	[§533.13(1)]		

ACT SIMILAR TO MODEL ACT, but also provides that proceeds of life insurance covering shares or deposits shall be payable to the surviving joint tenant:
Vermont [§207-4]

ACT SIMILAR TO FEDERAL ACT:

Georgia	[§41A-3103]	New York	[§453(i)]
Indiana	[§28-7-1-20.1]	Oregon	[§723.426]
New Jersey	[§17:13-37(b)]	Wisconsin	[§186.113(3)]

SHARES MAY BE ISSUED IN JOINT TENANCY with any person or persons designated by the credit union member. Payment of all or part of such accounts to any of the joint tenants, or, in the event of death of one, to the surviving joint tenant(s) shall be valid:

Alabama	[§5-17-15]	New Mexico	[§48-19-5(c)]
California	[§14800(a)(2),(c)]	Ohio	[§1733.24(e)]
Colorado	[§11-30-103(4)]	Rhode Island	[§19-21-7]
Louisiana	[§6:664]	Tennessee	[§45-1834]
Minnesota	[§52.13]	Washington	[§31.12.140]

OTHER ACTS:

CONNECTICUT—Act provides for joint tenancy with right of survivorship where one or both co-tenants are minors. [§36-200(6)]

ILLINOIS—Act permits joint tenancy or survivorship plans for issuance of shares in the name of two or more persons. In survivorship accounts, payments may be made in whole or in part to any of the named persons regardless of whether the others are living but only if an agreement permitting such payment was signed and dated by all persons at the time the shares were issued or at some later date. In joint accounts, any of the owners may make withdrawals without further permission of the others. At least one of the persons in a joint or survivorship account must be a member of the credit union at which the account is established and only that person may vote at a meeting of the members. [§496.8]

MAINE—Act contains detailed provisions regulating joint tenancy for all financial institutions. Payment of all or part of such accounts to any one of the joint tenants, whether the other or others be living or not, or to the legal representative of the survivor, shall be valid. [§427(4)]

MASSACHUSETTS—Shares and deposits may be held in joint tenancy in the name of two or more members. Any part or all of the joint account may be withdrawn, assigned or transferred by any of the individual parties. Payment to any of the parties while all of them are alive discharges the credit union's liability to all. If any of the parties dies, the credit union is liable only to the survivor(s) and payment to any of the survivors discharges the credit union's liability to all. [Ch. 171, §10]

MICHIGAN—Act contains detailed provision regulating credit union multiple party accounts. A "multiple-party account" is defined as an account in the names of two or more persons, one or more or all of whom may make withdrawals, or an account in the name of one or more parties as trustee for one or more beneficiaries even though no mention is made of a right of withdrawal by a beneficiary. Excluded are accounts established for deposit of funds of a partnership, joint venture or other association or accounts controlled by two or more persons as the duly authorized agents or trustees for a corporation, unincorporated association, charitable or civic organization or any trust, except trusts of deposits evidenced only by the form of the deposit. At least one party to a multiple-party account shall be a member of the credit union in which the account is established. [§490.56]

NEVADA—Act contains detailed provisions concerning multiple-party and survivorship accounts. The death of any party to a multiple-party account has no effect on the beneficial ownership of the account other than to transfer the decedent's right to his estate un-

continued

less the account is a trust or joint tenancy. A multiple-party account payable to two or more persons, jointly or severally, which does not expressly provide that there is not a right of survivorship, though there is no mention of survivorship or joint tenancy, is presumed to be a survivorship account. At the death of a party, sums on deposit in a survivorship account belong to the surviving party or parties as against the estate of the decedent. The right of survivorship continues between survivors. [§678.570-678.600]

PENNSYLVANIA—Act provides for joint tenancy, but payment to one person in joint tenancy only valid if all have agreed to such payment in writing. The co-owner of a joint account may, with the credit union's consent, give the credit union written notice not to honor any or all requests for withdrawal of shares of any other co-owner of the joint account. The Act specifies which provisions are applicable to share accounts in the names of a husband and wife. [§12316]

TEXAS—Act similar to Model Act, but a multiple-party account payable to two or more persons, jointly or severally, that does not expressly provide that there is a right of survivorship, is presumed to be a nonsurvivorship account. [§6.05]

VIRGINIA—Act provides for joint tenancy, except upon written request of one co-tenant, the credit union may refuse any withdrawals, pending the determination of the parties' rights. [§6.1-208.2]

ACT IS SILENT:

Florida	Nebraska	Puerto Rico
Kentucky	New Hampshire	South Carolina
Maryland	North Dakota	Utah
Mississippi	Oklahoma	West Virginia

Trust Accounts

CUNA MODEL ACT: Shares may be issued and deposits held in the name of a member in a trust for a beneficiary, including a minor, but no beneficiary, unless a member in his own right, shall exercise the rights of membership or be required to pay an entrance or membership fee. Payment of part or all of such shares or deposits to such member shall discharge the liability of the credit union to the member and beneficiary, and the credit union shall be under no obligation to see to the application of such payment. Upon death of the member, if the credit union has been given no other written notice of the terms of any trust, such shares or deposits and any dividends or interest shall be paid to the beneficiary. [§6.34]

FEDERAL CREDIT UNION ACT: 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. [§119]

ACT SIMILAR TO MODEL ACT:

Arkansas	[§67-923]	Ohio	[§1733.24(f)]
California	[§14853]	Oregon	[§723.432]
Hawaii	[§410-21]	Texas	[§6.07]
Idaho	[§26-2126]	Utah	[§7-9-15]
Massachusetts	(Ch. 171, §10)	Vermont	[§2076]
Michigan	[§490.57]	Virginia	[§6.1-207]
Montana	[§14-644]	Rhode Island	[§19-21-26]
New Jersey	[§17:13-45]		

ACT SIMILAR TO FEDERAL ACT:

Arizona	[§6-508]	Missouri	[§370.280]
Florida	[§657.12]	New Mexico	[§48-19-12]
Georgia	[§41A-3103]	New York	[§454(5)]
Illinois	[§496.8]	North Dakota	[§6-06-17]
Louisiana	[§6:654]	Pennsylvania	[§12317]
Maryland	[§6-308(c)(2)]	Puerto Rico	[§24]
Mississippi	[§81-13-37]	Tennessee	[§45-1818]

IF SHARES ARE HELD OR DEPOSITS MADE IN TRUST, the name of the beneficiary shall be disclosed. Such shares or deposits, upon the death of the trustee, may be withdrawn by the named beneficiary or his legal representative:

Iowa	[§533.12(2)]	West Virginia	[§31-10-13]
North Carolina	[§54-109.57]		

IF SHARES ARE HELD IN TRUST, the name and residence of the beneficiary shall be disclosed and the account shall be kept in the name of the holder as trustee for such person. Such shares may, upon the death of the trustee, be withdrawn by the person for whom the shares were held, or by his legal representative:

Kentucky	[§290.170(2)]	Wisconsin	[§186.10]
South Carolina	[§8-665]		

WHEN ANY SHARES OR DEPOSITS shall be held by any person in trust for another, and no other written notice of the existence of any valid and legal trust shall have been given to the credit union, upon the death of the trustee, the same and any interest or dividends thereupon may be paid to the beneficiaries thereof.

Minnesota	[§52.13]	New Hampshire	[§394.19]
-----------	----------	---------------	-----------

OTHER ACTS:

ALABAMA—A credit union may accept deposits of fiduciary funds if a member is the beneficiary, trustee or personal representative and if the funds are part of the estate of a deceased member. The name of the beneficiary of shares or deposits received in trust must be disclosed to the credit union. If no other notice of the existence and terms of such trust has been given in writing to the corporation, such shares or deposits may, upon the death of the trustee, be transferred to or withdrawn by the person who was named by the trustee as the beneficiary or by his legal representative, and such transfer or withdrawal shall release the corporation, from liability to any other claimant upon such shares or deposits. [§§5-17-4(a)(2), 5-17-15]

CONNECTICUT—No credit union shall issue shares to or receive payments on shares from one person in trust for another unless the same is accompanied by a statement signed by the member giving the name and residence of the beneficiary and setting forth to whom the principal and interest or dividends on such shares belong. Unless provision is made to the contrary in such statement, such shares may, upon the death of the trustee, be paid to the beneficiary and any credit union shall be fully protected in making such payment. In the case of a trust created by deed, will or other instrument, a certified copy of the instrument establishing such trust shall be filed by the member if at any time requested by such credit union. [§36-200(7)]

INDIANA—Shares may be issued in trust in such way and manner as the bylaws provide. [§28-7-1-20.1]

MAINE—Act contains provisions for fiduciary deposits or accounts for all financial institutions. Upon the death or disability of any fiduciary, the value of such deposit or account may be paid, at the option of the institution, and in the absence of notice of the exist-

ence and terms of a trust, either to the executor, administrator, conservator or guardian of such fiduciary, or to any substituted fiduciary, or to the person, if any, who is designated on the records of the institution as the beneficiary of such deposit, if of the age of 15 years or upwards, or to the guardian or parent or person standing in loci parentis to such person if under the age of 15 years. [§127(2)]

NEVADA—Except where there is evidence of a trust other than as provided by the form of the account, the account and any sums withdrawn therefrom are presumed to belong to the trustee, and upon his death, or the death of the surviving trustee, to the person or persons named as beneficiaries. If no beneficiary survives the trustee the sums are presumed to belong to the estate of the trustee or the last trustee to die. [§678.610]

ACT IS SILENT:

Colorado	Nebraska	Washington
Kansas	Oklahoma	

Minors' Accounts

CUNA MODEL ACT: Shares may be issued to and deposits received from a minor who may withdraw the shares and deposits, including the interest and dividends thereon. Deposits and share payments made by a minor and withdrawal thereof by a minor shall be valid in all respects. For such purposes a minor is deemed of full age. [§6.30]

FEDERAL CREDIT UNION ACT: Shares may be issued in the name of a minor or in trust, subject to such conditions as may be prescribed by the bylaws. [§119]

ACT SIMILAR TO MODEL ACT:

Colorado	[§11-30-113]	Oregon	[§723.422]
Nevada	[§678.520(1)]	Utah	[§7-9-15]
Ohio	[§1733.24(g)]		

ACT SIMILAR TO FEDERAL ACT:

Alabama	[§5-17-15]	Mississippi	[§81-13-37]
Arizona	[§6-508]	Missouri	[§370.280]
Florida	[§657.13]	New Mexico	[§48-19-13]
Georgia	[§1A-3103]	North Dakota	[§6-06-17]
Indiana	[§28-7-1-20.1]	Pennsylvania	[§12317]
Louisiana	[§6:653]	Puerto Rico	[§24]
Maryland	[§6-308(c)(2)]	Tennessee	[§45-1818]

SHARES MAY BE ISSUED in the name of a minor, and such shares may be withdrawn by such minor and payments made on such withdrawals shall be valid:

Arkansas	[§67-922]	Montana	[§14-642]
Hawaii	[§410-20]	Nebraska	[§21-796]
Idaho	[§26-2125]	Texas	[§6.06]
Illinois	[§196.8]	Vermont	[§2075]
Iowa	[§533.13(2)]	Virginia	[§6.1-207]
Kentucky	[§290.170]	West Virginia	[§31-10-13]
Michigan	[§190.13]		

SHARES MAY BE ISSUED in the name of minors, and may, in the discretion of the directors, be withdrawn by such minor or his parents or guardian and payments made on such withdrawals shall be valid:

Massachusetts	[Ch. 171, §11]	South Carolina	[§8-665]
New Hampshire	[§394:18]	Washington	[§31.12.140]
North Carolina	[§54-109.57]	Wisconsin	[§186.10]
Rhode Island	[§19-21-25]		

A CREDIT UNION MAY RECEIVE money for shares from minors or in the name of minors, and may pay the same to such minors, whether or not they are emancipated, until receiving a certified copy of the appointment of a legal guardian. Payments so made shall discharge the credit union from any further liability for the money so paid:

Kansas	[§17-2212]	Minnesota	[§52.13]
--------	------------	-----------	----------

MINORS OVER THE AGE OF 16 may become members and enjoy all the rights and privileges and incur all the obligations and liabilities of members, but may not hold office until 21:

New Jersey	[§17:13-37(a)]	Oklahoma	[§2014]
------------	----------------	----------	---------

OTHER ACTS:

CALIFORNIA—Act similar to Model Act, but provides that the receipt or acquittance of a minor whose parent or guardian has consented to the account, whether before or after any transaction therein, constitutes a valid release and discharge of the credit union for the payment of dividends, interest, or other money due such minors. [§14800(b)]

CONNECTICUT—Act provides for minors to hold shares with right to dividends, including privilege of pledge or assignments. [§36-200(6)]

MAINE—Money deposited in the name of a minor is his property, and a financial institution may, in the discretion of the officer making or authorizing the payment, pay the same to such minor, to his order or to his guardian. The receipt of such minor, or his guardian, for any such payment is a valid release and shall discharge the institution. [§427(1)]

NEW YORK—A credit union may issue shares to any minor over 15. Any deposit made in his name shall be held for his exclusive right, free from control or lien from all other persons except creditors and payments made in withdrawals shall be valid. [§153(15)]

Individual Retirement Accounts

CUNA MODEL ACT: Act is silent.

FEDERAL CREDIT UNION ACT: Act is silent. (NOTE: The Internal Revenue Code, §401(d)(1), refers to the definition of an "insured credit union" in the Federal Credit Union Act, §101(6), in qualifying federally insured credit unions to serve as custodians or trustees of individual retirement accounts.)

CREDIT UNION MAY ACT AS CUSTODIAN of qualified pension plans:

Nevada	[§678.490(4)]	Oregon	[§723.152(22)]
--------	---------------	--------	----------------

CREDIT UNION MAY ACT AS TRUSTEE or custodian under the Employee Retirement Income Security Act of 1974, provided the funds of such accounts are invested in shares of the credit union:

Louisiana	[§6:645(13)]	Virginia	[§6.1-207.1]
-----------	--------------	----------	--------------

*New Hampshire [§394:16-a]

*Investment in credit union shares is permissible, but not mandatory.

SUBJECT TO THE SPECIFIED CONDITIONS, credit union may act as trustee or custodian under the Self-employed Individuals Retirement Act of 1962 or the Employee Retirement Income Security Act of 1974:

Maine—Subject to the conditions and limitations set forth in Section 422 of the state financial code. [§823(5)]

Massachusetts—If the provisions of such retirement plan have been approved by the commissioner, and allow for the investment of funds in the credit union's shares or deposits. [Ch. 171, §10(C)]

Minnesota—Upon approval of the commissioner of banks of an application in the prescribed form filed with him together with a filing fee of \$100. [§52.135]

New York—Subject to any regulations and restrictions prescribed by the superintendent of banks, and provided the funds are invested exclusively in share accounts of insured state and federal credit unions in the state. [§453(1-a), (1-b)]

Rhode Island—Subject to any regulations and restrictions prescribed by the director of business regulation, and provided the funds are invested exclusively in deposits in credit unions. [§19-21-8]

CREDIT UNION MAY ACT AS TRUSTEE of the specified accounts, provided the funds of such accounts are invested only in share accounts in or obligations issued by the credit union:

Idaho—Any trust created in the U.S. and forming part of a stock bonus, pension, or profit-sharing plan qualified for specific tax treatment under §401(d), §403(b), or §408(a) of the Internal Revenue Code of 1954, as amended. [§26-2151]

Illinois—Individual retirement accounts or plans established pursuant to §401(d)(f) or §408(a) of the Internal Revenue Code, as amended and insured pursuant to §101(6) of the Federal Credit Union Act, for its members or groups of its members. [§496.9(17)]

Indiana—Any trust created in the U.S. and forming part of a stock bonus, pension, or profit-sharing plan qualified for specific tax treatment under §408(a) or §401(d) of the Internal Revenue Code of 1954, as amended. [§28-7-19(p)]

OTHER ACTS:

ARIZONA—A credit union may receive the profit or pension trusts of its members, employers or sponsors in special investment accounts. [§6-509(2)]

CONNECTICUT—With approval of the commissioner, a credit union may receive from a member payments on shares as an individual retirement account, as authorized by §408 of the Internal Revenue Code of 1954 or of a Keogh or similar type retirement plan as authorized by §410(a). [§36-240(8)]

FLORIDA—A credit union may accept payments from a governmental employee as premiums on an annuity contract issued in the name of such employee or as payment into a qualified custodial account established pursuant to §403(b) of the Internal Revenue Code. Any such annuity contract or custodial account shall be in such payments thereon for tax deferral under the Internal Revenue Code. [§112.21]

GEORGIA—Credit unions may, with approval of the Department, exercise all the powers and privileges of trust companies, including the power to act as trustees for individual retirement accounts and other IRS-approved plans. [§41A-1401]

HAWAII—A credit union may provide pension savings programs and deferred income accounts. [§410-39(6)]

MICHIGAN—A credit union may receive funds from a public employee retirement system or plan as shares or deposits, if the credit union is federally insured. [§490.4(T)]

NEBRASKA—A credit union may act as trustee or custodian under the Federal Self-Employed Individuals Retirement Act of 1962, as amended, or §408(a) of the Internal Revenue Code if the funds therefrom are invested exclusively in shares or accounts in credit unions. [L. 1975, L.B. 452, §1]

NORTH CAROLINA—A credit union may act as custodian of qualified pension funds if permitted by federal law; and, subject to the rules and regulations of the administrator, may act as trustee or custodian under any written trust instrument or custodial agreement created or organized and forming part of a deferred compensation plan for its members or groups of members, provided the funds from such plans are invested in savings or deposits of the credit union. [§54-109.21(21)(26)]

TEXAS—A credit union may act as custodian of individual retirement accounts, custodian of pension funds of self-employed individuals or of the sponsor of a credit union, or as trustee under pension and profit-sharing plans, subject to standards prescribed by regulation. [§4.01(11)]

WISCONSIN—A credit union may provide pension savings programs, and deferred income, pension, and similar types of accounts. [§186.113(6)(11)]

ACT IS SILENT:

Alabama	Mississippi	Pennsylvania
Arkansas	Missouri	Puerto Rico
California	Montana	South Carolina
Colorado	New Jersey	Tennessee
Iowa	New Mexico	Utah
Kansas	North Dakota	Vermont
Kentucky	Ohio	Washington
Maryland	Oklahoma	West Virginia

Dividends - Frequency Of

CUNA MODEL ACT: At such intervals and for such periods as the board of directors may authorize, and after provision for the required reserves, the board of directors may declare dividends to be paid from the undivided earnings on all paid up shares outstanding at the close of the period for which the dividend is declared. [§6.12(1)]

FEDERAL CREDIT UNION ACT: At such intervals as the board of directors may authorize, and after provision for the required reserves, the board may declare, pursuant to such regulations as may be issued by the Board, a dividend to be paid. [§117]

ACT SIMILAR TO MODEL ACT:

Alabama	[§5-17-20]	Montana	[§14-640(1)]
Colorado	[§11-30-118]	Nevada	[§678.700(1)]
Florida	[§657.18]	Oregon	[§723.406(1)]
Idaho	[§26-2130]	Wisconsin	[§186.16(1)]
Iowa	[§533.18(1)]		

ACT SIMILAR TO FEDERAL ACT:

Louisiana	[§6:658(A)]	Hawaii	[§410-24]
-----------	-------------	--------	-----------

DIVIDEND DECLARED AT DISCRETION OF BOARD OF DIRECTORS, but not more often than quarterly:

Arizona	[§6-522(A)]	North Dakota	[§6-06-26]
Georgia	[§41A-3111]	Utah	[§7-9-21(1)]
Indiana	[§28-7-1-25]		

DIVIDEND DECLARED AT DISCRETION OF BOARD OF DIRECTORS, and as its bylaws may provide:

Arkansas	[\$67-927(1)]	North Carolina	[\$54-109.54]
Connecticut	[\$36-210(1)]	Oklahoma	[\$2013]
Illinois	[\$496.22]	Vermont	[\$2081]
Maine	[\$833(1)(A)]	Virginia	[\$6.1-219]
Missouri	[\$370.330(1)]		

DIVIDEND DECLARED BY THE BOARD OF DIRECTORS quarterly, semi-annually, or annually as the bylaws may provide:

Maryland	[\$155]	Tennessee	[\$45-1826(a)]
----------	---------	-----------	----------------

BOARD OF DIRECTORS MAY DECLARE AND PAY a dividend quarterly, semi-annually, or annually:

Michigan	[\$490.18(a)]	South Carolina	[\$6-672]
Mississippi	[\$81-13-53]	Washington	[\$31.12.190]

DIVIDEND DECLARED BY THE BOARD OF DIRECTORS at the end of the fiscal year on all fully paid outstanding shares:

New Hampshire	[\$394.42]	West Virginia	[\$31-10-21]
---------------	------------	---------------	--------------

AT LEAST ANNUALLY the board shall declare a dividend on all fully paid outstanding stock:

Massachusetts	[Ch. 171, §25]	New Jersey	[\$17:13-41(a)]
---------------	----------------	------------	-----------------

OTHER ACTS:

CALIFORNIA—The board of directors may declare dividends annually, semi-annually, or with the approval of the commissioner, quarterly. [§15200]

KANSAS—After providing for required reserves, the board of directors may declare a dividend to be paid from net earnings or from other funds set aside for dividends at such intervals and in such a manner as the board of directors may authorize. [§17-2218]

KENTUCKY—The board of directors may declare a dividend to be paid from the remaining net earnings at least annually and after provision for the required reserves. [§290.250(1)]

MINNESOTA—The board of directors may declare any dividend on a daily, monthly, quarterly, semi-annual, or annual basis. [§52.18]

NEBRASKA—Dividends declared at least annually as provided for in the bylaws. [§21-1769(12), 21-17, 105(1)]

NEW MEXICO—Dividends declared by board of directors. [§48-19-18]

NEW YORK—If the bylaws so provide, a majority of the directors may declare an annual dividend during the first quarter of the calendar year, a semi-annual dividend during the first and third quarters, or quarterly dividends. [§459]

PENNSYLVANIA—The directors or the members on recommendation of the directors, whichever the bylaws provide, may declare an annual, semi-annual, or quarterly dividend. [§12323]

PUERTO RICO—Declared by the membership at the annual meeting, on the recommendation of the board. [§29]

RHODE ISLAND—Declared at annual meeting, or if the bylaws provide for semi-annual or quarterly dividends, at meetings held not more than 15 days prior to nor more than one month after the close of the dividend period. [§19-21-35]

TEXAS—Dividends declared by board in accordance with rules and regulations promulgated by the commissioner. [§9.02]

ACT IS SILENT:

Ohio

Dividend Rate Ceiling

CUNA MODEL ACT: The board of directors may declare dividends to be paid from the undivided earnings at such rates and upon such classes as are determined by the board. [§6.12(1)]

FEDERAL CREDIT UNION ACT: The board of directors may declare, pursuant to such regulations as may be issued by the Board, a dividend to be paid at different rates on different types of shares and at different rates and maturity dates in the case of share certificates. [§117]

ACT SIMILAR TO MODEL ACT:

Iowa	[\$533.18(1)]	Nevada	[\$678.700(1)]
Montana	[\$14-640(1)]	Oregon	[\$723.409(1)]

ACT SIMILAR TO FEDERAL ACT:

Louisiana	[\$6:658(A)]	Hawaii	[\$410-24]
-----------	--------------	--------	------------

DIVIDEND NOT TO EXCEED SPECIFIED RATE without the approval of the supervisory department:

Arkansas—6%	[\$67-927(3)]	Georgia—7%	[\$41A-3111]
-------------	---------------	------------	--------------

DIVIDEND RATE SET BY DIRECTORS and not to exceed percentage indicated:

Colorado—7%	[\$11-30-118]	New Jersey—7%	[\$17:13-41(a)]
Florida—7-1/2%	[\$36-210(2)]	Oklahoma—7%	[\$2013]
Maryland—8%	[\$155]	Tennessee—6%	[\$45-1826]

DIVIDEND RATE MAY VARY on different classes of shares, but no ceiling specified:

California	[\$15200]	Missouri	[\$370.070(1)]
Illinois	[\$496.22]	Nebraska	[\$21-17, 105]
Indiana	[\$28-7-1-9(g)]	Ohio	[\$1733.24]
Michigan	[\$490.4(a)]	Rhode Island	[\$19-21-22]
Minnesota	[\$52.04, 52.18]	Virginia	[\$6.1-219]

OTHER ACTS:

ALABAMA—The directors may declare a dividend from net earnings as the bylaws may provide. [§5-17-20]

CONNECTICUT—Dividends not to exceed 6% per annum, except that the commissioner shall establish by regulation higher rates to be paid on shares having an agreed maturity. If the bylaws so provide, a credit union may declare a dividend at a rate or rates which vary in relationship to par value and length of time shares remain in credit union. [§36-210]

KANSAS—The rate of dividend paid in the event of withdrawal of shares during an accounting period shall not exceed that rate paid for the previous accounting period. [§17-2218]

MAINE—The board may establish dividend rates for Christmas club accounts and the like. The superintendent may establish rate ceilings by regulation, but in the absence of such regulations dividends shall not exceed 7% per year. [§833(2)(3)]

MASSACHUSETTS—Dividend not to exceed 8% until the guaranty fund equals 15% of the assets. At that time special dividends may be declared from surplus earnings. Also, credit union is authorized to accept term share and deposit accounts, with dividend rates to be approved by the commissioner. [Ch. 171, §10B; §25]

NEW HAMPSHIRE—Dividend rate for shares is not limited. Interest rate for deposits not to exceed 5% or the amount authorized by the FDIC regarding interest paid on deposits by savings banks. [§394.42]

continued

NORTH DAKOTA—Dividend rate not to exceed 6% and members may fix the maximum rate. [§6-06-26]

PUERTO RICO—The Cooperative Development Administration shall establish the maximum dividends by regulation. [§29]

TEXAS—Dividends declared by board in accordance with rules and regulations promulgated by the commissioner. [§9.02]

UTAH—Dividends may be paid on all fully paid shares or in \$5 increments of the value of a share, or \$5 increments which become fully paid during the dividend period may be entitled to a proportional part of the dividends calculated from the date of payment in full. [§7-9-21(2)]

WASHINGTON—Not to exceed 7%, unless the guaranty fund and undivided profits exceed 15% of assets. [§31.12.310]

WISCONSIN—The board of directors may establish the dividend rate; however, the commissioner may set a maximum dividend that a credit union may pay in each classification of its savings. [§186.16]

ACT IS SILENT:

Arizona	New Mexico	South Carolina
Idaho	New York	Vermont
Kentucky	North Carolina	West Virginia
Mississippi	Pennsylvania	

IDAHO—Dividend credit for a month may be accrued on shares as provided by the board of directors. [§26-2130]

MAINE—The institution may elect to treat deposits made on other than the first day of the month as having been made either on the first day of the month, the last day of the month, or on the date of deposit. [§425(3)]

NEBRASKA—Dividend credit for a month may be accrued if payment is made on or before a date not later than the 20th of the month, as if deposited on the first day of the month, at the discretion of the board of directors. [§21-17.105]

NEVADA—Dividend credit for a month may be accrued on all shares which are or become fully paid up during that month. [§678.700(3)]

NEW YORK—Act provides for 10-day dividend credit; but a credit union may also credit dividends on shares from the date of purchase to the date withdrawn, subject to regulation by the banking board, and provided that the credit union also holds savings on which dividends are not credited in such manner. [§459(4)(6)]

UTAH—Dividend credit for a month may be accrued on shares, or \$5 increments as prescribed in the bylaws. [§7-9-21(3)]

WASHINGTON—Board may compute such full shares if purchased on or before the tenth day of any month, as of the first day of the month, and from the date of deposit to the date of withdrawal. [§31.12.190]

ACT IS SILENT:

Alabama	North Dakota	Rhode Island
Georgia	Ohio	Texas
Hawaii	Oklahoma	West Virginia
Illinois	Puerto Rico	Wisconsin

Dividend Grace Period

CUNA MODEL ACT: Dividend credit for a month may be accrued on shares which are or become fully paid up during the first 15 days of that month. [§6.12(3)]

FEDERAL CREDIT UNION ACT: Dividend credit may be accrued on various types of shares and share certificates as authorized by the board of directors. [§117]

ACT SIMILAR TO MODEL ACT:

Arkansas	[§67-927(3)]	Minnesota	[§52.18]
Indiana	[§28-7-1-25]	Montana	[§14-640(2)]
Iowa	[§533.18(3)]	New Mexico	[§48-19-18]

ACT SIMILAR TO FEDERAL ACT:

Louisiana [§6:658]

DIVIDEND CREDIT MAY BE ACCRUED on shares as authorized by the board of directors:

Missouri	[§370.330(2)]	Virginia	[§6.1-219]
----------	---------------	----------	------------

5-DAYS DIVIDEND CREDIT:

Maryland	[§155]	New Jersey	[§17:13-41(a)]
----------	--------	------------	----------------

10-DAYS DIVIDEND CREDIT:

California	[§15205]	Mississippi	[§81-13-53]
Colorado	[§11-30-118]	New Hampshire	[§394-43]
Connecticut	[§36-210(2)]	North Carolina	[§54-109.54]
Florida	[§657.18]	Oregon	[§723.406(3)]
Kansas	[§17-2218]	Pennsylvania	[§12323]
Kentucky	[§290.250(1)]	South Carolina	[§8-672]
Massachusetts	[Ch. 171, §25]	Tennessee	[§15-1826(e)]
Michigan	[§490.18(b)]	Vermont	[§2081]

OTHER ACTS:

ARIZONA—Dividend credit for a month may be accrued on shares or \$5 increments thereof which are or become fully paid up during the first 10 days of that month. [§6-522(C)]

Dormant Accounts

CUNA MODEL ACT: If a credit union is unable to contact a member, beneficiary or other person via first class mail at the last address shown on the records of the credit union, and if such inability continues for more than five years, all sums due such person may, by action of the board of directors, be credited to the reserve fund of the credit union, and thereafter no dividends or interest will accrue thereto. The member may reclaim any such sums by proper judicial proceedings commenced within 10 years after such action. [§6.50]

FEDERAL CREDIT UNION ACT: Act is silent.

ACT SIMILAR TO MODEL ACT:

Arkansas	[§67-924]	Nevada	[§678.660]
Montana	[§14-646]		

OTHER ACTS:

ARIZONA—Upon authorization of the board the partial shareholdings in excess of \$5 and less than par value for a period of two years may be credited to the reserve of the credit union if upon written notice mailed to the member at his last known address no action to withdraw such funds is taken within 30 days after the mailing. All share accounts of \$5 or less may be credited to the reserve without notice. [§6-508(B)]

INDIANA—Share accounts which have been inactive for a period of two years may be transferred to an accounts payable or special account. Thereafter the credit union shall not consider the payment of dividends on such transferred accounts. The credit union may charge an account up to \$10 for the cost of locater service

where a member has failed to keep the credit union informed about his current address. Such charge may be made only once in any 12 month period. [§28-7-1-9(h)]

KANSAS—Any money received in the share account of any member which has not matured to one full share within a three year period shall be refunded to the member. If the member cannot be located, such money shall be transferred to the reserve fund. [§17-2212]

LOUISIANA—If any credit union domiciled in Louisiana is unable to contact a member, beneficiary or other person via first class mail at the last address shown on the records of the credit union, and if such inability continues for a period of more than two years, all shares, dividends and other sums not in excess of \$100 due to or standing in the name of such member, beneficiary or other person may, by action of the board of directors, be credited to the reserve for inactive accounts of the credit union. Thereafter no dividends will accrue thereto. The member shall have the right to reclaim any such sums. Provision does not apply to shares, dividends and other sums due to or standing in the name of two or more persons unless the credit union is unable to contact any of such persons in the manner and during the period specified. [§6:659.1]

MICHIGAN—Shareholdings with balances under \$5 for a one year period may be escheated and the membership shall be terminated. [§490.5a]

MINNESOTA—Whenever a member's share or deposit balance is not more than \$25 and the member has not transacted any business with the credit union for a period of at least seven years, the board of directors, after giving 30 days written notice by certified mail to the last known address of the member, may transfer the balance to the operating reserve fund of the credit union. Thereafter, subject to the law governing abandoned funds, the member may recover the funds in the account at the time of the transfer by making application to the credit union for such funds, but the credit union shall have no obligation to the member for the payment of dividends or interest on the funds after the transfer to the operating reserve. [§52.191]

NEW JERSEY—When a member's whereabouts are unknown for 12 months, all sums due him may be credited to a special reserve fund of the credit union, after return of certified letter sent to the last known address. The member shall have five years to reclaim the proceeds after which they shall be given to the state treasurer. [§17:13-37(a)]

NEW MEXICO—All sums due any member whose whereabouts are unknown for seven years or more may, after return of registered

letter sent to such member at last known address, be by action of the board of directors, disposed of in accordance with the law. [§48-19-12]

OKLAHOMA—Any money deposited in a member's account which has not matured to at least \$25 within a three year period may be transferred to a special reserve for dormant accounts if the owner, after reasonable effort, cannot be located. If, however, the member later requests a withdrawal, the request will be honored. [§2020]

OREGON—If a credit union is unable to contact a member, any of the persons named on a joint account, beneficiary or other person via first class mail at the last address shown on the records of the credit union, and if such inability continues for a period of more than one year, all shares, dividends, deposit accounts, interest and other sums due or standing in the name of such member, beneficiary or other person may, by action of the board of directors, be credited to the accounts payable of the credit union, and thereafter no dividends or interest will accrue thereto, providing the balance of said account is below \$50. Such items shall be carried until the period provided by the Uniform Disposition of Unclaimed Property Act has expired, after which items shall be turned over to the State of Oregon. [§723.442]

TENNESSEE—A credit union may charge \$1 per year on any account of less than \$5 for a period of three years, provided that the credit union gives written notice to the member at his last known address. [§15-1833]

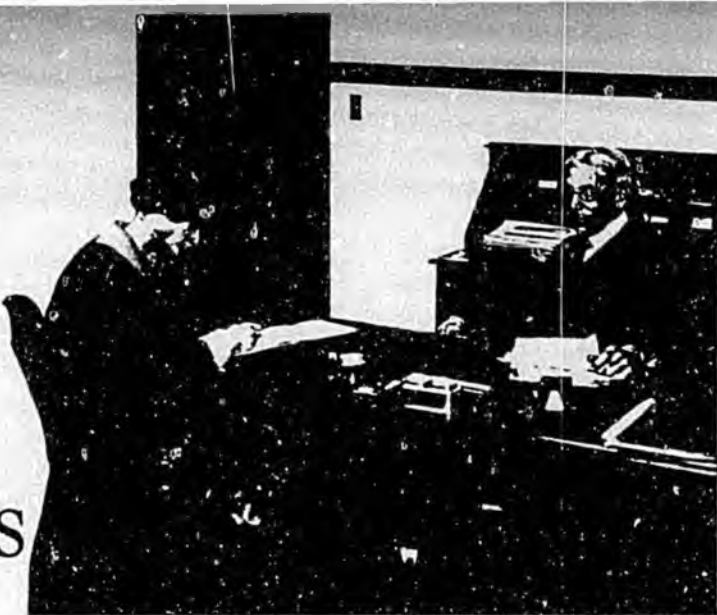
VIRGINIA—The bylaws shall provide for the manner of effecting the forfeiture of a member's shares when a balance of less than \$5 has been maintained for a period of two years. [§6.1-198(11)]

WASHINGTON—Funds representing unclaimed dividends of a credit union in liquidation and remaining in the hands of the supervisor over five years from the date of receivership, such funds shall escheat to the state and revert to the permanent school fund. [§31.12.410]

WISCONSIN—Credit unions may make an annual maintenance charge of not more than 50¢ per month against dormant accounts. An account is dormant if no deposit or withdrawal has taken place in the last 36 months and if mailings to the account holder(s) are returned to the credit union marked "address unknown". [§186.113(13)]

ACT IS SILENT;

29 states and Puerto Rico



MAKING THE LOANS

Purpose and Conditions of Loans

CUNA MODEL ACT: A credit union may loan to its members for such purpose and upon such security and terms as the credit committee, credit manager or loan officer(s) approves. [§7.10]

FEDERAL CREDIT UNION ACT: A federal credit union shall have power to make loans to its members in conformance with criteria established by the board of directors, and to other credit unions and credit union organizations if approved by the board of directors. [§107(5)]

ACT SIMILAR TO MODEL ACT:

Montana	[§14-648]	*Texas	[§7.01]
Oregon	[§723.502]		

*If made in accordance with rules and regulations promulgated by the commissioner.

A CREDIT UNION MAY LOAN to members for such purpose and upon such conditions as the bylaws may provide and the credit committee shall approve:

Kansas	[§17-2216]	Nevada	[§678.710(1)]
Maryland	[§152(a)]	New York	[§453(5)]
Mississippi	[§81-13-43]	Tennessee	[§45-1821]
Missouri	[§370.310(1)]	West Virginia	[§31-10-19]

A CREDIT UNION MAY LOAN to members for provident or productive purposes and upon such conditions as the bylaws shall provide and the credit committee shall approve:

*Arkansas	[§67-916(1)]	New Jersey	[§17-13-42(a)]
*Idaho	[§26-2119]	Vermont	[§2078(a)]
Nebraska	[§21-1790]		

*Approval may also be by loan officer.

A CREDIT UNION MAY LOAN to members for provident or productive purposes and upon such conditions as the bylaws shall provide and the credit committee shall approve:

*Arkansas	[§67-916(1)]	New Jersey	[§17(a)]
*Idaho	[§26-2119]	Vermont	[§2078(a)]
Nebraska	[§21-1790]		

*Approval may also be by loan officer.

A CREDIT UNION MAY LOAN to members for provident or productive purposes and upon such security and terms as the credit committee may approve consistent with the resolutions of the board of directors, the bylaws, and the provisions of this chapter:

Arizona	[§6-518(A)]	Illinois	[§496.19]
Hawaii	[§110-15(a)]		

BYLAWS TO PROVIDE THE CONDITIONS upon which loans may be made:

Alabama	[§5-17-17]	Indiana	[§28-7-1-4(e)]
California	[§14202(k)]	Virginia	[§6.1-198(9)]

LOAN MUST PROMISE TO BE of benefit to borrower:

Rhode Island	[§19-21-23]	Washington	[§31.12.240]
--------------	-------------	------------	--------------

OTHER ACTS:

COLORADO—A credit union may loan to members subject to the provisions of this article and the bylaws of the credit union. [§11-30-116]

CONNECTICUT—A credit union may loan to members for provident or productive purposes upon such terms and conditions as this chapter, the bylaws and any loan policies of the board of directors may permit. [§36-198(d)]

GEORGIA—A credit union may loan to members for such purposes as may be approved by the credit committee or loan officer. [§11A-3109(a)]

LOUISIANA—A credit union may loan to members for good and provident purposes, subject to the provisions of the act. [§6:656]

MAINE—A credit union may make loans to its members in accordance with the provision of this chapter. [§851(1)]

MASSACHUSETTS—A credit union may make loans of specified types and according to specified conditions to its members. [§Ch. 171 §24]

NEW HAMPSHIRE—A credit union may loan to members on such terms and upon such security, real or personal, as the union may vote or its bylaws prescribe. [§394:16]

NORTH CAROLINA—A credit union may loan to its members for such purposes and upon such security and terms as the board of directors prescribe. [§54-109.65]

NORTH DAKOTA—A credit union may loan to members. [§6-06-06(2)]

OHIO—A credit union may loan to members for provident and productive purposes as authorized by law, the articles and regulations, and subject to the policies adopted by the credit committee and approved by the board of directors. [§1733.25(A)]

OKLAHOMA—A credit union may loan to members for provident and productive purposes as the credit committee may approve. [§2006(5)]

PUERTO RICO—A credit union may loan to members and non-members for their personal requirements, or legitimate business, and shall be subject to the borrowing rules determined by the board. [§7(b) and §16(f)]

SOUTH CAROLINA—A credit union may loan to members for such purposes and upon such security and terms as the credit committee approves. [§8-668]

UTAH—A credit union may loan to members for the purposes and upon the indorsements, security and terms as the bylaws shall provide, or, in the absence of such provisions, as the credit committee shall approve. [§7-9-16]

WISCONSIN—A credit union may loan to members upon such terms as approved by the credit committee or loan officer. [§186.09(1)]

INTEREST RATE DETERMINED BY BOARD OF DIRECTORS, subject to limitations in other statutes:

Maine [§842(2)(R)] Puerto Rico [§16(b)]
 Massachusetts [Ch. 171, §16]

OTHER ACTS:

ARKANSAS—Board of directors to determine rate of interest, but in no event may rate exceed that permitted by the State Constitution. [§67-913(c), 67-916(1)]

IOWA—Interest rates on loans shall not exceed 1% per month on unpaid balances, except that with respect to consumer loans, a credit union may charge the finance charge permitted under the Iowa Consumer Credit Code. [§533.14]

KENTUCKY—Rate of interest on loans is not to exceed 1% per month on the unpaid balance of the loan, except that the legal rate of interest provided for by KRS 360.010 shall apply to any loan secured by real estate. [§290.200]

MISSOURI—Reasonable rate of interest not to exceed 1% per month on the unpaid balance; however, a minimum interest charge not exceeding \$1.00 per month may be charged. [§370.300(1)]

NEBRASKA—Interest rate not to exceed 14% per year on unpaid balance. [§21-1773(7)]

NEVADA—Maximum rate is 1% per month on the unpaid balance, unless a higher rate is approved by the commissioner. [§678.710(1)]

NORTH CAROLINA—Shall not exceed an annual rate of 12% unless a greater rate not to exceed 18% is approved by the credit union commission for all credit unions. [§54-109.65]

WEST VIRGINIA—Interest rate not to exceed 1½% per month. [§31-10-16]

ACT IS SILENT:

Rhode Island

Interest Rate on Loans

CUNA MODEL ACT: A credit union may loan . . . at rates of interest not exceeding 1% per month on the unpaid monthly balances, unless a greater rate is otherwise approved by the Director. [§7.10]

FEDERAL CREDIT UNION ACT: A federal credit union shall have power to make loans to members at rates of interest not to exceed 1% per month on unpaid balance, inclusive of all service charges. [§107(5)(A)(vi)]

ACT SIMILAR TO FEDERAL ACT:

New Jersey [§17:13-42(a)] Tennessee [§45-1820]
 New Mexico [§48-19-14] Vermont [§2078(a)]

INTEREST RATE NOT TO EXCEED 1% per month on unpaid balance:

Alabama	[§5-17-18]	Minnesota	[§52.14]
Arizona	[§6-513(B)(2)]	Mississippi	[§81-13-39]
Colorado	[§11-30-114]	New Hampshire	[§394:16]
Florida	[§657.14]	Ohio	[§1733.25(C)]
Hawaii	[§410-15(a)]	South Carolina	[§8-656]
Illinois	[§496.20]	Texas	[§7.01]
Louisiana	[§6:654(A)]	Virginia	[§6.1-330.18]
Maryland	[§153]	Washington	[§31.12.020]

INTEREST RATE NOT TO EXCEED 1% per month, or in the alternative, interest may be deducted in advance on the loan at a rate not exceeding 6% per year, either rate is inclusive of all charges:

New York [§453(5a)] Pennsylvania [§12319]

INTEREST RATE NOT TO EXCEED 1¼% per month on unpaid balance:

*California	[§14901]	Montana	[§14-648]
*Connecticut	[§36-206]	North Dakota	[§6-06-18]
Georgia	[§41A-3109(a)]	Oregon	[§723.502]
Michigan	[§490.14]		

*Including all charges incident to making the loan.

INTEREST RATE DETERMINED BY BOARD OF DIRECTORS, subject to maximum ceilings in Consumer Credit Code:

Idaho	[§26-2116(c)]	Oklahoma	[§2010(C)]
Indiana	[§28-7-1-16(b)]	Utah	[§7-9-11(5)]
Kansas	[§17-2209(2)]	Wisconsin	[§186.09(1)]

Incidental Charges

CUNA MODEL ACT: Act is silent. (Comment in Act: "It is the further intent of this section that a credit union not be precluded from passing on to borrowers certain charges incidental to making a loan, such as closing costs and filing fees.") [§7.10]

FEDERAL CREDIT UNION ACT: The maximum interest rate on loans to members is inclusive of all service charges. [§107(5)(A)(vi)]

ACT SIMILAR TO FEDERAL ACT:

New Mexico [§48-19-14] Vermont [§2078(a)]
 Tennessee [§45-1820]

IF PERMITTED BY THE BYLAWS, the borrowing members may be charged for the cost of filing fees on security instruments in connection with the transaction:

*Arkansas [§67-916(1)] Idaho [§26-2119]
 *Also for appraisal and investigation.

THE MAXIMUM RATE OF INTEREST is inclusive of all charges, and no further fee for examination, service, brokerage, commission, or otherwise shall be charged, except for (1) lawful fees paid out to a public officer for filing, recording or releasing in

continued

any public office any instrument securing a loan, and (2) reasonable attorneys fees for necessary court process:

Arizona—Reasonable attorneys fees assessed and fixed by the court, and any necessary fees required to obtain and perfect a lien. [§6-513(B)(2)]

New Jersey—Attorneys fees not to exceed 20%, but with a minimum fee of \$10. [§17:13-27(e)]

New York [§453(5)(a)]

OTHER ACTS:

CALIFORNIA—The interest rate is not inclusive of the cost of any insurance and any cost of acknowledgement, certification, registration recordation or filing, independent appraisals, separate escrows, and other fees actually paid by a credit union in connection with a loan. A charge for special services applied to a share account is not a charge incident to the making of a loan when an overdraft from the share account results in a loan advance, provided the same charge is applied to the share account whether such an overdraft occurs or not. A service charge not to exceed 25 cents may be made for any loan of \$50 or less which is repaid before the end of the first full month. [§14901, 14902]

CONNECTICUT—Attorney fees, including preparation of mortgage deed and note, title search, waivers and closing fees or recording fees, shall be at the expense of the borrower, and all such fees shall be excluded from the computation of "charges incident to the making of the loan". [§36-198b(f)]

HAWAII—Borrower may be required to pay fees and charges prescribed by law and payable to public officials in connection with security on a credit transaction and fees or premiums in connection with real estate loans. [§410-15(a)]

KENTUCKY—The maximum interest rate shall be in lieu of all other charges, except for fines for delinquent payments, and in case of secured loans, premiums incurred in the carrying of insurance against the loan, mortgage recording fees, title examination fees, and such other reasonable charges as are necessarily incident to the effective protection of the loan by the security offered. In the case of a temporary loan, a credit union may charge a fee of up to five dollars. [§290.290(2)]

LOUISIANA—Applicant for real estate loan must bear cost of title insurance or other documentation assuring merchantable title to property, and if the property is appraised by an independent appraiser the cost of such appraisal shall be advanced by the applicant. [§6:656(A)(4)(b)(e)]

MINNESOTA—In addition to the interest charged on loans, the borrowing member may be required to pay all reasonable expenses incurred in connection with the making, closing, disbursing, extending, readjusting, or renewing of personal or real estate loans. The commissioner of banks may prescribe by regulation which of said expenses may be charged to the member and the maximum amounts which may be charged. [§52.141]

MISSISSIPPI—Fines and penalties shall not be considered as interest. [§81-13-39]

MISSOURI—A credit union may charge a borrower expenses of making a loan including title examinations on real estate used as security for a loan, credit investigations, credit life insurance, and filing and recording fees by government agencies. [§370.300(2)]

NEBRASKA—A credit union may make a minimum loan or use charge on loans on which the interest charged does not exceed

\$2.00; provided, that such loan or use charge including the interest on such loan shall not exceed \$2.00. [§21-1773(11)]

NORTH CAROLINA—Interest shall not be deemed to include charges made by a credit union for appraisals of real or personal property; attorneys fees for searching title to real property, preparing notes, deeds of trust, mortgages and closing loans; and recording fees. [§54-109.65]

PENNSYLVANIA—No other charges or fines shall be collected other than fees to public officials and reasonable fees of attorneys and outside collectors or outside collection agencies; provided the aggregate of such fees does not exceed 20% of the outstanding loan balance. [§12319]

PUERTO RICO—Loans are subject to the borrowing rules of the board. [§16(f)]

WASHINGTON—In any loan in which the funds advanced do not exceed \$500 a setup charge, not to be considered interest, may be charged and collected, provided it shall not exceed 4% of the amount of funds advanced or \$15, whichever is less, except that on loans of under \$100 a minimum not exceeding \$4 may be charged. [§19.52.020]

ACT IS SILENT:

Alabama	Maryland	Oklahoma
Colorado	Massachusetts	Oregon
Florida	Michigan	Rhode Island
Georgia	Montana	South Carolina
Illinois	Nevada	Texas
Indiana	New Hampshire	Utah
Iowa	North Dakota	Virginia
Kansas	Ohio	West Virginia
Maine		Wisconsin

Interest Refund

CUNA MODEL ACT: It shall be the duty of the directors to authorize interest refunds, if any, to members from income earned and received in proportion to the interest paid by them on such classes of loans and under such conditions as the board prescribes. [§5.56(3)]

FEDERAL CREDIT UNION ACT: The board of directors shall, subject to such regulations as may be issued by the Board, authorize an interest refund to members of record at the close of business on the last day of any dividend period in proportion to the interest paid by them during that dividend period. [§113]

ACT SIMILAR TO MODEL ACT:

Connecticut	[§36-206(b)]	Nevada	[§678.370(11)]
Maine	[§442(2)(R)]	No. Carolina	[§54-109.4(3)]
Montana	[§14-631(3)]	Oregon	[§723.296(3)]

ACT SIMILAR TO FEDERAL ACT:

Hawaii [§410-13(c)(7)]

THE BOARD OF DIRECTORS SHALL DETERMINE the rate of interest refund, if any, to be paid to borrowing members, the qualifications for participation, and the manner of computation and payment. Such interest rebates are to be paid from the credit balance of the retained earnings account.

Arkansas	[§67-913(c)]	Idaho	[§26-2116(c)]
----------	--------------	-------	---------------

THE BOARD OF DIRECTORS MAY PROVIDE for an interest refund to borrowing members:

Arizona	[\$6-513(B)(9)]	New Mexico	[\$48-19-9(C)]
*California	[\$14406(g)]	Oklahoma	[\$2010(C)]
Illinois	[\$496.13(7)]	South Carolina	[\$8-661(7)]
**Indiana	[\$28-7-1-9(k)]	Utah	[\$7-9-21(4)]
Iowa	[\$533.9(4)]	Vermont	[\$2061(3)]
Kentucky	[\$290.250(2)]	Virginia	[\$6.1-211(3)]
New Hampshire	[\$394:26]		

*Unless bylaws reserve to members.
 **Conditional on reserves and payment of reasonable dividend.

OTHER ACTS:

COLORADO—The board shall determine the rate of interest refund, if any, paid to members of record at the close of any given period, in proportion to the interest paid by them during that period. Any such refund shall be paid from interest income of the credit union prior to any transfer to reserves. [§11-30-109(1)(c)]

LOUISIANA—Unless reserved to members by the charter, it shall be the duty of the board to authorize interest refunds to members of record at the close of business on December 31, in proportion to the interest paid by them during the year. [§6:649(B)(6)]

MISSOURI—The board at the close of a dividend period may allocate a portion of receipts from interest on loans for the purpose of making an interest refund, in proportion to the interest paid by members during the period. The board may deny such refund to members whose loans have been delinquent during such period. [§370.300(3)]

NEW YORK—It shall be the special duty of directors to authorize an interest refund to all members of record at the close of business on the last day of any dividend period, for which it has declared a dividend, in proportion to the interest paid by them for the dividend period. [§469(5)]

NORTH DAKOTA—A credit union, upon action of its board, may authorize an interest refund to members of record at the close of business the last day of any dividend period in proportion to the interest paid during that period. Interest refunds may be made to borrowers only after provision for a special reserve for delinquent loans, if required by the state credit union board. [§6-06-26]

OHIO—If authorized by the code of regulations, a credit union may rebate to borrowing members a portion of the member's interest paid to the credit union. [§1733.04(a)(3)]

PENNSYLVANIA—The directors shall determine whether, to what extent, and to what class or classes of borrowers, if any, an interest refund shall be paid in proportion to the interest paid by each borrower during the dividend period. No interest dividend may be authorized unless a share dividend of not less than 3% has been declared from the earnings of the last preceding dividend period. [§12312(10)]

TEXAS—A credit union may pay interest refunds to borrowers. [§4.01(15)]

WASHINGTON—Surplus earnings may be distributed to the borrowers as a patronage dividend ratably in proportion to interest paid by them. [§31.12.310]

ACT IS SILENT:

Alabama	Massachusetts	New Jersey
Florida	Michigan	Puerto Rico
Georgia	Minnesota	Rhode Island
Kansas	Mississippi	Tennessee
Maryland	Nebraska	West Virginia
		Wisconsin

Maturity Limit on Loans

(Other than real estate loans)

CUNA MODEL ACT: A credit union may loan to its members for a provident or productive purpose and upon such security and terms as the credit committee, credit manager, or loan officer(s) approve. [§7.10]

FEDERAL CREDIT UNION ACT: A federal credit union shall have the power to make loans, the maturities of which shall not exceed twelve years. [§107(5)]

OTHER ACTS:

CONNECTICUT—Unsecured loans up to 10 years. Secured loans up to 15 years. [§36-198(d)]

HAWAII—Unsecured loans up to 5 years. Secured loans up to 10 years. Not applicable to loans guaranteed by U.S. or state agencies under the National Higher Education Act [§410-15(a)]

INDIANA—The terms of any loan with a maturity of more than six months shall provide for principal and interest repayments in at least monthly installments of substantially equal amounts. [§28-7-1-17(b)]

LOUISIANA—Maximum maturity is 60 months for unsecured loans and loans secured by shares; 12 years for loans secured by a chattel mortgage or other collateral or guaranteed by 1 or more solvent comakers. [§6:656(2),(3)]

MASSACHUSETTS—For an unsecured personal loan the maximum maturity is 48 months; for secured personal loans, 120 months. Both are renewable on or before the due date. Maximum maturity is 48 months for loans secured by satisfactory collateral (automobile loans) and 60 months for certain loans based upon one per cent of the credit union's assets. [Ch. 171, §24(A)]

WASHINGTON—Unsecured personal loans may not exceed four years. Secured personal loans may not exceed eight years. [§31.12.270]

ACT IS SILENT:

40 states and Puerto Rico.

Unsecured Loan Limit

(See also general restrictions under Secured Loan Limit)

CUNA MODEL ACT: Board of Directors shall fix the maximum amount which may be loaned to any one member . . . but shall not exceed \$200 or 10% of the credit union's total assets, whichever is greater. [§5.56(4), 7.20]

FEDERAL CREDIT UNION ACT: Act is silent.

ACT SIMILAR TO MODEL ACT:

Vermont [§2078(b)]

MAXIMUM UNSECURED LOANS ARE as follows unless a lower limit is established:

Arkansas	\$3,000	[§67-916(2)]
Kansas	\$1,000	[§17-2216]
Louisiana	\$5,000	[§6:656(A)(1)]
Missouri	\$5,000	[§370.220(3)]
Nebraska	\$4,500	[§21-1790]
North Carolina	\$5,000	[§54-109.67]

continued

NO UNSECURED LOAN SHALL BE MADE in excess of \$2,500, although a lower limit may be established:

Kentucky	[\$290.230(1)]	Tennessee	[\$45-1815]
Mississippi	[\$81-13-31]	West Virginia	[\$31-10-19]

BOARD OF DIRECTORS SHALL FIX maximum amount of unsecured loan which may be loaned to a member:

Alabama	[\$5-17-11]	New Hampshire	[\$394:26]
Colorado	[\$11-30-109(1)(g)]	New Mexico	[\$48-19-9(F)]
Florida	[\$657.09(6)]	Oklahoma	[\$2010(c)]
Idaho	[\$26-2116(f)]	Pennsylvania	[\$12312(7)]
Michigan	[\$490.9(1)(f)]	South Carolina	[\$8-681(10)]
Nevada	[\$678.370(6)]		

UNSECURED LOAN LIMIT DETERMINED AT MEMBERS' MEETINGS, based on recommendations of board of directors:

Rhode Island	[\$19-21-22]
--------------	--------------

UNSECURED LOAN LIMIT is related to the credit union's assets:

Assets	Limit
Less than \$5,000	\$ 250
Up to \$25,000	500
Up to \$100,000	1,000
Up to \$500,000	2,500
Up to \$1 million	3,500
Exceeding \$1 million	5,000

Hawaii	[\$410-15(f)(1)]	Wisconsin	[\$186.09(6)]
--------	------------------	-----------	---------------

OTHER ACTS:

ARIZONA—Unsecured loans to any one member shall not exceed 10% of the credit union's paid-in and unimpaired capital or \$200, whichever is greater. [§6-519(B)]

CALIFORNIA—Unsecured limit is: \$1,000 where assets are not greater than \$100,000; 1% of assets which are between \$100,000 and \$250,000; \$2,500 plus one fourth of 1% of assets, but not more than \$5,000, where assets are greater than \$250,000. [§14903]

CONNECTICUT—Unsecured loan limit is \$5,000 or 2½% of paid-in and unimpaired capital and surplus, whichever is less. [§36-199]

GEORGIA—Any credit union can make loans up to \$200 regardless of its shares and deposits. Unsecured loans shall not exceed 1% of the first \$100,000 of deposits and shares, plus ¼ of 1% of deposits and shares over \$100,000. The amount loaned to any one borrower on an unsecured basis when added to the amount loaned on a secured basis shall not exceed the secured loan limit. [§41A-3109(d)]

ILLINOIS—Unsecured loans to any one member shall not exceed \$5,000 or 5% of unimpaired capital and surplus, whichever is less. [§496.20]

INDIANA—Unsecured loans up to \$750 may be made without restrictions. Larger unsecured loans shall not exceed 2½% of the current assets of the credit union or \$2,500, whichever is less. [§28-7-1-17(a)]

IOWA—Unsecured loan limit to be established by the board of directors. Loans to any one member which in the aggregate exceed that limit must be secured to extent they exceed the unsecured loan limit. [§833.16(5)(a)]

MAINE—Unsecured loans shall not exceed \$500 or 2½% of share

capital and surplus, whichever is greater, up to a maximum amount of \$5,000 per member. [§853]

MARYLAND—Security need not be taken for any loans of \$400 or less. In any case, where the loan is in excess of \$400 up to a maximum of \$3,500 it shall be subject to the prior written approval of the bank commissioner. [§152(a)]

MASSACHUSETTS—If credit union is insured, the maximum amount of a loan or loans in excess of a member's shares or deposits shall be \$200 or 2% of the assets whichever is greater, not exceeding \$3,000 if evidenced by the unsecured and unendorsed note of the borrower. If credit union is not insured, loan may not exceed \$500. [Ch. 171 §24(A)]

MINNESOTA—The maximum individual loan is 10% of outstanding shares and deposits; except for the Minnesota Central Credit Union, or for credit unions insured by the National Credit Union Administration. [§52.09(6)]

MONTANA—The board of directors fix the maximum amount that may be loaned to any one member; but no loan shall be made to any one member in an aggregate amount in excess of 10% of the credit union's total assets. [§14-631(4), 14-650]

NEW JERSEY—No unsecured loan shall be made which would exceed 2½% of the credit union's shares and reserves or \$3,500, whichever is less. [§17:13-42]

NEW YORK—Permits an unsecured loan of \$1,500 in excess of a member's shares and deposits or 10% of the credit union's share capital and deposits, whichever is lower; except that where the credit union's share capital is over \$1 million the unsecured limit is \$2,500, or \$5,000 where the credit union's share capital is over \$5 million. [§454(2)]

NORTH DAKOTA—Unsecured limit is \$2,500 or 1% of a credit union's total share and deposit account, whichever is higher, but not over \$5,000. [§6-06-14]

OHIO—Subject to policies adopted by credit committee and approved by board of directors. [§17:33.25]

OREGON—No loan shall be made to any member in an aggregate amount in excess of \$10,000, or 15% of the credit union's guaranty fund and undivided earnings, whichever is greater. [§723.512]

PUERTO RICO—Board will set secured and unsecured limits in the borrowing rules. [§16(f)] However, all loans exceeding applicant's total unencumbered shares and/or deposits must be secured. [§28]

UTAH—No unsecured loan of more than \$3,000 in excess of the book value of the shares and deposits of the member. [§7-9-12]

VIRGINIA—Unsecured loans may be made to any one member up to \$200 or 2½% of the unimpaired capital and surplus, whichever is greater, but not to exceed \$2,500. [§6.1-217]

WASHINGTON—The aggregate of unsecured loans to any one member of a credit union whose unimpaired capital and surplus is less than \$8,000 shall not exceed \$500, or in the case of any other credit union it shall not exceed \$2,500 or 2½% of the unimpaired capital and surplus, whichever is less. [§31.12.280]

ACT IS SILENT:

Texas

Secured Loan Limit

CUNA MODEL ACT: Board of directors shall fix the maximum amount which may be loaned to any one member . . . but shall not exceed \$200 or 10% of the credit union's total assets, whichever is greater. [§5.56(4), 7.20]

FEDERAL CREDIT UNION ACT: No loan shall be made to any member if the aggregate amount of the member's indebtedness to the credit union would exceed 10% of the credit union's unimpaired capital and surplus. [§114]

ACT SIMILAR TO MODEL ACT:

Vermont [§2078(b)]

ACT SIMILAR TO FEDERAL ACT:

Nevada [§678.710(3)] Texas [§7.02]

NO LOAN SHALL BE MADE to any member in an aggregate amount in excess of \$200 or 10% of the credit union's unimpaired capital and surplus, whichever is greater:

*Arizona [§6-519(B)] Kentucky [§290.230(1)]

Connecticut [§36-199] North Carolina [§54-109.67]

Indiana [§26-7-1-17(a)]

*Omits reference to surplus.

NO LOAN MAY EXCEED 10% of credit union's assets or the dollar amount shown, whichever is greater:

Kansas—\$500 [§17-2216] Tennessee—\$300 [§45-1815]

Missouri—\$2,000 [§370.310] *Wisconsin—\$100 [§186.09(5)]

Nebraska—\$500 [§21-1773(8)]

*Plus pledged shares

NO LOAN MAY EXCEED PERCENTAGE of credit union's assets shown:

Arkansas—10% [§67-916(2)] Montana—10% [§14-650]

Mississippi—5% [§81-13-43]

BOARD OF DIRECTORS DETERMINES SECURED LOAN LIMIT:

Alabama [§5-17-11] New Mexico [§48-19-9(F)]

Colorado [§11-30-109(1)(g)] Oklahoma [§2010(c)]

Florida [§657.09(6)] Pennsylvania [§12312(7)]

Idaho [§26-2116(f)] Puerto Rico [§16(f)]

Michigan [§490.9(1)(f)] South Carolina [§8-661(10)]

New Hampshire [§394:26] West Virginia [§31-10-9(d)]

SECURED LOAN LIMIT as determined at members' meeting, based on recommendations of board of directors:

Rhode Island [§19-21-22]

OTHER ACTS:

CALIFORNIA—Maximum secured loan is the greater of \$3,000 or 10% of the credit union's paid in and unimpaired capital, but not to exceed \$10,000 plus the unpledged shares. Those with assets of \$1 million or more can make larger loans. [§14904]

GEORGIA—Any credit union can make loans up to \$200 regardless of its shares and deposits. Secured loans shall not exceed 10% of the first \$100,000 of its shares and deposits, plus 4% of the next \$1 million, plus 2% of its deposits and shares over \$1,100,000. [§41A-3109(d)]

HAWAII—Loans to one member shall not exceed 10% of the credit union's shares, deposits, and surplus or \$200, whichever is greater. [§410-15(a)]

ILLINOIS—No loan may be made and no person can become in-

debted to a credit union, without the prior approval of the Director, for more than \$20,000 or 12½% of the unimpaired capital and surplus, whichever is less. These limits may be increased by the amount of the member's share account. [§496.20]

IOWA—Loans to one member shall not exceed \$100 or 10% of the credit union's capital, whichever is greater. [§533.16(2)]

LOUISIANA—No member shall become indebted to the credit union for more than \$200 or 10% of its paid in capital and surplus, whichever is greater; with a maximum indebtedness of \$15,000 for loans not secured by real estate. [§6:656]

MAINE—Secured loans may be made up to \$1,000 or 5% of share capital and surplus, whichever is greater. Loans fully secured by a pledge of shares of the credit union may be made without limitation as to amount. [§854]

MARYLAND—The board shall determine the amount that shall be loaned to a member, but in no case may that amount exceed 10% of the credit union's paid-in and unimpaired capital and surplus. [§152(a)]

MASSACHUSETTS—

(NOTE: "Insured" refers to loan limit for credit unions with member accounts insured in full under federal or state law. "Uninsured" refers to credit unions not so insured.)

Secured loan limit is:

- 1) If evidenced by the note of the borrower with one or more responsible endorsers or co-makers thereon, or with satisfactory collateral pledged as security:

Uninsured: The greater of \$500 or 2% of the assets, not to exceed \$1,000.

Insured: The greater of \$1,000 or 2% of the assets, not to exceed \$4,000.

- 2) If evidenced by the note of the borrower with two or more responsible endorsers or co-makers thereon, or with satisfactory collateral pledged as security:

Uninsured: \$1,000 when assets are \$500,000 or less and \$1,500 when assets are over \$500,000.

Insured: \$4,000 when assets are \$500,000 or less and \$5,000 when assets are over \$500,000.

- 3) Secured loan limit is \$2,000 if evidenced by the note of the borrower fully secured by a pledge of satisfactory collateral valued at not more than 80% of its market value.

- 4) Secured loan limit is \$5,000 if evidenced by the note of the borrower and secured with significant collateral, such collateral to be composed of any of the following:

a) Bonds or notes issued by the U. S. in any state or subdivision thereof, which are legal investments for savings banks or credit unions in Massachusetts—to the extent of 80% of their market value.

b) Assignment of the passbook of a depositor in a savings bank operating in any New England state; a depositor in a trust company or national bank operating in Massachusetts; or a shareholder in a federal savings and loan association operating in Massachusetts.

c) Assignment of the savings share account book of a cooperative bank operating in Massachusetts, or of the unpledged shares thereof, as represented by passbooks or certificates.

d) Assignment of life insurance policy issued by a company operating in Massachusetts, to the extent of its cash surrender value.

continued

In addition, a credit union with assets of more than \$500,000 may lend amount not in excess of 2% of assets, or \$50,000, whichever is the lesser upon the collateral described above, or upon collateral composed of readily marketable common or preferred stock of a corporation listed by an S.E.C. regulated stock exchange, to an extent not to exceed 80% market value.

- 5) For loans evidenced by the note of the borrower and secured by a pledge or security interest in satisfactory collateral valued at not more than 80% of the collateral's market value, the limit is \$3,500 if the assets of the credit union are less than \$100,000; and the greater of \$5,000 or 1% of assets, but not more than \$16,000, if the assets exceed \$100,000.
- 6) An amount not exceeding the share account of a depositor or shareholder, which note shall be secured by the passbook of that share account. [Ch. 171, §24A]

MINNESOTA—The maximum individual loan is 10% of outstanding shares and deposits; except for the Minnesota Central Credit Union, or for credit unions insured by the National Credit Union Administration. [§52.09(6)]

NEW JERSEY—No loan shall be made which causes any member to become indebted to the credit union in excess of \$250 or 5% of the credit union's shares and reserves, whichever is greater. [§17:13-42(c)]

NEW YORK—The aggregate amount of loans to any one member in excess of his unhypothecated shares and deposits shall be limited depending on the share capital of the credit union as follows:

Share Capital	Loan Limit
Not more than \$500,000	\$ 1,500
More than \$500,000	\$10,000
More than \$2 million	\$15,000
More than \$5 million	\$20,000

[§45-4(12)]

NORTH DAKOTA—If the total assets of the credit union are less than \$70,000 the loan limit shall be the greater of \$200 or 10% of the assets, but not more than \$5,000. Otherwise the loan limits are as follows:

Total Assets	Loan Limit
\$70,001 to \$100,000	\$ 6,000
\$100,001 to \$200,000	\$ 8,000
\$200,001 to \$300,000	\$10,000
\$300,001 to \$400,000	\$12,000
\$400,001 to \$500,000	\$14,000
Over \$500,000	3% of assets

[§6-06-12(7)]

OHIO—Subject to policies adopted by the credit committee and approved by the board of directors. [§1733.25]

OREGON—Loans to any one member shall not in the aggregate exceed \$10,000 or 15% of the guaranty fund and undivided earnings, whichever is greater. These restrictions do not apply to any loan fully guaranteed by shares or deposits. [§723.512]

UTAH—The maximum amount loaned to one member shall not exceed \$200 or 15% of the capital, surplus, and the capital notes from the Utah Central Credit Union; these capital notes not to exceed \$5,000 in any one credit union after its capital and surplus and capital notes have reached \$2,000. The aggregate amount of the member's loans may be in excess of \$20,000 only if the amount in excess

is secured in full by share savings in the credit union, unless the credit union's capital and surplus equals \$2 million. [§7-9-11(11)]

VIRGINIA—Loans to one member shall not exceed 10% of the credit union's outstanding shares and reserve or \$200, whichever is greater. [§6.1-217]

WASHINGTON—The aggregate of loans to any one family community shall not exceed \$500 or 10% of the credit union's unimpaired capital and surplus, whichever is greater, provided that loans which are not secured totally by share deposits shall not exceed \$12,000 without the permission of the supervisor. [§31.12.280]

Loan Security Acceptable (Other Than Real Estate)

CUNA MODEL ACT: In addition to generally accepted types of security, the endorsement of a note by a surety, co-maker or guarantor, or assignment of shares or wages, in a manner consistent with the laws of this state, shall be deemed security. [§7.22]

FEDERAL CREDIT UNION ACT: An assignment of shares or the endorsement of a note shall be deemed security, and, subject to such regulations as the Board may prescribe, insurance obtained under Title I of the National Housing Act shall be deemed adequate security. [§114]

ACT SIMILAR TO MODEL ACT:

*Georgia	[§41A-3109(c)(2)]	Montana	[§14-651]
*Hawaii	[§410-15(i)]	*No. Carolina	[§54-109.68]

*Omits reference to assignment of wages

ACT SIMILAR TO FEDERAL ACT:

Idaho	[§26-2119]	Iowa	[§533.10, 533.16]
-------	------------	------	-------------------

AN ASSIGNMENT OF SHARES OR DEPOSITS or the endorsement of a note may be deemed security:

Alabama	[§5-17-12]	Nevada	[§76]
Arkansas	[§67-916(6)]	New Jersey	[§17:13-42(c)]
Colorado	[§11-30-110]	New Mexico	[§48-19-10(B)]
Florida	[§657.10(1)]	North Dakota	[§6-06-14]
Indiana	[§28-7-1-17(a)]	Pennsylvania	[§12313]
Kentucky	[§290.230]	Tennessee	[§45-1815]
*Maryland	[§152(b)]	Vermont	[§2078(c)]
Michigan	[§490.10]	Virginia	[§6.1-217]
Minnesota	[§52.10]	West Virginia	[§31-10-19]
Missouri	[§370.220(3)]		

*All other types of security must be approved by the commissioner.

OTHER ACTS:

ARIZONA—Security may include: (1) the assignment of a mortgage, contract, etc. for any personal property; (2) shares or special investment accounts in the credit union; (3) negotiable obligations of the United States; (4) a written assignment of the cash value of a life insurance policy; (5) a co-maker; (6) assignments of stocks and bonds; (7) anything else approved by the superintendent. [§6-519(D)]

CALIFORNIA—Security includes, but is not limited to, (a) a note endorsed by any member of the credit union or any other person, (b) any obligation wherein the payment of interest and principal is guaranteed by the federal government or any of its instrumentalities, state or municipal government, (c) the amounts which a member has invested in the credit union. If amount invested by a mem-

ber is equal to the loan, he shall not be required to give further security. [§14907]

CONNECTICUT—The following shall be deemed to be security: (1) share accounts in any credit union and insured savings accounts in any other financial institution in the state; (2) insured share accounts and savings accounts in credit unions and other financial institutions in other states; (3) life insurance policies; (4) stocks, bonds and investment securities deemed to be proper security; (5) tangible personal property deemed to be proper security; (6) the endorsement or other guaranty of a loan. [§36-198(d)]

ILLINOIS—Security may include but not be limited to: (a) assignment by a vendor of a security agreement contract for the conditional sale or chattel mortgage on personal property, (b) an assignment of shares, (c) the general endorsement of a note, (d) a co-maker on the note, and (e) an assignment of wages. [§496.20]

LOUISIANA—Loans may be secured by shares, government insurance or guarantee, chattel mortgage or other collateral of good and sufficient value, or guaranteed by one or more solvent co-makers or endorsers. [§6:656(2),(3)]

MAINE—Loans may be secured by personal property, including a pledge of credit union shares. [§854]

MASSACHUSETTS—A credit union may accept as security an assignment of wages, a co-maker on a note, a pledge of shares, a pledge of U.S. government or state or municipal obligations, an assignment of a passbook of a financial institution doing business in the commonwealth, or an assignment of an insurance policy. [Ch. 171, §24(A)]

MISSISSIPPI—Endorsement of a note or assignment of shares in a credit union or other tangible collateral shall be deemed security. [§81-13-31]

NEBRASKA—The adequacy of all security shall be within the determination of the credit committee. [§21-1790]

NEW HAMPSHIRE—Security is such as credit union may vote or its by-laws may prescribe. [§394:16]

NEW YORK—Loans may be secured by: (a) credit union shares, (b) investments authorized by [§453(13a),(14)], (c) assignment of savings bank deposits, or (d) assignment of cash surrender value of life insurance policy. [§454(9)]

OHIO—A credit union may accept security in such form and under such rules as shall be set forth in the articles, the regulations, or established by the credit committee and approved by the board of directors. [§1753.25(d)]

PUERTO RICO—Security may include but is not limited to: shares, deposits, credits, bonds and pledges. [§17]

WASHINGTON—Loans to members may be secured by the note of the borrower or other collateral satisfactory to the credit committee, including security interests in mobile homes, travel trailers, and motor homes. [§31.12.279]

WISCONSIN—Collateral is such as the board of directors shall determine. [§186.08(6)]

ACT IS SILENT:

Kansas	Oregon	Texas
Oklahoma	Rhode Island	Utah
	South Carolina	

Real Estate as Security on Loans

CUNA MODEL ACT: Act is silent.

FEDERAL CREDIT UNION ACT: A federal credit union shall have power . . . (to make) a residential real estate loan which is made to finance the acquisition of a one-to-four-family dwelling for the principal residence of a credit union member, the sales price of which is not more than 150% of the median sales price of residential real property situated in the geographical area (as determined by the board of directors) in which the property is located, and which is secured by a first lien upon such dwelling, may have a maturity not exceeding thirty years, subject to the rules and regulations of the Board. [§107(5)(A)(i)]

LOANS MAY BE SECURED by first mortgages on real estate:

Florida— [§657.16]

Kentucky— [§290.200(3)]

Maryland—Subject to approval of Bank Commissioner. [§162]

Minnesota— [§52.16(1)]

North Dakota—Not limited to first mortgages. [§6-06-06(10)(a)]

Wisconsin—Subject to rules of the Commissioner. [§186.09(10)]

LOANS MAY BE SECURED by first mortgages on real estate, provided the outstanding balance of all such loans shall not exceed the following limitations:

Arkansas—25% of outstanding shares. [§67-916(4)]

Hawaii—30% of outstanding shares and deposits. [§410-15(e)]

Idaho—10% of outstanding shares; total second mortgage loans may not exceed 5% of outstanding shares. [§26-2119]

New York—25% of outstanding shares. [§454(8)]

LOANS MAY BE SECURED by first mortgages on real estate within the state provided the outstanding balance of all such loans does not exceed limitation indicated:

Louisiana—50% of credit union's total assets. [§6:656(4)]

Maine—35% of credit union's share capital and surplus. [§855(3)]

OTHER ACTS:

ARIZONA—Loans may be secured by first and second mortgage liens on real property. [§6-519(D)(6),(7)]

CALIFORNIA—Any loan in excess of \$5,000 can be secured by real or personal property to the extent that the loan exceeds \$5,000. [§14905(a)]

CONNECTICUT—Loans may be secured by mortgages on real estate located in the state or in a town or city within 25 miles of the credit union, provided the total of all such loans shall not exceed 30% of the credit union's paid-in and unimpaired capital and surplus. The total of such loans for a credit union with assets of \$10 million or more may not exceed 50% of the credit union's paid-in and unimpaired capital and surplus. [§36-198b]

ILLINOIS—A credit union with total assets in excess of \$1 million may make real estate loans. Maximum for a first mortgage real estate loan is \$50,000. [§496.10, 496.20]

INDIANA—Loans may be secured by a first mortgage on improved real estate located within the state or within 50 miles of the credit union office, provided the unpaid balance of all such loans shall not exceed one-third of the credit union's total assets. Second mortgages may be taken by credit unions as additional security. [§28-1-17(c)]

continued

IOWA—Loans secured by a mortgage or deed of trust may be made on unencumbered property located in Iowa and in bordering counties of adjacent states. [§533.16(4)]

KANSAS—A credit union may discount or sell real estate loans to the central credit union. [§17-2204(9)]

MASSACHUSETTS—A credit union may make or acquire first mortgage loans subject to detailed limitations as to terms up to an aggregate of 1% of shares, deposits, guaranty fund, reserve fund and undivided earnings. Second mortgage loans may be made up to 10% of the credit union's assets. [§171, §24(B)]

NEW HAMPSHIRE—A credit union may loan on such terms and upon such security, real or personal, as the union may vote or by-laws prescribe. [§394:16]

PENNSYLVANIA—A credit union may make loans to members secured by mortgages which are first liens on improved real property within the state or within 100 miles of its borders. The aggregate total of mortgage loans shall not exceed 25% of the union's paid-in capital. [§12305(4)]

WASHINGTON—Loans may be secured by first mortgages or real estate contracts in which members are buyers if such mortgage or contract relates to improved real estate which is within the state. Also must be within 50 miles of credit union's principal office unless with prior approval of supervisor. Aggregate of such loans shall not exceed: 10% of total assets if assets are under \$100,000, 20% if assets from \$100,000 to \$1 million, 30% if assets are over \$1 million. [§31.12.270(4), 31.12.290]

ACT IS SILENT:

Alabama	Nevada	Rhode Island
Colorado	New Jersey	South Carolina
Georgia	New Mexico	Tennessee
Michigan	North Carolina	Texas
Mississippi	Ohio	Utah
Missouri	Oklahoma	Vermont
Montana	Oregon	Virginia
Nebraska	Puerto Rico	West Virginia

Real Estate Loan Terms

CUNA MODEL ACT: Act is silent.

FEDERAL CREDIT UNION ACT: A federal credit union shall have power . . . (to make) a residential real estate loan which is made to finance the acquisition of a one-to-four-family dwelling for the principal residence of a credit union member, the sales price of which is not more than 150% of the median sales price of residential real property situated in the geographical area (as determined by the board of directors) in which the property is located, and which is secured by a first lien upon such dwelling, may have a maturity not exceeding thirty years, subject to the rules and regulations of the Board. [§107(5)(A)(i)]

OTHER ACTS:

ARIZONA—Real estate loan may not exceed 80% of the conservative appraised value as established by an independent qualified appraiser appointed by the board of directors. [§6-519(C)(6)]

ARKANSAS—Real estate loan shall not exceed two-thirds of the appraised value of the real estate, and shall also provide for sub-

stantially equal monthly payments for insurance premiums and taxes assessed against the security. [§67-916(4)]

CONNECTICUT—If the assets of the credit union are less than \$2 million, the loan shall not exceed 90% of the appraised value, nor shall it exceed the greater of \$5,000 or 1% of the credit union's paid-in and unimpaired capital and surplus, with a maximum term of 15 years. If assets are \$2 million to \$10 million, the loan shall not exceed 80% of the appraised value or \$35,000, whichever is less, with a maximum term of 30 years. If assets are more than \$10 million, the loan shall not exceed 80% of the appraised value or \$40,000, whichever is less, with a maximum term of 30 years. Credit unions with assets over \$10 million may make loans secured by mortgage for the purpose of constructing or repairing buildings or other improvements on the property of the borrower and secured by mortgage thereon, which may be made in instalments advanced at the discretion of the credit union as the work progresses; provided at no time shall the ratio of the amount of loans to the then total value of the mortgaged premises exceed fifty per cent or the ratio the final loan is to bear to the value of the completed mortgaged premises, whichever is greater. [§36-198b(e),(g)]

HAWAII—The loan cannot exceed 90% of the appraised value of the real estate plus the unencumbered share or deposit balance pledged for a loan for residential property; or 80% for real estate loans other than residential. In neither case shall the maturity exceed 30 years. [§110-15(c),(d)]

IDAHO—First mortgage real estate loans shall not have a maturity of more than ten years and shall not exceed 80% of value of the real estate, determined by an independent qualified appraiser. Second mortgage real estate loans may not exceed 50% of the difference between the appraised value and the balance owing on the first mortgage. [§26-2119]

ILLINOIS—Loans secured by first mortgage on real estate shall not exceed \$50,000, with a rate of interest not to exceed a rate ¼% below the maximum rate allowed by Section 4 of "An Act in relation to the rate of interest and other charges in connection with sales on credit and the lending of money". [§496.20] Credit union may make "reverse mortgage" loans to persons 65 or older to pay taxes on homestead. [§496.9a]

INDIANA—Where repayment of such loans is to be made at maturity, the loan shall not be for a period of more than 5 years nor an amount greater than 50% of the appraised value. Loans amortized by substantially equal principal repayments at least semiannually shall not exceed 80% of the appraised value with a maximum maturity of 25 years. [§28-7-1-17(c)]

IOWA—Where repayment of such loans is to be made at maturity, the loan shall not be for a period of more than 5 years nor an amount greater than 50% of the appraised value. Where the terms call for installment payments which retire at least 40% of the principal within 10 years, the loan shall not exceed 60% of the appraised value and the maturity limit is 10 years. If the terms call for monthly installment payments, including principal and interest, at least equal to 1% of the principal, the loan shall not exceed 80% of the appraised value. The board of a credit union with assets of at least \$500,000 may set maturity schedules not to exceed 30 years for amounts up to 90% of the appraised value. The maximum real property loan balances of this type shall be established by rule by the administrator. A credit union may take a second mortgage as security subject to rules made by the administrator. [§§533.16(4),533.4]

KENTUCKY—The legal rate of interest provided by KRS 360.010

Guaranteed Loan Programs

shall apply to loans secured by real estate, and no greater rate shall be charged. [§290.200(3)]

LOUISIANA—Loans secured by first mortgage on real estate shall not exceed 75% of the appraised value. The maximum amount for such loans shall be \$45,000, with a maximum term of 30 years. [§6:656(4)(b,c,d)]

MAINE—No such loan shall exceed 80% of the appraised value, and the maximum term is 30 years. [§855(1)(B)]

MARYLAND—First mortgage real estate loans may be at the rate set by the interest and usury law. Such loans are to be amortized over a period not exceeding 20 years, may not exceed \$25,000, and are only to be made upon approval of the Bank Commissioner. [§162]

MASSACHUSETTS—A mortgage on unimproved and unproductive real estate shall not exceed more than 50% of the appraised value with a term not more than 3 years. Otherwise the maximum terms are 80% and 25 years, except that when the credit union is insured under federal or state law and shares and deposits aggregate more than \$2 million, it may make mortgage loans not to exceed \$50,000 with maximum terms of 90% and 30 years. [Ch. 171, §24(B)]

MICHIGAN—Redlining in mortgage and home improvement loans is forbidden. Credit unions may not deny applications, charge higher interest or alter any other lending terms because of neighborhood racial or ethnic trends. Age of building may not be a factor in lending decisions but the condition of the building can be considered. Credit unions may not require a minimum mortgage amount above \$5,000; in home improvement loans, \$500. [L. 1978, P.A. 135]

NEW YORK—Where the share capital of the credit union exceeds \$5 million, the aggregate amount of such loans to any member may equal but not exceed \$20,000 if each such loan is secured by a first mortgage on improved and unencumbered real estate located in this state having an appraised value at least 25% greater than the amount of such loan, if uniform monthly, semi-monthly or weekly payments of principal and interest are required sufficient to pay all interest and effect full repayment of principal within 25 years, and provided no such loan bears interest at a rate greater than the rate prescribed by the banking board, or, if no rate has been so prescribed, 6% per annum. [§45-1(12)(a)]

PENNSYLVANIA—Mortgage loan on any one property shall not exceed \$35,000 or 5% of the paid-in capital of the credit union, whichever is lesser, and the term shall not exceed 30 years. Such mortgages shall not exceed 90% of the fair market value of the property. [§12305(B)(4)]

WASHINGTON—The total amount which may be loaned on any one property or to any one family community borrower shall not exceed 2½% of the assets of the credit union, or \$10,000, whichever is greater, except with the prior approval of the supervisor. Such loan shall not exceed 75% of the appraised value, with a maximum term of 20 years. Payments, including interest, shall not be less than 7½% per year of the original principal. [§31.12.290(3)]

WISCONSIN—Real estate loans may provide for additional advances, but any additional advance, if the mortgage and mortgage note so provide, may not exceed an amount specified in the mortgage. [§186.09(10)]

ACT IS SILENT:

28 states and Puerto Rico.

CUNA MODEL ACT: A credit union may participate in guaranteed loan programs of the federal and state government. [§7.40(2)]

FEDERAL CREDIT UNION ACT: Federal credit unions may make loans secured by insurance or guarantee of the Federal government, of a State government, or any agency of either under the terms specified in the law under which such insurance or guarantee is provided. [§107(5)(A)iii] Insurance obtained under Title I of the National Housing Act shall be deemed adequate security on loans. [§114]

ACT SIMILAR TO MODEL ACT:

Iowa	[§533.16(5)(c)]	Oregon	[§723.526(2)]
Montana	[§14-65-4(2)]	Texas	[§7.04(b)]
No. Carolina	[§54-109.71(b)]		

INSURANCE OBTAINED UNDER TITLE I of the National Housing Act shall be deemed adequate security on loans:
Idaho [§26-2119] North Dakota [§6-06-06(7)]

LOANS WHICH ARE INSURED under Title I of the National Housing Act or under Title IV, Part B of the Higher Education Act of 1965 or a similar state insurance program are exempted from the definition of risk assets:

Georgia	[§41A-3110(e)]	Nevada	[§678.690]
---------	----------------	--------	------------

LIMITATIONS AND RESTRICTIONS ON secured real estate loans not applicable to loans which are secured under the provisions of the National Housing Act:

Maine	[§855(1)(B)]
-------	--------------

OTHER ACTS:

CALIFORNIA—Security includes any obligation wherein the payment of interest and principal is guaranteed by any municipal government, state government, the government of the United States, or by any instrumentality of the United States. [§14907(b)]

CONNECTICUT—A credit union may make loans to members for the payment of expenses of college or university education of such member or of a member of such member's family. If such loans are fully insured under the provision of any state or federal legislation the applicable limitations imposed by such legislation shall apply in lieu of the corresponding limitations stated in this chapter. [§36-205a]

A credit union may make home or property improvement loans to its members insurable under Titles I and II of the National Housing Act, provided no such loan shall exceed \$5,000, or, in the case of loans which the Federal Housing Administrator is authorized to insure under section 203(k) or section 220(h) of the National Housing Act, \$10,000, for each family unit. Each such loan must be insured to the maximum amount insurable under Titles I and II of the National Housing Act. [§36-198a]

HAWAII—A credit union may loan to members under the provisions of Title I of the National Housing Act and such insurance on these loans shall be deemed adequate security. The terms of such loans shall be as defined by the credit committee under the provisions of Title I of the National Housing Act. Maturity limits shall not apply to loans made under the National Higher Education Act and guaranteed in whole or in part by the United States government or any of its agencies, or any agency of the State. [§410-15(a),(h)]

continued

ILLINOIS—Any credit union with assets of \$500,000 or more may loan to its members under scholarship programs which are subject to a federal or state law providing 100% repayment guarantee. The total of all such loans may not exceed 10% of the credit union's unimpaired capital and surplus, but the Director on application of the credit union may permit a maximum of such loans to 20% of the unimpaired capital and surplus. [§496.20]

INDIANA—A credit union may invest in mortgages on real estate situated within the state which are fully insured under Title II of the National Housing Act. [§28-7-1-9(c)(2)]

LOUISIANA—Loans may be secured by insurance obtained under Title I of the National Housing Act and Veterans Housing Act for such amounts and terms as permitted by the guarantee agency. Students who qualify for a student loan under the provisions of the Louisiana Higher Education Assistance Commission Act shall be eligible for membership in any credit union in the state solely for the purposes of obtaining a student loan. [§6:656(A)(2)(b), 6:645(C)]

MASSACHUSETTS—A credit union may make loans guaranteed by the Massachusetts Higher Education Assistance Corporation if a member of the student's family is a member of the credit union. [Ch. 171, §24(C)] Credit unions may invest in loans insured by federal housing agencies but no more than 25% of the total deposits may be committed at any time to such loans. [Ch. 167, §51]

MICHIGAN—A credit union may service under contractual arrangement with a third party student loans made by the credit union to its members and subsequently sold without recourse to such third party, if the student loans are 100% guaranteed by this state or the federal government. [§490.4(p)]

NEW HAMPSHIRE—Any credit union with assets of \$3 million or more may purchase real estate mortgages which are guaranteed by the Federal Housing Administration or the Farmer's Home Administration. [§394:17(VI)]

NEW YORK—A credit union may lend money to its members, or their children who are attending or planning to attend college, to assist them in meeting the expenses of higher education, where such loans are made by the state higher education assistance corporation, and in such cases no further security shall be required. [§453(5-a)]

PENNSYLVANIA—A credit union may grant any mortgage loan which is insured or guaranteed, in whole or in part, by the U.S. or any instrumentality thereof. [§12305(B)(4)]

Credit unions can make higher educational loans to students and invest in loans guaranteed by the Pennsylvania Higher Education Assistance Agency. [L. 1967, Act 424]

WASHINGTON—A credit union may make loans to members under the "Higher Education Act of 1965", or under "FHA Title I, National Housing Act of 1934". [§31.12.270(2)(6)]

ACT IS SILENT:

Alabama	Mississippi	Rhode Island
Arizona	Missouri	South Carolina
Arkansas	Nebraska	Tennessee
Colorado	New Jersey	Utah
Florida	New Mexico	Vermont
Kansas	Ohio	Virginia
Kentucky	Oklahoma	West Virginia
Maryland	Puerto Rico	Wisconsin
Minnesota		

Application For Loan

CUNA MODEL ACT: Every application for a loan shall be made in writing upon a form which the credit committee, credit manager, or loan officer prescribes. The application shall state the purpose for which the loan is desired, and the security, if any, offered. Each loan shall be evidenced by a written document. [§7.12]

FEDERAL CREDIT UNION ACT: Application for loans shall be made on forms prepared by the credit committee which shall set forth the security, if any, and other such data as may be required. [§114]

ACT SIMILAR TO MODEL ACT:

Montana [§14-649] Oregon [§723.506]

ACT SIMILAR TO MODEL ACT, but application form is to be prescribed by the board of directors:

Georgia	[§41A-3109(b)]	Nevada	[§678.710(2)]
Kansas	[§17-2210]	No. Carolina	[§54-109.66]
Michigan	[§490.10]	Tennessee	[§45-1815]
Mississippi	[§81-13-31]	Virginia	[§6.1-212]
Missouri	[§370.220(2)]	West Virginia	[§31-10-10]
Nebraska	[§21-1768]		

ACT SIMILAR TO MODEL ACT, but application form is to be prescribed by the credit committee and approved by the board of directors:

Arkansas	[§67-916(1)]	Indiana	[§28-7-1-17]
Hawaii	[§410-15(a)]	Vermont	[§2078(a)]
Idaho	[§26-2119]		

ACT SIMILAR TO MODEL ACT, but no provision as to who shall prescribe the form:

Arizona	[§6-514(A)]	New Hampshire	[§394:33]
California	[§14900]	New York	[§170]
Connecticut	[§36-205]	Puerto Rico	[§17]
Illinois	[§496.19]	Rhode Island	[§19-21-23]
Maine	[§852(1)]	South Carolina	[§8-669]
Maryland	[§146]	Utah	[§7-9-12]
Massachusetts	[Ch. 171, §23]	Washington	[§31.12.250]

APPLICATION FOR LOANS shall be made on forms approved or prepared by the credit committee which set forth the purpose for which the loan is desired, the security if any, and other such data as may be required:

Alabama	[§5-17-12]	New Jersey	[§17:13-42]
Colorado	[§11-30-110]	New Mexico	[§48-19-10(B)]
Florida	[§657.10(1)]	North Dakota	[§6-06-14]
Iowa	[§533.10]	Pennsylvania	[§12313]
Minnesota	[§52.10]		

OTHER ACTS:

LOUISIANA—Every application for a loan shall be in writing and signed by the applicant, and contain full and complete information pertaining to the applicant. The application shall state the purpose for which the loan is desired, a financial statement, and the security, if any, offered. [§6:650]

TEXAS—Every loan must be evidenced by a written instrument. [§7.01]

WISCONSIN—Every application for a loan shall be in writing and shall state the security or collateral offered, if any. [§186.09(3)]

ACT IS SILENT:

Kentucky Ohio Oklahoma

Line of Credit

CUNA MODEL ACT: The credit committee or credit manager may approve in advance upon their own motion or upon application by a member, a line of credit, and advances may be granted to each member within the limit of such extension of credit. Where a line of credit has been approved, no additional loan applications are required as long as the aggregate obligation does not exceed the limit of such extension of credit. [§7.30]

FEDERAL CREDIT UNION ACT: A federal credit union may extend lines of credit to its members, to other credit unions, and to credit union organizations. A self-replenishing line of credit to a borrower may be established to a stated amount on certain terms and conditions which may be different from the terms and conditions established for another borrower. [§107(5)(B)]

ACT SIMILAR TO MODEL ACT:

Mississippi	[§81-13-31]	Oregon	[§723.522]
Montana	[§14-653]	Texas	[§7.03]
North Carolina	[§54-109.70]	Virginia	[§6.1-212.1]

ACT SIMILAR TO MODEL ACT, but the credit committee shall review all extensions of credit at least once a year, and any extension of credit shall expire if the member becomes delinquent by the specified period of time:

Arkansas—90 days	[§67-916(7)]
California—90 days	[§14503]
Hawaii—90 days	[§410-15(j)]
Idaho—60 days	[§26-2119]
Missouri—90 days	[§370.220(8)]
Nevada—90 days	[§678.720(2)]
New York—90 days	[§470]
Vermont—90 days	[§2078(d)]

OTHER ACTS:

ILLINOIS—The credit committee may approve a maximum line of credit upon which the member may draw from time to time. [§496.15]

INDIANA—The credit committee or loan officer may approve in advance upon application by a member, a line of credit, which shall establish a signature limit of the member. Where a line of credit has been approved, no additional loan application and no statement of purpose is required, provided the aggregate unsecured obligation does not exceed the signature limit of such credit. [§28-7-1-17.5]

LOUISIANA—A credit union may make loans to members on a revolving credit, open-end credit, or line of credit plan in conformity to Regulation Z of the Truth-in-Lending Act. The finance charge, which shall not exceed 1% per month on the unpaid balance, may be added to the loan balance on the monthly due date or monthly billing date or the proportionate part due may be added when a new advance is made. [§6:656(D), 6:654(B)]

MAINE—The credit committee may approve a line of credit upon written application of a member. Advances within the limits of such extension of credit may be made directly to the member, but not to any other person or entity. A line of credit shall expire no later than 12 months after its approval unless renewed in the same manner in which it was originally given. [§857]

MASSACHUSETTS—Notwithstanding any prior provisions of the law to the contrary, a credit union may make a loan or a series of loans to its members evidenced by a note, loan agreement, or other

instrument, with or without security, at such rates of interest and subject to such lawful charges as the credit committee may determine. Such loan or loans shall be payable in installments at intervals not exceeding one month. [Ch. 171, §24(G)]

MICHIGAN—With the written approval of the commissioner, a credit union may make line-of-credit loans, which are loans approved by the credit committee under which a member from time to time may request advances and under which he may maintain an outstanding loan balance not to exceed a stated sum during a specified period of time. A credit union authorized to make line-of-credit loans shall maintain such reserves as the commissioner may prescribe. [§490.4(b)]

MINNESOTA—Upon application by a member, the credit committee may approve a self-replenishing line of credit, and advances may be granted to a member within the limit of the extension of credit. Where a self-replenishing line of credit has been approved, additional loan applications may be required. [§52.16(2)]

NEW JERSEY—The credit committee may approve upon its own motion or upon application by a member, a line of credit. The committee shall review all lines of credit at least each 2 years and may at its discretion extend the expiration date or increase the amount of a line of credit. The line of credit will expire if the member becomes more than 60 days delinquent. [§17:13-34]

RHODE ISLAND—No extension of credit shall be made upon a revolving credit plan, or line of credit or letter of credit, in which the credit authorization shall exceed \$500, unless it shall be reviewed at least annually by the credit committee. [§19-21-23]

WISCONSIN—The credit committee may approve in advance, upon its own motion or upon application by a member, an extension of credit and loans may be granted to such member within the limit of such extension of credit. The credit committee or loan officer shall annually review all extensions of credit. With the approval of the commissioner, credit unions may utilize credit cards, providing the credit committee or loan officer has predetermined the extent of credit extension. [§186.09(8)]

ACT IS SILENT:

22 states and Puerto Rico.

Loan Approval by Credit Committee

CUNA MODEL ACT: The credit committee shall have the general supervision of all loans to members. No loan shall be made unless it is approved by a majority of the committee who are present at the meeting at which the application is considered. [§5.60, 5.62]

FEDERAL CREDIT UNION ACT: Except for those loans or lines of credit required to be approved by the board of directors in §107(5) of this Act, approval of an application shall be by a majority of the entire credit committee and by all members of the committee who are present at the meeting at which the application is considered. [§114]

ACT SIMILAR TO MODEL ACT:

Arizona	[§6-514(A)]	No. Carolina	[§54-109.46]
Illinois	[§496.15(2),(3)]	Oregon	[§723.306]
Montana	[§14-633]	Texas	[§5.05(e)]
Nevada	[§678.400(2)]		

continued

ACT SIMILAR TO FEDERAL ACT:

Alabama	[§5-17-12]	New Mexico	[§48-19-10(B)]
Florida	[§657.10(1)]	New York	[§470]
Minnesota	[§52.10]	Pennsylvania	[§12313]
New Jersey	[§17-13-34]		

SIMILAR TO FEDERAL ACT, but an applicant may appeal the decision of the credit committee if the bylaws so provide:

Louisiana	[§6:650]	Missouri	[§370.220(4)]
Maryland	[§148]	Tennessee	[§45-1815]

NO LOAN SHALL BE MADE unless it has received the approval of a majority of the members of the credit committee present at a meeting, provided that a majority of the committee shall be present:

Hawaii	[§410-13(e)]	Vermont	[§2062(a)]
Idaho	[§26-2119]		

NO LOAN SHALL BE MADE unless it has received the unanimous approval of the members of the credit committee present when the loan was considered, which number shall constitute at least a majority of the committee, nor if any member of the committee shall disapprove thereof. An applicant may appeal to the board from the decision of the credit committee:

Kansas—If appeal is provided for in the bylaws. [§17-2210]

*South Carolina [§8-669]

Virginia [§6.1-212]

West Virginia [§31-10-10]

*No reference to majority requirement.

NO LOAN SHALL BE MADE unless it is approved by a majority of the entire credit committee:

Arkansas [§67-916(2)]

California—May appeal to the board. [§§14502, 14504]

Colorado [§11-30-110]

Georgia—May appeal to board if bylaws provide. [§41A-3109(b)]

Indiana—May appeal to board if bylaws so provide. [§28-7-1-17]

Iowa [§533.10]

Nebraska [§21-1789]

North Dakota [§6-06-14]

Rhode Island—May appeal to the board. [§19-21-23]

Wisconsin—May appeal to the board. [§186.09(4)]

NO LOAN SHALL BE MADE unless approved by a majority of a quorum of the credit committee. A quorum shall consist of not less than two members.

Michigan [§490.10] Utah [§7-9-12]

NO LOAN SHALL BE MADE unless approved by all members of the credit committee who are present when the loan is considered, which number shall constitute at least two-thirds of the members of the committee:

Washington [§31.12.240] New Hampshire [§394:32]

*Maine [§8-45-(3)] Massachusetts [Ch. 171, §22]

*Approval by majority rather than unanimous agreement.

OTHER ACTS:

CONNECTICUT—Loans which are secured in full by pledge of the borrowing member's own shares may be made for up to 1 year without prior approval of the credit committee. Approval of the credit committee shall be by majority vote of members present at a meeting at which a majority of the members are present. [§36-205]

KENTUCKY—The credit committee shall approve every loan, in accordance with policies established by the board of directors and

the bylaws, and shall generally supervise the administration of all loans. [§290.140]

MISSISSIPPI—An applicant for a loan may appeal to the directors if denied a loan by the credit committee, if the bylaws so provide. The bylaws determine the number of members constituting a quorum. [§81-13-5(a), 81-13-31]

OHIO—The credit committee shall have such powers in the granting of loans and the supervision of lending practices as shall be delegated to it by the articles, regulations, or resolutions of the board of directors. [§1733.19(d)]

OKLAHOMA—The credit committee shall have the general supervision of all loans to members. It shall be the duty of the committee to review all loan applications and to decide whether necessary requirements have been met. [§2010(D)]

PUERTO RICO—The credit committee shall consider and approve or refuse loans applied for by members and shall determine the form and manner in which said loans are to be paid, all according to the borrowing rules of the board. [§17]

Loan Approval By Loan Officer

CUNA MODEL ACT: The credit committee may appoint one or more loan officers and delegate the power to approve loans subject to such limitations or conditions as the credit committee prescribes. Loan applications not approved by a loan officer shall be reviewed and acted upon by the credit committee. [§5.64(1)(2)]

FEDERAL CREDIT UNION ACT: The credit committee may appoint one or more loan officers and delegate to him or them the power to approve loans and lines of credit. Each loan officer shall furnish to the credit committee a record of each application approved or not approved by him within seven days of the date of filing of the application therefor. No individual shall have authority to disburse funds of the federal credit union with respect to any loan or line of credit for which the application has been approved by him in his capacity as a loan officer. [§11-4]

ACT SIMILAR TO MODEL ACT:

Kansas	[§17-2210]	North Carolina	[§54-109.47]
Montana	[§14-634]	Oregon	[§723.312]

ACT SIMILAR TO FEDERAL ACT, but with no restriction on the disbursement of funds:

New York [§470]

ACT SIMILAR TO FEDERAL ACT, but references to lines of credit are omitted:

*Alabama	[§5-17-12]	*Nebraska	[§21-1786]
Arkansas	[§67-915(2)]	New Jersey	[§17-13-34]
Colorado	[§11-30-110]	New Mexico	[§48-19-10(B)]
Florida	[§657.10(2)]	North Dakota	[§6-06-14]
Hawaii	[§410-13(e)]	Ohio	[§1733.26]
Indiana	[§28-7-1-16(g)]	Tennessee	[§45-1815]
*Louisiana	[§650.1]	Virginia	[§6.1-212]
Maryland	[§146]		

*No restriction on the disbursement of funds.

LOAN OFFICERS MAY AUTHORIZE LOANS subject to conditions and regulations of the credit committee:

Iowa	[§533.10]	Kentucky	[§290.140]
------	-----------	----------	------------

LOAN OFFICERS MAY AUTHORIZE LOANS only within written rules and regulations established by the credit committee, and all such loans shall be reviewed by the credit committee during one of its regular meetings:

Oklahoma [§2010(D)] Utah [§7-9-18]

LOAN OFFICERS, SUBJECT TO THE SUPERVISION OF THE CREDIT COMMITTEE, may be delegated authority to act on all or some applications for loans and to approve them, reporting thereon to the credit committee within 15 days:

***Illinois [§496.15] **Minnesota [§52.10]

*Michigan [§490.10] ***Missouri [§370.220(4)]

*Reporting within 30 days

**Applicable only to credit unions having assets in excess of \$10,000.

***Applicable only to credit unions having assets in excess of \$50,000.

OTHER ACTS:

ARIZONA—Loan officers may approve loans, extension agreements, and releases or exchange of collateral within amounts set by this subsection. Loan officers may not sign checks or disburse personally approved loan funds. [§6-514(B)]

CALIFORNIA—Loan officer may be authorized to approve loan applications within the limits set by the credit committee, but in no event to exceed the limits specified in this section. Action taken on applications must be reported to the credit committee. Within limits, loan officers may also approve credit extensions. [§§14502, 14503]

CONNECTICUT—The credit committee may delegate loan approval authority to loan officers. Written reports of applications received by loan officers and their handling of them must be given to the committee at each meeting. Loan officers may not disburse funds for personally approved credit extensions. [§36-205]

GEORGIA—Loan officers may approve loans within limits set by the credit committee. A record of loans approved by each loan officer shall be made available to the credit committee upon request by it. All loans not acted upon by a loan officer shall be acted upon by the credit committee. [§41A-3109(b)]

IDAHIO—A loan officer may make loans without necessity for a meeting of or approval by members of the credit committee. No individual shall have authority to disburse funds of the credit union for any loan which has been approved by him in his capacity as loan officer except that the loan officer may disburse loans approved by him which are fully secured by shares or which do not exceed the credit union's unsecured loan limit. [§26-2118]

MAINE—The credit committee may delegate to the loan officer or officers such authority, as is within the limits set for the committee by the board of directors. No loan officer shall disapprove any loan application, but shall refer such applications to the full committee. All loan officers shall furnish to the credit committee a record of each application acted upon by him at the next meeting of said committee after the date of the filing of the application. No loan officer shall have the authority to disburse funds of the credit union for any loan approved by him in his capacity as loan officer. [§8-15(2)]

MASSACHUSETTS—The loan officers may not make real estate loans. All loans made by such loan officer or employee shall be re-

ported to the credit committee within seven days from the date of the loan. [Ch. 171, §22]

MISSISSIPPI—Loan officers will report weekly in writing to the credit committee the full details of all loans approved by them and will refer immediately all loans disapproved by them for review and such action as deemed appropriate by the credit committee. [§81-13-31]

NEVADA—If a loan is not approved by the loan officer the application shall be reviewed by the credit committee. If a loan is approved by the loan officer, it must also be approved by at least 2/3 of the credit committee within 31 days in order to become final. [§678.400(4)]

NEW HAMPSHIRE—Any loan application rejected by the loan officer shall be referred to the credit committee, and all loans made by the loan officer shall be approved within 30 days by at least two-thirds of the credit committee. [§394:25(a)]

PENNSYLVANIA—A loan officer may approve loans, share withdrawals, releases and substitutions of security within limits specified by the credit committee. Each loan officer must furnish the credit committee with a record of each loan applied for. No loan officer may disburse a loan that he or she had approved. [§12313]

PUERTO RICO—The appointed officer(s) may grant loans up to the maximum determined by the board, and shall, weekly, make a written report of loans so authorized to the credit committee and shall also submit to the credit committee for its final decision any loan application which has not been approved. [§17]

RHODE ISLAND—The loan officers may approve, but not disburse loans not to exceed \$5,000 each above the portion of such loans fully secured. Each loan officer shall furnish to the credit committee a record of each loan approved or not approved by him, and all loans not approved by a loan officer shall be acted upon by the committee. [§19-21-5(n)]

SOUTH CAROLINA—The credit committee may delegate to a loan officer the power to approve every loan or advance made by the credit union. The loan officer may not disburse a loan that he or she had approved. [§8-069]

TEXAS—At least once each month, each loan officer shall furnish to the credit committee a record of each loan approved or not approved during the preceding month. The credit committee shall act on all applications for loans not approved by the loan officer. [§5.05(f)]

VERMONT—Loan officers may make loans without necessity for a meeting of or approval by any members of the credit committee, as provided in the bylaws. [§2062(b)]

WASHINGTON—The loan officers may approve certain types of loans without further authorization from the credit committee. All loans not approved by a loan officer shall be acted upon by the credit committee. [§31.12.245]

WISCONSIN—Loan officers may approve loans and lines of credit, and a record must be maintained of each loan approved or not approved. [§186.09(2),(4),(8)(a)]

ACT IS SILENT:

West Virginia

Loans to Officials

CUNA MODEL ACT: A credit union may make loans to its directors, employees, loan officers, credit manager, and to members of its supervisory and credit committees, provided that: a) The loan complies with all lawful requirements under this act with respect to loans to other borrowers and is not on terms more favorable than those extended to other borrowers; and b) Any such loan or aggregate of loans to any one director or committee member which exceeds \$2,500 must be approved by the board of directors. [§7.60]

FEDERAL CREDIT UNION ACT: A federal credit union may make loans to its own directors and to members of its own supervisory or credit committee provided that any such loan or aggregate of loans to one director or committee member which exceeds \$5,000 plus pledged shares must be approved by the board of directors. [§107(5)(A)(iv)]

LOANS MAY BE MADE TO OFFICIALS, provided that any such loan or aggregate of loans to any one official which exceeds \$2,500 plus pledged shares must be approved by the board of directors:
Nevada [§678.730] Texas [§7.05(a)]

LOANS TO OFFICIALS MAY BE MADE under the same general terms and conditions as loans to other members, with the added requirements indicated:

Alabama—Provided that loans to officials are not prohibited in the bylaws, it shall be the duty of the board to establish a written policy concerning such loans. The credit committee shall at least monthly submit to the board a listing of all loans made to officials. Other specific limitations also listed. [§5-17-17]

Arkansas—Shall require the additional approval of the board and credit committee and the maximum aggregate of such loans shall be prescribed by the supervisor according to the credit union's asset categories. [§67-916(3)]

Illinois—Aggregate total of such loans may not exceed 20% of credit union's unimpaired capital and surplus. [§496.19]

Maine—Loans to officers or directors are restricted to loans secured by a first mortgage on real estate, personal loans having an aggregate value of \$5,000 or less, and passbook loans. Such loans must be on the same terms as are generally available to members. [§465(2)]

Mississippi—Such loans must be approved by the board. [§81-13-47]

Missouri—All such loans shall be approved by the board and shall not exceed a total of \$5,000 for each official. They must also be reported to the supervisor at least annually. [§370.310(4)]

Oregon—The aggregate of such loans may not exceed 10% of the paid-in and unimpaired capital. [§723.532]

LOANS TO OFFICIALS MAY BE MADE under the same general terms and conditions as loans to other members, provided the borrower takes no part in the consideration of his application. Such loans are also subject to the added requirements indicated:

Arizona—The approval of all members of the credit committee and board of directors is required where the loan exceeds an amount set by the board over the share balance of the borrower. [§6-518(B)]

California—The loan shall be approved by the credit committee and the board of directors and shall not exceed 1% of the unimpaired capital and surplus of the credit union or the maximum obligation prescribed by 14904(b), whichever is less. The aggregate of all such loans shall not exceed 10% of the unimpaired capital and

surplus of the credit union. The loan shall be reported to the commissioner within 5 days after the board's approval. [§14910(a)]

Georgia—All such loans shall be reported to the board of directors at its next meeting. [§41A-3109(c)]

Hawaii—If the total outstanding loans to one official shall exceed \$5,000, the loan must be approved by the credit committee and board of directors after submission to them of a detailed current financial statement by the applicant. All loans to officials shall be reported to the commissioner at least annually, and the aggregate of all such loans shall not exceed 20% of the unimpaired capital and surplus of the credit union. [§410-15(b)]

Indiana—The loan must be approved by the credit committee, or loan officer(s) if applicable. The aggregate of loans outstanding shall not exceed 20% of the paid-in capital and surplus of the credit union. [§28-7-1-9(b)]

Iowa—Loans in excess of a director's shares and deposits shall be made only if the director has submitted a detailed current financial statement and upon the approval of the board. The aggregate amount of director loans shall not exceed 20% of the assets of the credit union. [§533.16(3)]

Kansas—The loan is approved by the credit committee and board of directors. All such loans shall be reported to the administrator at least semi-annually and the total of such loans outstanding shall not exceed 10% of the unimpaired capital and surplus of the credit union. Loans to employees are subject to similar requirements and shall not exceed by \$5,000 the amount of the employee's shareholdings not otherwise encumbered or pledged. [§17-2216]

Louisiana—Loans to officials up to the amount of their shareholdings may be made subject to approval by a majority of the board of directors. [§6:656(5)]

Michigan—Officials may borrow in excess of their share and deposit holdings if the bylaws so permit. The aggregate amount of loans to directors and committeemen shall not exceed 10% of the share capital of the credit union. [§490.16]

Montana—Any such loan or aggregate of loans to any one director or committee member which exceeds \$2,500 plus pledged shares must be reported to the board. Loans to directors and committee members may not exceed an aggregate of 20% of unimpaired surplus of the credit union. [§14-655(1)]

New Hampshire—Members of the board of directors and the credit and supervisory committees may borrow in excess of their holdings with the approval of a majority of the members of the credit and supervisory committees. [§394:30]

New Mexico—Loans to an official must be approved by the credit committee or loan officer and the board of directors after submission to them of a detailed current financial statement by the borrower. [§48-19-16]

Oklahoma—Loans to officials must also meet the requirements set in the bylaws, and shall not exceed the applicant's shares and/or deposits unless approved by both the credit committee and the board of directors. The aggregate of all such loans shall not exceed 20% of the unimpaired capital and surplus of the credit union. [§2006(5)]

OTHER ACTS:

COLORADO—Officials may borrow in excess of their holdings only upon approval of both the credit committee and the board. [§11-30-116]

FLORIDA--All loans to directors, officers, and committeemen (except share loans) must be approved by the credit committee and the board without the applicant having a vote on his loan, and provided that the total of such loans shall not exceed 10% of the capital and deposits of the credit union. [§657.16]

IDAHO--Any loan made to, co-signed, endorsed, or guaranteed by members of the official family shall require the additional two-thirds written approval of all members of the board and credit committee where such loan exceeds the unsecured loan limit plus the unencumbered share balance of the borrowing official. [§26-2119]

KENTUCKY--In order to borrow more than the amount of his shareholdings, an officer, director, or member of the credit or supervisory committee must receive authorization by the members of the credit union at an annual meeting, or at a special meeting called for such purpose. However, any officer, director or committee member may borrow up to the unsecured loan limit without member authorization. [§290.230]

MARYLAND--No member of the board of directors, the credit committee, the supervisory committee, or the commissioner or any member of his staff shall directly or indirectly borrow from or become security for a loan or advance made by the credit union in excess of the total paid-in shares and deposits held by him and his co-makers in said credit union, unless the loan is approved by majority vote at meetings in the absence of the applicant of the credit committee at which a majority of the members of the credit committee are present and at a meeting of the board or directors, in the absence of the applicant, at which a majority of the members of the board of directors are present. [§152(b)]

MASSACHUSETTS--Member of the board needs approval of two-thirds of balance of board to borrow in excess of his holdings. [Ch. 171, §18]

MINNESOTA--The credit committee and the board of directors, meeting jointly and acting collectively as a whole, shall have the general supervision of all loans to a member who is a director, officer or a member of the credit or supervisory committee whenever the amount exceeds the member's shares and deposits. At least a majority of the credit committee and the board shall pass on all such loans in the absence of the applicant, and the approval of such loan must be in writing and by unanimous vote of all present. [§52.10]

NEBRASKA--Any loan beyond the amount of an official's holdings must be approved by the entire credit committee present. The person whose loan is being considered shall not be present or take in that portion of the meeting at which his loan is considered. [§21-1787]

NEW JERSEY--No loan to a director, officer or member of the credit committee shall exceed the amount of his shareholdings unless the loan shall have been approved by a majority vote at a joint meeting at which a majority of the credit committee and board of directors shall be present. [§17:13-42(d)]

NEW YORK--To borrow more than his shareholdings the loan shall be unanimously approved in writing at a joint meeting of the directors, the credit and supervisory committees at which a majority of the total membership, is present. [§454(4)]

NORTH DAKOTA--No director, officer, or member of any committee may borrow more than \$2,500 plus pledged shares and deposits less any loan balance therein, unless his application is ap-

proved by three-fourths of the other members of the board. [§6-06-20]

PENNSYLVANIA--A director, officer, or member of any committee may only borrow an amount not exceeding the unsecured loan limit or \$2,500, whichever is less, plus the member's shareholdings or the unpledged and free shares of another member pledged as security for such loan. [§12321]

PUERTO RICO--A loan to an officer in excess of his shareholdings must be approved at a meeting expressly called for this purpose, where a majority of the members of the credit committee and a member of the supervisory committee are present. [§28]

RHODE ISLAND--Members of the credit and supervisory committees may borrow up to the amount of shares and deposits pledged for the loan or upon prior authorization and approval by the board. [§19-21-30]

SOUTH CAROLINA--Loans to members of the credit committee shall be approved by the board of directors. The credit committee may grant loans to credit committee members and loan officers and loan officers may grant loans to credit committee members and other loan officers if the loan is to be fully secured by shares on deposit in the same credit union. [§8-669]

TENNESSEE--A director or member of the credit or supervisory committee may borrow subject to the limitations for other loans. The maximum of any loan to an official varies with the credit union's assets as follows:

Assets up to \$50,000.....	\$1,000
\$50,001 to \$100,000.....	2,000
\$100,001 to \$250,000.....	3,500
\$250,001 to \$500,000.....	5,000
\$500,001 to \$1,000,000.....	7,500

Shares of stock in the credit union held by an official given as security for a loan are not subject to the limitations of the above schedule.

The total of all such loans shall not be in excess of 20% of the credit union's assets. [§45-1821]

UTAH--A majority of the members of the board must approve loan applications of credit committee members. [§7-9-12]

VERMONT--The credit committee must sit with the supervisory committee when acting upon a loan application from a director. The board of directors must pass on loans to members of the supervisory and credit committees. [§§2061, 2062(a)]

VIRGINIA--If the borrower or endorser is a member of the credit committee the loan must be approved by the supervisory committee. [§6.1-217]

WASHINGTON--Loans to directors and committee persons shall be under at least the same conditions and terms as required of the general membership. [§31.12.210]

WEST VIRGINIA--Supervisory committee appoints a person to act on credit committee when member of credit committee applies for a loan. [§31-10-19]

WISCONSIN--The board of directors shall act on applications of credit committee members and loan officers. [§186.09(4)]

ACT IS SILENT:

Connecticut North Carolina Ohio

Fines for Late Payments

(Refer to "Incidental Charges" for collection costs)

CUNA MODEL ACT: A credit union shall have the power to assess charges to members in accordance with the bylaws for failure to meet promptly their obligations to the credit union. [§3.10(14)]

FEDERAL CREDIT UNION ACT: A federal credit union shall have power . . . to levy late charges, in accordance with the bylaws, for failure of members to meet promptly their obligations to the federal credit union. [§107(10)]

ACT SIMILAR TO MODEL ACT:

Arizona	[§6-503(B)(6)]	Nevada	[§678.480(3)]
Colorado	[§11-30-117(1)(a)]	New Hampshire	[§394:5]
Georgia	[§41A-3002(b)(6)]	No. Carolina	[§54-109.21(13)]
Hawaii	[§410-12(f)(10)]	Oklahoma	[§2006(11)]
Idaho	[§26-2108(n)]	Oregon	[§723.152(14)]
Indiana	[§28-7-1-4(f)]	Rhode Island	[§19-21-5(i)]
Maine	[§813(2)(B)(10)]	South Carolina	[§8-670]
Maryland	[§150]	Tennessee	[§45-1803(6)]
Massachusetts	[Ch. 171, §7(k)]	Utah	[§7-9-17]
Michigan	[§490.4(v)]	Vermont	[§2054(12)]
Mississippi	[§81-13-5(f)]	Virginia	[§6.1-198(6)]
Missouri	[§370.030(6)]	Washington	[§31.12.020]
Montana	[§14-613(13)]		

ACT PROVIDES FOR FINES to be added to reserve fund:
Nebraska [§21-17, 103]

ACT STATES BYLAWS MAY PROVIDE FOR ASSESSMENT OF FINES TO MEMBERS for failure to meet obligations, but fine may not exceed specified amount:

- California—3% of payment due, with a minimum of 5¢ and a maximum of \$5. [§14202, 14852(h)]
- Iowa—1% per month or 5¢, whichever is larger. [§533.4(7)]
- Kentucky—1½% per month with a minimum of 5¢. [§290.180]
- New York—2% per month with a 5¢ minimum. [§454(3)]
- Pennsylvania—¼% per week with a 5¢ minimum. [§12319]

OTHER ACTS:

ILLINOIS—Reasonable fines may be levied as provided in the bylaws and may be deducted from the share balance or added to the loan balance of the member. Since credit unions are of the nature of cooperative associations, no interest or fines that may accrue shall be deemed usurious and the same may be collected by law in this state. [§496.42]

KANSAS—Fines may be collected for late payments if the certificate of organization so provides. [§17-2201(b)(6)]

LOUISIANA—The act of incorporation may specify late charges, within limit allowed by state bank department, for late repayments. [§§6:641(B)(9), 6:644(10)]

NORTH DAKOTA—The board shall establish a schedule of fines for delinquency in the payment of principal or interest, which the board shall impose at its discretion. [§6-06-12(9)]

ACT IS SILENT:

Alabama	New Jersey	Texas
Arkansas	New Mexico	West Virginia
Connecticut	Ohio	Wisconsin
Florida	Puerto Rico	
Minnesota		

Participation Loans

CUNA MODEL ACT: A credit union may participate in loans to credit union members jointly with other credit unions, corporations, or financial organizations. [§7.40(1)]

FEDERAL CREDIT UNION ACT: A federal credit union may participate with other credit unions, credit union organizations, or financial organizations in making loans to credit union members in accordance with written policies of the board of directors, provided that a credit union which originates such a loan shall retain an interest of at least 10% of the face amount of the loan. [§107(5)(E)]

ACT SIMILAR TO MODEL ACT:

Montana	[§14-654(1)]	Oregon	[§723.526(1)]
Nevada	[§678.710(4)]	Rhode Island	[§19-21-49]
No. Carolina	[§54-109.71(a)]	Texas	[§7.04(a)]

OTHER ACTS:

CONNECTICUT—A credit union may invest in a participating interest in any part or all of the outstanding loans of any other credit union or federal credit union located within this state and to sell a participating interest in any or all of its outstanding loans pursuant to an appropriate written loan participation and serving agreement to be signed by both credit unions involved in such transaction, provided such agreement shall be subject to the prior approval of the commissioner. [§36-198(s)]

IDAHO—The Idaho Corporate Credit Union may participate with the United States Central Credit Union in making loans to members of the corporate credit union upon the terms and conditions determined by the board of directors. [§26-2173(e)]

KANSAS—Two credit unions may participate in the risk liability and income on loans approved by both, except for real estate loans. Forms and procedures are subject to approval by administrator. [§17-2245]

MAINE—A financial institution may participate with another lender or lenders in making loans, and may purchase from or sell to other lenders any loan or participation interest. [§851(2), 434]

MASSACHUSETTS—A credit union whose shares and deposits aggregate more than \$2 million and which is insured in full under federal or state law may make mortgage loans on a single or two-family residential property in participation with other banking institutions or associations. The maximum amount a credit union may invest in any participation loan is 1% of its deposits or \$50,000 whichever is greater. The total of all such loans may not exceed 5% of the credit union's deposits, shares, guaranty fund, and undivided earnings. [Ch. 171, §24(B)(a)(6)]

MICHIGAN—A credit union may participate with any state or federal credit union doing business in this state in making loans to members. The credit union of which the borrower is a member shall supply at least 25% of the borrowed funds. [§490.4(q)]

NEW HAMPSHIRE—Credit unions with assets of \$3 million or more may be an originator or participating lender in participation loans (as defined in RSA 387:1), provided such loans are within limits prescribed for other loans. [§394:17(VI)]

ACT IS SILENT:

33 states and Puerto Rico.



SAFEGUARDING THE FUNDS

Audits by Supervisory Committee

CUNA MODEL ACT: The supervisory committee shall make or cause to be made a comprehensive annual audit of the books and affairs of the credit union and shall submit a report of that audit to the board of directors and a summary of that report to the members at the next annual meeting of the credit union. It shall make or cause to be made such supplementary audits or examinations as it deems necessary or as are required by the Director or by the board of directors, and submit reports of these supplementary audits to the board of directors. [§5.70]

FEDERAL CREDIT UNION ACT: The supervisory committee shall make or cause to be made an annual audit and shall submit a report of that audit to the board of directors and a summary of the report to the members at the next annual meeting of the credit union; shall make or cause to be made such supplementary audits as it deems necessary or as may be ordered by the Board, and submit reports of the supplementary audits to the board of directors. [§115]

ACT SIMILAR TO MODEL ACT:

Alabama	[§5-17-13(a)]	Montana	[§14-636]
Conn.	[§36-208(3),(5),(6)]	Oregon	[§723.322(1)]

ACT SIMILAR TO FEDERAL ACT:

Hawaii	[§410-13(f)]	South Carolina	[§8-662]
North Carolina	[§54-109.49]	Virginia	[§6.1-213]

THE SUPERVISORY COMMITTEE SHALL MAKE, or cause to be made, an annual audit with full report given to the directors and report given to the membership:

California—[§1-4453]

Maine—[§844]

North Dakota—[§6-06-15(3)]

Pennsylvania—[§12314(a)]

West Virginia—At close of fiscal year. [§31-10-11]

THE SUPERVISORY COMMITTEE SHALL MAKE, or cause to be made at least semi-annually, an examination of the affairs of the credit union, and an annual audit to be reported to the members:

Arkansas	[§67-917(1)]	Minnesota	[§52.11]
Colorado	[§11-30-111(1)(a)]	New York	[§ 471(2)(d)]
Idaho	[§26-2121]	Oklahoma	[§ 2010(E)]
Illinois	[§496.16]	Washington	[§ 31.12.200]
Maryland	[§147]		

THE SUPERVISORY COMMITTEE SHALL MAKE, or cause to be made, at least quarterly, an examination of the affairs of the credit union, and an annual audit to be reported to the members:

Arizona	[§6-515(A)]	Kansas	[§17-2211]
Florida	[§657.11]	Kentucky	[§290.150(2)]
Indiana	[§28-7-1-18]	Missouri	[§370.230]
Iowa	[§533.11]	Nebraska	[§21-1791]

AN INSPECTION OF THE CREDIT UNION'S AFFAIRS to be made at frequent intervals and a thorough audit to be made at the close of the fiscal year:

Louisiana	[§6:651]	Tennessee	[§45-1816]
Mississippi	[§81-13-33]		

OTHER ACTS:

GEORGIA—Inspection made at frequent intervals and a thorough audit made at least once each year. [§41A-3108(b)]

MASSACHUSETTS—The auditing committee shall examine carefully the cash and account of the credit union monthly; shall certify the monthly statements submitted by the treasurer; shall make a thorough audit of the books, including income and expense, semi-annually; and shall report to the board its findings together with its recommendations. [Ch. 171, §17]

MICHIGAN—The supervisory committee shall make an examination of its affairs, including a comprehensive audit of its books, at least annually, and an annual audit to be reported to the members. [§490.11]

NEVADA—The audit committee shall make a semi-annual audit of the financial records of the credit union and any interim audits as may be deemed necessary by the board or directed by the commissioner. A report shall be submitted to the board and a summary presented to the members. [678.390(1)]

NEW HAMPSHIRE—Inspection from time to time. [§394:28]

NEW JERSEY—Annual examination as of December 31 of each year. [§17:13-35]

NEW MEXICO—The supervisory committee shall make or cause to be made an examination of the affairs of the credit union at least annually including an audit of its books; shall make an annual audit and report to the members; and shall ascertain that all funds received shall have been deposited in a depository within 48 hours after receipt, however, receipts in the aggregate of \$100 or less need not be deposited more than once each week. [§48-19-11]

OHIO—The supervisory committee shall make monthly examina-

continued

tion of the cash and accounts, verification of the treasurer's monthly statement, and an audit at least annually with a report of findings to the board. [§1733.19(b)]

PUERTO RICO—The supervisory committee shall examine all the operations of the credit union, at least once a year, such examination to include an audit of accounts. The report shall be submitted to the board. Should the board fail to correct deficiencies pointed out, said committee may call a meeting of the members to submit said report to them. The committee may make additional audits if deemed pertinent. [§18(a)]

The committee shall also render a written report to the annual meeting of members and to the Inspector of Cooperatives. [§18(b)]

RHODE ISLAND—The supervisory committee shall make a thorough audit immediately before a meeting of the directors, called to recommend the declaration of a dividend, and shall make a report to the directors and at the annual meeting. [§19-21-34]

TEXAS—The board of directors shall make or cause to be made a comprehensive annual audit of the books and affairs of the credit union, in accordance with principles and regulations promulgated by the commissioner, and shall submit a report of the results to the department and a summary to the members at the next annual membership meeting. The board shall make or cause to be made any supplementary audits or examinations that it deems necessary. [§5.07(a)]

UTAH—The supervisory committee shall make or cause to be made an examination of the affairs of the credit union, including an inspection of its books, securities, cash, accounts, and loans, at least annually, and shall make a written report of its findings to the board following each examination. [§7-9-13]

VERMONT—The supervisory committee shall make or cause to be made a quarterly audit of the books and affairs of the credit union, a report of which shall be submitted to the board, and an annual audit to be reported to the members. The commissioner may accept the annual audit instead of quarterly audits. The committee shall make any supplementary audit required by the commissioner. [§2063(a)]

WISCONSIN—No supervisory or audit committee. See "External Audit."

External Audit

CUNA MODEL ACT: The board shall authorize the employment of such persons necessary to carry on the business of the credit union, including . . . auditing assistants requested by the supervisory committee. [§5.56(8)]

FEDERAL CREDIT UNION ACT: The board of directors shall provide for compensation of necessary clerical and auditing assistance requested by the supervisory committee. [§113]

ACT SIMILAR TO MODEL ACT:

Connecticut	[§36-208(4)]	Montana	[§14-631(8)]
Idaho	[§26-2116(m)]	Oregon	[§723.296(8)]
Maine	[§842(2)(C)(O)]		

ACT SIMILAR TO FEDERAL ACT:

Arizona	[§6-513(1-4)]	Hawaii	[§410-13(8)]
Arkansas	[§67-913(o)]	New Hampshire	[§394:26]
Colorado	[§11-30-109(1)(i)]	Vermont	[§2061(17)]

THE GOVERNMENT SUPERVISOR MAY REQUIRE an external audit:

ALABAMA—By an auditor employed by the superintendent at the credit union's expense. [§5-17-13(d)]

GEORGIA—The supervisory committee may employ the services of independent accountants. [§41A-3108(b)]

ILLINOIS—If the assets of the credit union are \$500,000 or more, the supervisory committee must employ a registered public accountant to make the annual audit. [§496.16(3)]

KANSAS—The administrator may accept, in lieu of the quarterly examinations, one annual audit by a CPA or other independent public accountant. [§17-2211]

MARYLAND—By a GPA. [§147A]

MASSACHUSETTS—The auditing committee shall cause an examination and audit to be made of the books, securities, cash, assets, liabilities, income and expenditures of the credit union including a trial balance of the deposit and share account. The person selected shall be subject to the approval of the commissioner, and the examination and audit shall be made in such form and manner as prescribed by the commissioner's regulations. [Ch. 171, §17]

NEBRASKA—The annual audit may be made by an accountant approved by the Department of Banking. [§21-1791]

NEVADA—In lieu of having an audit committee the board may employ the services of a public accountant or credit union auditing service. [§678.390(5)]

NEW YORK—Independent auditors shall be employed when the assets of the credit union are over \$100,000. [§471(2)(d)]

NORTH CAROLINA—In lieu of a supervisory committee the by-laws may authorize the board to employ such clerical and auditing assistants as may be required. [§54-109.35(b)]

OHIO—The board may employ a public accountant or firm of public accountants in lieu of a supervisory audit committee. [§1733.19(c)]

OKLAHOMA—The supervisory committee may employ an auditor approved by the State Credit Union Board, a licensed public accountant, or a CPA. [§2010(E)]

PENNSYLVANIA—By a public accountant. (The department of banking may remove the members of the supervisory committee and issue an order on the board requiring an external examination if the supervisory committee and the board fail or refuse to act.) [§12314(e)]

PUERTO RICO—The supervisory committee shall contract private auditors to audit the accounts and operations, according to the budget the board may authorize. [§18(c)]

TEXAS—By an independent committee appointed by the commissioner from outside the credit union and its membership. [§5.07(b)]

VIRGINIA—By a CPA or other person or firm approved by the commission. [§6.1-213.1]

WISCONSIN—The board shall appoint a competent and qualified person to audit the operations of the credit union. The auditor shall at least annually report his activities and recommendations to the board and to the membership at the annual meeting. [§186.15]

ACT IS SILENT:

California	Minnesota	Rhode Island
Florida	Mississippi	South Carolina
Indiana	Missouri	Tennessee
Iowa	New Jersey	Utah
Kentucky	New Mexico	Washington
Louisiana	North Dakota	West Virginia
Michigan		

Account Verification

CUNA MODEL ACT: The supervisory committee shall cause the accounts of the members to be verified with the records of the credit union from time to time, and not less frequently than every two years. [§5.70(2)]

FEDERAL CREDIT UNION ACT: 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. [§115]

ACT SIMILAR TO MODEL AND FEDERAL ACTS:

Alabama	[§5-17-13(b)]	Nebraska	[§21-1791]
Florida	[§657.11(2)]	Oklahoma	[§2010(E)]
Indiana	[§28-7-1-18]	Oregon	[§723.322(2)]
Kansas	[§17-2211]	South Carolina	[§8-662]
Kentucky	[§260.150(2)]	Utah	[§7-9-13(4)]
Maryland	[§147(o)]	Vermont	[§2063]
Montana	[§14-636(2)]		

THE SUPERVISORY COMMITTEE shall cause the passbooks and accounts of members to be verified with the records of the treasurer from time to time and not less frequently than once a year:

Idaho	[§26-2121]	Missouri	[§370.230(1)]
Illinois	[§496.16(3)]	New Jersey	[§17:13-35]

OTHER ACTS:

ARIZONA—The supervisory committee shall make or cause to be made a verification of members' share, special investment and loan accounts at least every two years. [§6-515(A)(3)]

COLORADO—The supervisory committee shall biennially verify or cause to be verified, the members' share, deposit, and loan accounts, either by calling in the passbooks, or by sending, or causing to be sent, a statement of account to each member. [§11-30-111(1)(d)]

GEORGIA—The annual audit shall include a confirmation of the share, deposit, and loan accounts of the members. [§41A-3108(b)]

MAINE—Verification by supervisory committee at least once every three years. If the superintendent deems such verification inadequate, he may cause the bureau to verify such accounts. [§8-4(2)]

NEW MEXICO—Annual audit of the passbooks of at least one-half the membership. [§48-19-11(C)]

OHIO—Under the supervision of the supervisory committee, accounts showing installment payments by members upon shares of the credit union shall be verified at least annually. [§1733.19(b)]

TEXAS—The board of directors shall make or cause to be made verifications of the accounts of the members with the records of the credit union if required by regulations promulgated by the commissioner. [§5.07(a)]

WASHINGTON—The auditing committee shall cause the passbooks to be verified under regulations prescribed by the supervisor. [§31.12.200]

ACT IS SILENT:

Arkansas	Minnesota	Pennsylvania
California	Mississippi	Puerto Rico
Connecticut	Nevada	Rhode Island
Hawaii	New Hampshire	Tennessee
Iowa	New York	Virginia
Louisiana	North Carolina	West Virginia
Massachusetts	North Dakota	Wisconsin
Michigan		

Regular Reserve Allocation

CUNA MODEL ACT: Immediately before the payment of each dividend, the gross earnings of the credit union shall be determined. From this amount, there shall be set aside sums as a regular reserve for contingencies in accordance with the following schedule:

(a) Ten (10%) percent of gross income until the regular reserve equals five (5%) percent of the total of outstanding loans and risk assets; then

(b) Seven (7%) percent of gross income until the regular reserve equals six (6%) percent of the total of outstanding loans and risk assets; then

(c) Five (5%) percent of gross income until the regular reserve equals seven (7%) percent of the total of outstanding loans and risk assets.

Whenever the regular reserve falls below seven (7%) percent, six (6%) percent, or five (5%) percent of the total of outstanding loans and risk assets, as the case may be, it shall be replenished by regular contributions in such amounts as are needed to maintain the reserve goals of five (5%) percent, six (6%) percent, or seven (7%) percent.

Any entrance fees, charges and transfer fees shall, after payment of organization expenses, be added to the regular reserve. [§10.10]

FEDERAL CREDIT UNION ACT: At the end of each accounting period the gross income shall be determined. From this amount, there shall be set aside sums in accordance with the following schedule:

(1) A credit union in operation for more than four years and having assets of \$500,000 or more shall set aside (A) 10% of gross income until the regular reserve shall equal 4% of the total of outstanding loans and risk assets, then (B) 5% of gross income until the regular reserve shall equal 6% of the total of outstanding loans and risk assets.

(2) A credit union in operation less than four years or having assets of less than \$500,000 shall set aside (A) 10% of gross income until the regular reserve shall equal 7½% of the total of outstanding loans and risk assets, then (B) 5% of gross income until the regular reserve shall equal 10% of the total of outstanding loans and risk assets.

(3) Whenever the regular reserve falls below the stated percentage of the total of outstanding loans and risk assets, it shall be replenished by regular contributions in such amounts as may be needed to maintain the stated reserve goals. [§116(a)]

The Board may decrease the stated reserve requirement when in its opinion such a decrease is necessary or desirable. [§116(b)]

continued

ACT SIMILAR TO MODEL ACT:

Montana [§14-660]

ACT SIMILAR TO FEDERAL ACT:

Louisiana [§6:657] *Nevada [§678.670]
*Maryland [§154] South Carolina [§34-27-55]
**Minnesota [§52.17]

*All entrance fees, charges, and transfer fees to be added to the reserve.

**If assets less than \$500,000, reserve goal is 7% of total loans and risk assets.

ACT SIMILAR TO MODEL ACT, BUT RESERVE retirement is based on risk assets only, rather than on total of outstanding loans and risk assets. Also reference to entrance fees, charges and transfer fees is omitted:

Hawaii [§410-23(a)(1)] Wisconsin [§186.17(1)]

IMMEDIATELY BEFORE PAYMENT OF EACH DIVIDEND, the gross earnings of the credit union shall be determined. From this amount there shall be set aside 10% of gross income until the regular reserve equals 7½% of the total of outstanding loans and risk assets, then 5% of gross income until the regular reserve shall equal 10% of the total of outstanding loans and risk assets, and then such amounts as necessary to maintain the required level:

Arkansas—Entrance fees must be added to reserve. Transfer to reserve to be made at close of fiscal year. [§67-926(1)]

Connecticut— [§36-209]

Illinois—Reserve allocations made at close of fiscal year. The director may, under certain circumstances, permit the reserve fund of a credit union with assets of more than \$1 million to be maintained at less than 10% but not less than 4% of its outstanding loans and risk assets; and may permit the reserve of a credit union with assets of more than \$50 million to be maintained at less than 10% but not less than 2% of its outstanding loans and risk assets. [§496.21(1)(2)]

Indiana—Entrance fees and charges must be added to the reserve after payment of organization expenses. Also, the department may by regulation, revise the reserve formula as it applies to credit unions insured by an agency of the federal government, the state of Indiana or any insuring entity which is approved by the department. [§28-7-1-24(a)]

Iowa—Entrance fees, lines, and transfer fees must be added to the reserve after payment of organization expenses. [§533.17(1)]

Nebraska—Entrance fees, lines, and transfer fees must be added to the reserve after payment of organization expenses. [§21-17, 103; 21-17, 104]

New York—Entrance fees, transfer fees and fines remaining after payment of organization expenses shall be added to the surplus account. The surplus account shall in no case exceed the capital of the corporation, plus 50% of its other liabilities. [§457]

North Carolina— [§54-109.86]

Vermont—Entrance fees, charges and transfer fees remaining after payment of organization expenses to be added to the reserve fund. Loans to other credit unions are not to be considered in computing outstanding loans and risk assets totals. [§2080]

IF A CREDIT UNION IS INSURED by the National Credit Union Administration, the reserve requirements are as provided by the Federal Credit Union Act, §116(a)(2), for credit unions in op-

eration less than 4 years or having assets less than \$500,000. Otherwise the allocations shall be as follows:

Florida—All entrance fees, and each year, before the declaration of a dividend, but after declaring any interest refund, 20% of the net earnings shall be set aside until the reserve fund equals \$3,000. After the reserve has reached \$3,000 the credit union shall continue to place 10% of the net earnings in a reserve fund, until the reserve fund equals 10% of total loans outstanding. [§657.17]

Kansas—All entrance fees, transfer fees and charges shall, after the payment of the organization expenses, be added to the reserve fund. At the close of the fiscal year or each dividend paying period there shall be set apart to the reserve fund 20% of the net income of the credit union. Whether or not a credit union carries federal share insurance, the members, at an annual meeting, may increase the proportion of profits which is required or decrease it when the reserve fund equals 10% of the paid-in capital of the credit union. The Federal Act allocations also apply to credit unions insured under the state program. [§17-2217]

Mississippi—All entrance fees, transfer fees, fines and penalties and charges other than interest shall after the payment of expenses, be added to the reserve fund. At the close of each fiscal year there shall be set apart to the reserve fund 20% of the net income until the reserve fund totals 20% of loans outstanding, after which no further transfers are required to the reserve fund until it falls below 20% of total loans outstanding. [§81-13-49, 81-13-51]

Oregon—All entrance fees, transfer fees and fines remaining after the payment of organization expenses shall be set aside to the reserve fund. Immediately before the payment of each dividend, 10% of gross income shall be set aside until the regular reserve equals 8% of the total of outstanding loans and risk assets; then 7% until it equals 9% of said total; then 5% until it equals 10%. It shall then be replenished by regular contributions in such amounts as are needed to maintain the reserve goals of 8, 9, or 10%. [§723.632]

IF A CREDIT UNION IS INSURED by the National Credit Union Administration, it may follow the federal credit union reserve requirements. Otherwise the reserve allocations shall be:

Oklahoma—All entrance fees and fines shall be paid into the reserve fund. Before the declaration of a dividend on shares or the payment of interest on deposits, 20% of the income from loans to personal members, less all operating expenses, since the last dividend or interest payment and figured prior to deducting additional dividends or interest payments, shall be paid into the reserve fund, until same shall amount to 7% of the personal loans outstanding. If the reserve fund is reduced below such 7% it shall be replenished in like manner. [§2011]

Washington—Before the payment of any dividend there shall be set apart as a guaranty fund not less than 20% of the net income, until such time as said fund and undivided profits shall equal 10% of the outstanding loans not fully covered by shares, and then only such amounts as necessary to maintain that level. [§31.12.220]

20% OF NET INCOME TO BE ALLOCATED annually to reserve fund, together with all entrance fees, fines, before declaration of dividend. When fund equals a specified accumulation, further transfers not in excess of 20% net income, need only be made to maintain that level. Maximum level indicated:

*Colorado—20% of the total amount of loans then outstanding. [§11-30-117(1)(a)]

Kentucky—10% of outstanding loans or shares, whichever is greater. Upon recommendation of the board, the members at an

annual meeting may increase the proportion of the net income to be set apart to the reserve. [§290.240]

**New Mexico—7% of outstanding loans, except that allocations shall be 10% of net earnings after the fund equals at least 5% of outstanding loans. [§48-19-17]

North Dakota—10% of paid-in capital and surplus. [§6-06-21]

*Pennsylvania—7% of the capital of the credit union or 7% of the outstanding loans, whichever is larger; upon written approval of the Department of Banking, transfers may be discontinued provided that the 7% is maintained. [§12322]

*Tennessee—\$1,000 or 5% of the outstanding loans (excluding unearned interest) whichever is greater; except that allocations need not exceed 10% of net income after the reserve equals \$10,000 and need not exceed 5% after the reserve equals \$50,000. [§45-1825]

*Allocations made at the close of each dividend period.

**Allocations made at the close of each fiscal year or at the time dividends are paid.

20% OF NET INCOME to be allocated annually, together with all entrance fees and charges, after payment of organization expenses. Percentage allocation may be modified when the fund attains a specified accumulation:

*Missouri—The board of directors may increase, or if such fund equals or exceeds 7% of the outstanding loans to members excluding loans to other credit unions, decrease the proportion of the net earnings to be thus set aside, and may transfer part or all of the undivided earnings to the reserve fund. [§370.320]

*Rhode Island—Upon recommendation of the board of directors, the members at an annual meeting may increase, and for any period in which said fund equals 10% of the outstanding loans, investments made under the provisions of 19-21-27 (b) 1, 3 and 5 and any other high risk investments in the opinion of the director of business regulation, may decrease, the proportion of profits which is required by this section to be set apart as a guaranty fund. In addition, amounts equal to percentages of time deposits as specified by this section must be added to the guaranty fund. This additional reserve may be waived by the Director of Business Regulation. [§19-21-36]

West Virginia—Upon the recommendation of the board, the members at the annual meeting may increase, and whenever the funds equal 20% of the capital, may decrease, the proportion of profits which is required. [§31-10-20]

*Allocations made at the close of each dividend period.

**Allocations made before the payment of each dividend.

10% OF GROSS INCOME TO BE ALLOCATED at the close of each dividend period to reserve fund until it equals the specified accumulation. All entrance fees, fines, and transfer fees shall be added to the fund:

*Arizona—5% of the outstanding loans to members, excluding loans to other credit unions and, when the reserve equals or exceeds that 5%, not less than 5% of interest earned on loans to individuals shall be set aside in the reserve fund until such fund is equal to 7% of the outstanding loans to members, excluding loans to other credit unions. Subsequent transfers shall be required only to maintain the 7% maximum. [§6-521(A)]

California—20% of the credit union's gross assets. When the fund falls below 20% of gross assets, it shall be replenished by contributions of 10% of the gross income or in such lesser amounts as may

be needed to maintain a level of 20% of gross assets, except that any credit union participating in a program of share insurance approved by the commissioner may, in lieu of compliance with this section, maintain such guaranty fund as may be specified by the commissioner. [§15150]

Virginia—The reserve fund is equal to 10% of the total liabilities of the credit union. Upon recommendation of the board of directors, the members may increase the amount to be transferred to the reserve. [§6.1-218]

*Allocations are percentage of interest earned on loans to individuals.

OTHER ACTS:

ALABAMA—Every credit union must set aside such regular reserves as are required in order to maintain insurance of member accounts under Title II of the Federal Credit Union Act. [§5-17-19(1)]

GEORGIA—All entrance fees shall, after payment of organization expense, be added to the reserve. Immediately before the payment of each dividend, 5% of the gross income shall be set aside as a regular reserve, until the regular reserve shall equal 7-1/2% of the total of outstanding loans and risk assets. [§41A-3110(a)(b)]

IDAHO—As of July 1, 1981, every credit union shall have on hand as a reserve an amount equal to 6% of its outstanding shares, certificates of deposit and certificates of indebtedness, 3% of same required until July 1, 1979; and 4% of same required from July 1, 1979 to June 30, 1981. [§26-2128]

MAINE—Before the payment of a dividend there shall be set apart as a guaranty fund not less than 10% of the gross income which has accumulated during the preceding dividend period, until such time as said guaranty fund shall equal 7% of the total of outstanding loans and risk assets, and then 5% of the gross income until the fund shall equal 10% of such total. The superintendent may vary the amount of the fund required for individual credit unions as may be required for the protection of the credit union and its members. [§832]

MASSACHUSETTS—Before the payment of a dividend, but not more than quarterly if dividends are paid more than quarterly, there shall be transferred from the earnings of the dividend period to the guaranty fund not less than one fourth of one per cent annually of the aggregate of shares and deposits, until it amounts to 7% of total shares and deposits. Thereafter, the guaranty fund shall be maintained at an amount equal to said seven per cent by means of such contributions. [Ch. 171, §19]

MICHIGAN—All entrance fees and 20% of the net earnings of the credit union before declaration of a dividend, shall be set aside in a reserve fund. When the reserve fund equals 4% of outstanding loans to members, excluding loans to other credit unions, 15% of net earnings shall then be set aside in the reserve fund. When the reserve fund equals 5-1/2% of the outstanding loans, then 10% of net earnings shall be set aside in the reserve fund. When the reserve fund equals 7% of the outstanding loans no further transfer of net earnings to the reserve fund shall be required. If the reserve fund becomes less than 7% of outstanding loans to members, then the schedule of allocation to the reserve fund shall apply, until the 7% ratio of reserves to loans outstanding to members is again established. [§490.17a]

NEW HAMPSHIRE—Before the payment of any annual or semi-annual dividend there shall be set apart as a guaranty fund 15% of the net income which has accumulated during the dividend period. All entrance fees shall be added at once to the guaranty fund. Upon

continued

recommendation of the board, the members may increase, and, whenever said fund equals 10% of the amount of capital stock actually paid in, may decrease the proportion of profits to be set apart as a guaranty fund. [§394:38, 39]

NEW JERSEY—All entrance fees and fines collected by any such credit union together with at least 15% of the net earning of each year. When the regular reserve equals 10% of the total amount, no further transfer of net earnings to such regular reserve shall be required, except that such amounts not in excess of 15% of the net earnings as may be needed to maintain this 10% ratio shall be transferred. [§17:13-44]

OHIO—In addition to such reserves as the superintendent may from time to time require a credit union to maintain, each credit union shall set aside at the first closing of its books, a reserve fund equal to the amount of all membership fees collected that year plus 3% of the principal on outstanding loans to members and notes purchased from another credit union. Each subsequent year, upon the closing of the books, 15% of the net earnings shall be added to the reserve fund until it equals 5% of outstanding notes and loans. Then 10% of the net earnings shall be added until the fund equals 7% of such notes and loans. If the reserve fund becomes less than 7% of such loans and notes, then the schedule of allocation to the reserve fund shall apply until the 7% ratio is again established. [§1733.31]

PUERTO RICO—Annually and before distribution of dividends, 20% of net surplus must be set aside as a reserve fund. At the request of a credit union and on the basis of its financial soundness, the Inspector of Cooperatives may lower to a maximum of 50% the reserve requirements established. [§25]

TEXAS—The commissioner shall, with the approval of the commission, promulgate rules and regulations prescribing reserve allocations and requiring credit unions to maintain any reserves necessary to protect the interests of their members.

The board of directors may increase, or if such fund equals or exceeds the percentage established by regulation, decrease the proportion of the net earnings to be thus set aside, and may transfer part or all of the undivided earnings to the reserve fund. [§9.01]

UTAH—Immediately before payment of a dividend and at the close of every dividend period, there shall be set apart 10% of the gross income from members' loans, after deducting the amount paid in interest refunds, until the guaranty fund equals 7½% of risk assets; then 5% of gross income from members' loans until the fund equals 10% of risk assets. All entrance fees shall be added to the fund. [§7-9-22]

Special Reserves

CUNA MODEL ACT: In addition to such regular reserve, special reserves to protect the interest of members shall be established—(1) When required by regulation; or (2) When found by the board of directors of the credit union or by the Director of the Credit Union Department, in any special case, to be necessary for that purpose. [§10.20]

FEDERAL CREDIT UNION ACT: The Board may require special reserves to protect the interests of members either by regulation or for an individual credit union in any special case. [§116(b)]

ACT SIMILAR TO MODEL ACT:

Montana [§14-663] Nevada [§678.680]

ACT SIMILAR TO MODEL ACT, but if a credit union is insured by the NCUA, special reserves may also be required by the Administrator of the NCUA:

Oregon [§723.646]

ACT SIMILAR TO FEDERAL ACT:

Alabama [§5-17-19(1)] No. Carolina [§54-109.86(c)]
Louisiana [§6:657(B)] So. Carolina [§34-27-55]
Michigan [§490.17a(4)]

SPECIAL RESERVES TO PROTECT INTERESTS OF MEMBERS shall be established when found necessary in any special case by the board of directors or by the supervisory agency:

Arizona [§6-521(C)(D)] *Kansas [§17-2217(a)]
Georgia [§41A-3110(d)]

*Only the administrator may require special reserves.

SPECIAL RESERVE MAY BE REQUIRED by the commissioner on an individual credit union basis for purchased accounts or when serious threat of impairment threatens the adequacy of the regular reserve:

Hawaii [§410-23(a)(2)] Wisconsin [§186.17(2)]

WHEN THE AMOUNT OF DELINQUENT LOANS, at the end of any dividend period, is so large that it is not covered by the reserve fund as required, a special reserve for delinquent loans must be established before the credit union may pay any dividend. Such reserve shall not be less than—(a) Loans delinquent less than six months—10% of the unpaid balance; (b) Loans delinquent six months but less than 12 months—25% of the unpaid balance; (c) Loans delinquent 12 months and over—80% of the unpaid balance:
Colorado [§11-30-117(2)(a)] New Mexico [§48-19-17.1]
Nebraska [§21-17, 105(2)]

REGULAR RESERVE SHALL BE SUPPLEMENTED by a special reserve for delinquent loans, which shall be equal to the excess of the sum of 10% of the unpaid balances of loans delinquent more than two months and less than six months, plus 25% of the unpaid balances of loans delinquent from six months to less than 12 months, and plus 80% of the unpaid balances of loans delinquent 12 months or more over the balance in the regular reserve. The transfer to the special reserve for delinquent loans, if required, shall be made as of the end of dividend period from undivided earnings before any distribution of dividends. The maintenance of such special reserve shall not eliminate the regular reserve requirement. In the event the required transfer exceeds the balance of undivided earnings, only the balance of undivided earnings shall be transferred to the special reserve for delinquent loans. When, as of the end of any dividend period, the amount in the special reserve for delinquent loans exceeds the amount required by the regulations, the board of directors of the credit union may authorize the transfer of the excess to undivided earnings:

Idaho [§26-2129] *Indiana [§28-7-1-24(b)]

*On request of board, department may waive special reserve.

OTHER ACTS:

ARKANSAS—State Credit Union Supervisor may require the establishment of special reserve accounts by transfers from the undivided earnings account when the reserve fund is inadequate for bad loans and/or investments. Transfers from this account must be approved by the Supervisor in writing. [§67-926(3)]

ILLINOIS—In addition to the regular reserve, special reserves may be established. [§496.21(4)]

IOWA—Special reserve may be required by the administrator of credit unions if an examination of assets should disclose that the legal reserve is inadequate. [§533.17(3)]

MASSACHUSETTS—The bylaws of a credit union may provide that unpaid balance of an unsecured loan and any loss thereon of a deceased borrower may be charged to a contingent fund created and maintained by contributions from undivided earnings, current earnings or from the borrowers, as determined by the board of directors. In any calendar year, charges to the contingent fund may not exceed 10% of the guaranty fund in addition to the unexpended balance of contributions by borrowers.

There shall also be maintained from the earnings at each dividend period, but only quarterly if dividends are paid more often than quarterly:

- (1) a reserve for delinquent loans equal either to two per cent of the balances on all outstanding loans, exclusive of loans secured by a first mortgage on real estate, certain loans secured by second mortgages and exclusive of that portion of all loans insured by the Federal Housing Administration, or twenty per cent of the balances on all such outstanding loans which are two months or more in arrears, whichever is greater; and
- (2) a reserve for losses on investments equal to the difference between book value and the market value of all investments mentioned in section twenty-one, excluding those investments which are included in the liquidity requirements, up to a maximum of five per cent of the remaining investment portfolio. Reserves in excess of the amounts required may be transferred into an undivided earnings account.

[§Ch. 171, §19A, 20]

MINNESOTA—There shall also be established and maintained, a reserve of not less than 10% of the amount of the deposits, which shall be in cash and balances due from solvent banks, or which may be, in whole or in part, in short term obligations guaranteed as to principal and interest by the U. S. Government, or in certificates of deposit in a federally insured bank, or in a passbook or other account in a federally insured savings and loan association, or in balances due from Minnesota Central Credit Union or ICU Services Corporation or U.S. Central Credit Union. [§52.17(b)]

MISSOURI—The board may establish additional reserves. In addition, a special reserve for delinquent loans shall be established when required by regulations of the commissioner. [§370.320(4)]

NEW JERSEY—Any such credit union shall have the right, by transfer from undivided profits, to create specific reserves to provide against any contingency or loss anticipated by the board of directors. [§17:13-44]

NEW YORK—Every credit union shall create at the end of each fiscal year and maintain a reserve for bad debts on payments delinquent as follows:

Delinquent	Reserve
6 to 12 months	10% of bad debts
12 to 18 months	50% of bad debts
18 months or more	100% of bad debts

Transfer from earnings to bad debt reserve shall be made before payment of dividends but credit union may transfer 25% of surplus account to bad debt reserve before transferring from earnings. This reserve shall be charged with all losses incurred by the credit union on bad debts and credited with all recoveries. "Bad debt" means any debt due credit union on which payments are delinquent 6 months or more, less value of security. [§456]

NORTH DAKOTA—Whenever the reserve fund shall be inadequate

for bad loans or investments, a special reserve for delinquent loans and investments shall be established. The amount of such reserve shall be determined by the State Credit Union Board. The board is authorized to adopt such rules and regulations as it deems advisable for the establishment of special reserves for delinquent loans and investments. [§6-06-21.1]

OHIO—A credit union shall maintain a net liquidity fund equal to 5% of its total capital which shall be determined by adding together its total cash and government bonds and such of its equity in loans to members and in other investments as the superintendent, after taking into account the risks and liquidity of such loans and investments, shall permit by rule or otherwise. [§1733.31(c)]

PENNSYLVANIA—Similar to Federal Act, except the directors are authorized, after the required reserve has been provided for, to make additional transfers from undivided profits to a contingent reserve for other anticipated losses and expenses. The members at the annual meeting may transfer any part or all of such contingent reserve to the undivided profit account. [§12322]

PUERTO RICO—Act similar to Federal Act. However, it adds a deposit reserve which shall not be of less than 15% of the total deposits. In addition, the Inspector of Cooperatives may direct that certain amounts be set aside from the net surpluses as a special reserve for uncollectable loans. The Inspector can lower the reserve requirements. [§25]

RHODE ISLAND—Special reserve for delinquent loans—(1) Immediately before the payment of each dividend the guaranty fund of each credit union shall be supplemented by a special reserve which shall be equal to the excess of the sum of the following amounts over the balance in the guaranty fund:

Of loans on which no regular payment has been received within two months:

- (a) 10% of the unpaid balances of loans delinquent two or more months but less than six months; and
- (b) 25% of the unpaid balances of loans delinquent six or more months but less than 12 months; and
- (c) 80% of the unpaid balances of loans delinquent 12 months or more.

Of loans on which a regular payment has been received within two months:

- (a) 10% of the unpaid balances of loans delinquent two or more months but less than 12 months; and
- (b) 25% of the unpaid balances of loans delinquent 12 or more months.

Upon written application by the board of directors, the Director of Business Regulation may waive in whole or part the requirement of a special delinquent loan reserve. [§19-21-36.1]

TEXAS—The commissioner shall, with approval of the commission, promulgate rules and regulations prescribing reserve allocations and requiring credit unions to maintain any reserves necessary to protect the interests of their members. [§9.01(p)]

UTAH—Whenever the guaranty fund is less than the total of loans classified as doubtful and loss in the last examination report of the department of financial institutions there shall be set aside an additional 5% of gross income from members' loans into a special reserve for bad loans at the close of each dividend period. Where such conditions no longer exist the board may transfer this special reserve to the guaranty fund and/or to undivided earnings. [§7-9-22]

VERMONT—If the commissioner determines that the regular re-

cor.tinued

serve is inadequate for any reason, he may require the establishment of such additional reserves as he deems necessary for the protection of shareholders. [§2080(b)]

WASHINGTON—The supervisor shall have the right to require a credit union to charge off or set up a reserve fund for delinquent loans or other assets as in his or her opinion require such action. [§31.12.230]

ACT IS SILENT:

California	Maine	Oklahoma
Connecticut	Maryland	Tennessee
Florida	Mississippi	Virginia
Kentucky	New Hampshire	West Virginia

Risk Assets Defined

CUNA MODEL ACT: For the purpose of establishing the reserves required by Sec. 10.10 all assets except the following shall be considered risk assets:

- (1) Cash on hand.
- (2) Deposits and shares in federal or state banks, savings and loan associations, and credit unions.
- (3) Assets which are insured by, fully guaranteed as to principal and interest by, or due from the U. S. Government, its agencies, the Federal National Mortgage Association, or the Government National Mortgage Association.
- (4) Loans to other credit unions.
- (5) Loans to students insured under the provision of Title IV, part B of the Higher Education Act of 1965 (20 U.S.C. 1071 et seq.) or similar state insurance programs.
- (6) Loans insured under Title I of the National Housing Act (12 U.S.C. 1703) by the Federal Housing Administration.
- (7) Shares or deposits in central credit unions organized under Article 12 of this Act or of any other state act or of the Federal Credit Union Act.
- (8) Common trust investments which deal in investments authorized by this Act.
- (9) Prepaid expenses.
- (10) Accrued interest on nonrisk investments.
- (11) Furniture and equipment.
- (12) Land and buildings. [§10.14]

FEDERAL CREDIT UNION ACT: Reference to "outstanding loans and risk assets" in reserve formula. Risk assets defined in regulations. [§116]

ACT SIMILAR TO MODEL ACT:

Georgia	[§41A-3110(e)]	Montana	[§14-602]
Hawaii	[§410-2]	Nevada	[§678.690]
*Iowa	[§533.17(2)]	**North Carolina	[§54-109.88]
***Maryland	[§15-4(4)]		

*Also includes common trust investments.

**Includes loans secured by shares, and deposits in mutual savings guaranty associations, and investments in the College Foundation.

***Does not include shares or deposits in any type of credit union.

ALL ASSETS EXCEPT THE FOLLOWING are risk assets: 1) cash on hand; 2) deposits and shares in banks, etc.; 3) assets insured by the federal government; 4) insured student loans; 5) loans insured by the FHA; 6) shares or deposits in central credit unions; 7) accrued interest on nonrisk investments; 8) loans fully guaranteed by shares or deposits.

Oregon	[§723.642]	Utah	[§7-9-22]
--------	------------	------	-----------

OTHER ACTS:

ARKANSAS—Risk assets defined as any income producing asset which has a possible value variation. [§67-926(1)]

ILLINOIS—For the purpose of establishing required reserves all assets except the following are "risk assets": a) cash on hand; b) land; c) depreciated value of buildings, furnishings and equipment; d) federally insured student loans; e) FHA-insured home improvement loans; and f) funds invested as authorized in the investment section of the Act. [§496.21(5)]

MAINE—The superintendent shall have authority to define what assets are to be deemed "risk" assets. [§832(4)]

MINNESOTA—Loans to other credit unions excluded in computing outstanding loans and risk assets. [§52.17]

WISCONSIN—Risk assets defined as investments with maturities in excess of 60 months, loans other than first mortgage real estate loans and loans to credit unions. [§186.01(4)]

ACT IS SILENT:

32 states and Puerto Rico

Use Of Reserve Fund

CUNA MODEL ACT: The regular reserve shall belong to the credit union and shall be used to meet losses except those resulting from an excess of expenses over income and shall not be distributed except on liquidation of the credit union, or in accordance with a plan approved by the Director of the Credit Union Department. [§10.12]

FEDERAL CREDIT UNION ACT: Sums shall be set aside as a regular reserve against losses on loans and against such other losses as may be specified in regulations prescribed under this Act. [§116(a)]

ACT SIMILAR TO MODEL ACT:

Arizona	[§6-521(B)]	North Carolina	[§54-109.87]
Arkansas	[§67-926(2)]	Oregon	[§723.636]
Iowa	[§533.17(1)]	Texas	[§9.01(b)]
Montana	[§14-601]	Vermont	[§2080(b)]
Nevada	[§678.670(3)]		

ACT SIMILAR TO FEDERAL ACT:

Hawaii	[§410-23(a)]	Nebraska	[§21-17, 104]
--------	--------------	----------	---------------

RESERVE FUND SHALL BE HELD to meet bad debts, bad loans or losses in the business of the credit union, and shall not be distributed to its members except in case of dissolution:

Colorado	[§11-30-117(1)(b)]	North Dakota	[§6-06-21]
Minnesota	[§52.17]	Ohio	[§1733.31(a)]
New Mexico	[§48-19-17]		

RESERVE FUND SHALL BELONG to the credit union and shall be held to meet contingencies and shall not be distributed to members, except upon dissolution of the credit union:

Georgia	[§41A-3110(e)]	Mississippi	[§81-13-51]
Indiana	[§28-7-1-24(a)]	Missouri	[§370.320(5)]
Kansas	[§17-2217(b)]	Washington	[§31.12.220]
Kentucky	[§290.240(3)]	West Virginia	[§31-10-20]
Maryland	[§15-4]		

RESERVE FUND AND THE INVESTMENTS thereof shall be-

long to the corporation and shall be held to meet the contingencies or losses in its business:

Maine	[§832(1)]	Utah	[§7-9-22]
New Hampshire	[§394:38]	Wisconsin	[§186.17(1)]
Rhode Island	[§19-21-36]		

OTHER ACTS:

ALABAMA—The reserve fund shall be held to maintain insurance of member accounts under the Provisions of Title II of the Federal Credit Union Act. [§5-17-19(1)]

CALIFORNIA—Losses incurred by a credit union may be charged to its guaranty fund. [§15151]

CONNECTICUT—Each credit union shall maintain a reserve against bad loans and other losses, which shall not be distributed so long as any assets other than cash remain on its books. [§36-209]

FLORIDA—The reserve fund shall be held as a reserve against bad debts, and shall not be distributed or reduced except in cases of liquidation of the credit union or for the charging out of bad debts, and any such charge to this account must first be approved by the board. Money in the reserve fund may be invested. [§657.17]

ILLINOIS—The reserve fund shall be held for losses resulting from loans and risk assets, and may not be distributed except upon liquidation or in accordance with a plan of distribution approved by the director of financial institutions. [§496.21(3)]

LOUISIANA—The reserve fund shall be held against losses on loans and such other losses as may be specified under this section. [§6:657(A)]

MASSACHUSETTS—The guaranty fund shall be held to meet the contingencies of losses in the business of the credit union with the exception that loan and investment losses shall be charged against the reserves established by section twenty. With the prior written approval of the commission, there may be transferred from the guaranty fund amounts necessary to pay a dividend in whole or in part or to create or maintain the reserves required by section twenty, or for any other contingency. [Ch. 171, §19]

MICHIGAN—If instructed by the commissioner all loans which are delinquent on principal or interest for a period of 12 months shall be considered bad debts and charged off to the reserve fund. The reserve fund may also be used for such other losses as approved by the commissioner. [§490.17, 490.17a]

NEW JERSEY—Reserve subject to terms and conditions specified in the bylaws. [§17:13-44]

NEW YORK—Every credit union shall accumulate and maintain a surplus account which shall be held to meet contingencies until the corporation is dissolved, when it may be distributed among the shareholders. Losses resulting from depreciation in value of shares and securities may be charged to the surplus account, but losses incurred on bad debts may not be charged to except in the case where accounts are insured by the NCUA. [§457]

OKLAHOMA—Reserve fund shall be held as a reserve against possible bad debts and other losses which the credit union may sustain. [§2011]

PENNSYLVANIA—The regular reserve shall not be loaned out to members and it shall be deposited in a bank account or invested. It shall belong to the credit union and shall not be distributed except in case of liquidation. The board of directors shall decide loans which are to be charged off against the regular reserve fund, and the department of banking may recommend loans for charge-off which in its opinion are unsound. [§12322]

PUERTO RICO—Reserve fund shall be kept liquid and intact and not loaned out to members, and shall belong to the corporation to be used as a reserve against bad loans, and shall not be disturbed except in case of liquidation. However, the Puerto Rico Federation of Savings and Credit Unions may use the fund to make loans to its affiliates, but the amount accrued in this service shall not exceed 10% of the balance of the loans upon collection. [§25]

SOUTH CAROLINA—The guaranty fund shall be held to meet loan losses. [§34-27-55]

TENNESSEE—Reserve fund shall be maintained for contingencies and shall not be distributed to the members except upon dissolution of the corporation. Fees paid to the State Credit Union Share Insurance Corporation may be a charge to its regular reserve account or reserve fund or may be established as a prepaid asset to be charged against its regular reserve account or reserve fund over a period of five years. [§45-1825]

VIRGINIA—Loans may be charged to the reserve fund. Any sums recovered on items previously charged to it shall be credited to the reserve fund. No dividends shall be paid out of the reserve fund unless the fund, after such payment, exceeds 10% of the gross liabilities of the credit union. [§6.1-218]

ACT IS SILENT:

Idaho

Surety Bond

CUNA MODEL ACT: The Director shall from time to time issue rules and regulations prescribing the minimum amount of surety bond coverage and casualty, liability and fire insurance required of credit unions in relation to their assets or to the money and other personal property involved, or their exposure to risk.

It shall be the duty of the directors to purchase a blanket fidelity bond, in accordance with any rules and regulations of the director, to protect the credit union against losses caused by occurrences covered therein such as fraud, dishonesty, forgery, embezzlement, misappropriation, misapplication, or unfaithful performance of duty by a director, officer, employee, member of an official committee, attorney-at-law or other agent. [§2.10(4), 5.56(2)]

FEDERAL CREDIT UNION ACT: The board of directors shall 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 Board. [§112, 113]

ACT SIMILAR TO MODEL ACT:

Arizona	[§6-513(B)(2)]	Nevada	[§678.370(1)]
Arkansas	[§67-913(b)]	*No. Carolina	[§54-109.11(5),
Hawaii	[§410-13(c)(2)]		54-109.44(2)]
Idaho	[§26-2116(b)]	Vermont	[§2061(2)]
Montana	[§14-631(2)]		

*Act provides minimum bond schedule.

ACT SIMILAR TO FEDERAL ACT:

Georgia	[§41A-3107(c)]	Pennsylvania	[§12312(3)]
Kansas	[§17-2209(3)]	Virginia	[§6.1-211(2)]
Maine	[§842(2)(F)]	Washington	[§31.12.130]
North Dakota	[§2-06-12(3)]		

continued

BOND IS REQUIRED OF ALL OFFICERS handling money; amount to be fixed by board:

Indiana	[§28-7-1-16(c)]	Rhode Island	[§19-21-22(c)]
Mississippi	[§81-13-27(c)]	South Carolina	[§8-661(3)]
Nebraska	[§21-1785]	Utah	[§7-9-11(3)]
New Mexico	[§48-19-9(B)]	West Virginia	[§31-10-9(b)]
New York	[§469(2)]		

BOND IS REQUIRED OF ALL OFFICERS and employees handling money; amount to be fixed by board:

Alabama	[§5-17-11]	Maryland	[§6-316(b)(3)]
Connecticut	[§36-213(2)]	Michigan	[§490.9(c)]
Illinois	[§496.13(3)]	Minnesota	[§52.09(3)]

AMOUNT OF BOND TO BE FIXED by board of directors, based on assets of the credit union. Required of all officers, directors, committeemen and employees having access to money. Graduated schedule for bond based on assets provided in statute:

Florida	[§657.09(3)]	Kentucky	[§290.130(3)]
---------	--------------	----------	---------------

ANY PERSON HANDLING MONEY OR COLLATERAL shall be covered by an individual, schedule, or blanket bond, as a condition precedent to entry upon the discharge of duties:

Missouri—Supervisor must approve amount of bond. [§370.235]

Ohio—Directors and superintendent must approve amount of bond; amount may be increased by the superintendent. [§1733.23]

Wisconsin—Directors must approve amount; form prescribed by commissioner. [§186.19]

OTHER ACTS:

CALIFORNIA—The directors shall obtain adequate fidelity bond coverage for each officer and employee having access to funds or securities commensurate with risks involved, and shall obtain adequate surety bond coverage for the treasurer and any assistant treasurer conditioned upon the honest performance of his trust. The minimum principal amount of such bond shall be based on the gross assets of the credit union, as provided in the graduated schedule. [§14406(c)(d)]

COLORADO—The board shall fix the amount of the blanket surety bond which shall cover all elected and appointed officials and all employees of the credit union. Such bond shall be in an amount equal to the assets of the credit union as of December 31 of the previous year, or \$1 million, whichever is less. [§11-30-109(1)(c)]

IOWA—Bond is required of all officers and employees who handle money; amount to be fixed by board. [§533.9(3)] A bond in the amount of \$100,000 is required of the administrator to insure the faithful performance of his staff and to insure against property loss which might occur during the course of any lawful activity of the credit union department. [L. 1978, S.F. 137, Sec. 9]

LOUISIANA—Amount of faithful performance bond fixed by board of directors. Bond shall cover each officer, director, or employee, who has charge of or who handles cash or securities of the credit union. Minimum bond \$1,000. [§6:6-1(B)(3)]

MASSACHUSETTS—The treasurer and all other officers and employees of a credit union having access to its cash or negotiable securities, shall give bond to the credit union at its expense in such amounts and under such conditions as the commissioner may prescribe. The directors may require bonds of such other officers, employees, or agents as they deem advisable. The persons required to give bond may be included in one or more blanket or schedule

bonds, provided that such bonds are approved by the commissioner. [Ch. 171, §15]

NEW JERSEY—Bond is required of all officers and employees handling money or securities, and the amount is fixed by the board. The board shall annually examine all bonds and pass on their sufficiency. The commissioner may order the bond of any person to be increased. In lieu of such individual bonds the board may procure a blanket bond providing the same protection to the credit union. [§17:13-36]

OKLAHOMA—Each active officer and employee shall, before he enters upon his duties, make and give a bond in amount fixed by the state credit union board. [§2010(B)]

OREGON—It shall be the duty of the directors to purchase a fidelity bond which includes employee faithful performance to cover any and all acts of its agents, directors, officers, committee members or employees in an amount not less than 100 percent of its assets up to \$2 million. Such bond shall be approved by the superintendent who may require such additional amounts as he deems necessary for credit unions with assets in excess of \$2 million. [§723.122(1); 723.296(2)]

PUERTO RICO—The board shall require of all officers and employees who handle money or securities the bonds required under the regulations of the inspector of cooperatives. [§16(c)]

TENNESSEE—Amount of the blanket surety bond shall be determined by the board of directors and required for all officials and employees. Amounts as follows: for one year from the charter date, the bond shall be not less than \$1,000; thereafter the bond shall not be less than 30% of the true assets of the credit union, and shall be adjusted annually subject to a maximum bond requirement of \$1,000,000. [§45-1813(3)]

TEXAS—The board of directors shall purchase from a surety company authorized to do business in this state a blanket security bond covering all officers, employees, members of official committees, attorneys at law, and other agents of the credit union to protect the credit union against loss caused by the failure of a person to faithfully perform his duties. [§5.06(b)]

ACT IS SILENT:

New Hampshire

Share and Deposit Insurance

(Voluntary or mandatory participation in either federal or state share and deposit insurance programs)

CUNA MODEL ACT: A credit union may obtain insurance on shares and deposits from the National Credit Union Administration under the Federal Credit Union Act or from any guarantee organization qualified under the laws of this state to provide such guarantees or from any insurer qualified under the laws of this state to write such insurance.

The Director of the Credit Union Department may make available reports of condition and examination reports to the Administrator of the National Credit Union Administration or to an administrator of any qualified state guarantee organization and may accept any report of examination made on behalf of such administrators. The Director may appoint the Administrator of the National Credit Union Administration or the administrator of any qualified state guarantee organization as liquidating agent of an insured credit union.

Any legally chartered credit union may become a member of the Credit Union Share Insurance Corporation upon application by



the credit union's directors and approval of the directors of the corporation.

Before any credit union which is not chartered under the laws of this state may be admitted to membership, written authorization from its supervisory agency shall be submitted. In such authorization, the supervisory agency shall agree to cooperate with the Director of the Credit Union Department of this state in fulfilling the share insurance laws of this state with respect to such credit union.

[Optional] Every credit union chartered under the laws of this state shall become a member of the corporation and failure to apply for membership within _____ days after the effective date of this section constitutes grounds for revocation of charter by the Director of the Credit Union Department. Failure to become a member within _____ years after application for membership constitutes grounds for revocation of charter by the Director of the Credit Union Department. [§8.20, 14.30]

FEDERAL CREDIT UNION ACT: The National Credit Union Administration Board shall insure the accounts of all federal credit unions and it may insure the accounts of credit unions organized and operating according to the laws of any state, the District of Columbia, the several territories, including the trust territories, and possessions of the United States, the Panama Canal Zone, or the Commonwealth of Puerto Rico, and credit unions organized and operating under the jurisdiction of the Department of Defense. [§201(a)]

ACT PROVIDES FOR MANDATORY PARTICIPATION in the NCUA insurance program:

Arizona	[§6-504(E)]	**Michigan	[§490.31]
Arkansas	[§67-902(5)(7)]	Nevada	[§678.750(3)]
Kentucky	[§290.070(3)]	*North Dakota	[§6-06-40]
Louisiana	[§6:641(E)]	South Carolina	[§8-653]
Maine	[§836]	Vermont	[§2087]

*A central credit union with corporate shareholdings of at least 75% of its total assets may elect not to be insured.

**Participation optional for credit unions whose assets consist primarily of funds from other credit unions.

ACT PROVIDES FOR MANDATORY PARTICIPATION in either the NCUA or the local state insurance program:

Connecticut	[§36-200b]	New Mexico	[§48-19-25.1]
Florida	[§657.253(6)]	North Carolina	[§54-109.78]
Georgia	[§11A-3117(a)]	*Ohio	[§1733.041]
**Kansas	[§L. 1975, SB 516]	Tennessee	[§45-1850]
Massachusetts	[Ch. 171, §34]	Virginia	[§6.1-226.5]
Missouri	[§370.377]	Washington	[§31.12A.040(4)]

*or that of any qualified insurer

**Central credit unions located in the state are exempt from mandatory participation.

ACT PERMITS STATE CREDIT UNIONS to participate voluntarily in the NCUA insurance program:

Oklahoma	[§2011]
----------	---------

ACT PROVIDES FOR MANDATORY PARTICIPATION in either the NCUA insurance program or some other officially sanctioned insurance program:

California	[§14805.6]	*New York	[§32]
*Hawaii	[§410-45]	Oregon	[§723.582]
Iowa	[L. 1978, S.F. 137, §15]	*Pennsylvania	[§12315(B)]
Minnesota	[§52.24]		

*Banking Board or Department may permit exemptions.

ACT PROVIDES FOR MANDATORY PARTICIPATION in the local state insurance program:

Maryland	[§140A]	Wisconsin	[§196.35(5)]
----------	---------	-----------	--------------

OTHER ACTS:

ALABAMA—Act provides for mandatory initial participation in the NCUA program. If the NCUA coverage is subsequently cancelled, the supervisor may allow a credit union to obtain some other kind of insurance. [§5-17-19]

ILLINOIS—The credit union may purchase insurance for the benefit of the credit union and its members. [§496.9(9)] Any credit union which issues shares in trust pursuant to §496.8 must be insured by the NCUA. [§496.8]

MONTANA—A central credit union with corporate shareholdings equal to 95% of its total assets may participate in the NCUA insurance program at its own option. Participation is mandatory for other credit unions. [§14-658; 14-671(5)]

RHODE ISLAND—No credit union is required to participate in State Credit Union Insurance Corporation. [L. 1976, H.B. 7401, §9] However, any credit union permitted by law to receive deposits shall have insurance on all deposits made in an amount not less than that established by the Board of Bank Incorporation. [§19-11-9] The RICUL Corporate Central Credit Union is exempt from deposit insurance requirements. [§19-21-53]

TEXAS—The commissioner, with the approval of the commission, shall promulgate rules and regulations requiring credit unions doing business within the state to provide or cause to be provided share and deposit insurance for members and depositors. [§11.10(e)]

ACT IS SILENT:

Colorado	Nebraska	Puerto Rico
Idaho	New Hampshire	Utah
Indiana	New Jersey	West Virginia
Mississippi		

Establishment of Insurance Program

(Applies only to federal program and 18 states with share insurance laws)

CUNA MODEL ACT: There is created the _____ Credit Union Share Insurance Corporation, a nonprofit membership corporation, hereinafter referred to as the corporation. The general purposes of the corporation shall be to:

(1) Aid and assist any member credit union which is in liquidation or incurs financial difficulty, such as insolvency or lack of liquidity, in order that the shareholdings and deposits of any individual member of a member credit union shall be protected or guaranteed against loss. The amounts of loss to be protected or guaranteed shall be established from time to time by the corporation with the approval of the Director of the Credit Union Department.

(2) Cooperate with its member credit unions and the Credit Union Department for the purpose of advancing the general welfare of credit unions in this state. [§14.18]

FEDERAL CREDIT UNION ACT: The Board shall insure the member accounts of all federal credit unions and it may insure the member accounts of credit unions organized and operating under the laws of any state, the District of Columbia, and the territories, trust territories, and possessions of the United States

continued

and credit unions organized and operating under the jurisdiction of the Department of Defense . . . There is created in the Treasury of the United States a National Credit Union Share Insurance Fund which shall be used by the Board as a revolving fund for carrying out the purposes of the Act. [§201, 203]

ACT SIMILAR TO MODEL ACT:

Tennessee—may also serve credit unions in other states. [§§45-1835, 45-1836]

GUARANTY CORPORATION is created to: (1) provide a mechanism whereby the shareholdings, savings and deposits of any member of a member credit union shall be protected or guaranteed up to amounts which are established by the corporation and to avoid excessive delay in payment of such shareholdings, savings and deposits and to avoid financial loss to members of credit unions because of the insolvency or liquidation of a member credit union; (2) assist in the detection and prevention of credit union insolvencies or liquidations; (3) create a corporation to administer, implement and supervise the plan of operation provided for under this act; and (4) provide for the equitable apportionment among member credit unions and to assess the cost of such protection among member credit unions:

* Florida—Florida Credit Union Guaranty Corporation [§657.251]

* Nebraska—Nebraska Depository Institution Guaranty Corporation [§21-17, 128]

* Act refers to depository institutions rather than credit unions.

** Act refers to "shares and deposits" being protected and guaranteed.

OTHER ACTS:

CONNECTICUT—The Connecticut Credit Union Share Insurance Corporation is established as a nonprofit membership corporation. Its general purposes shall be to, to the extent of its resources: (a) guarantee and protect members' shares in every member credit union up to the maximum share or membership liability which the law permits any member to own; (b) aid and assist any member credit union which develops financial difficulties such as insolvency or nonliquidity or which enters liquidation proceedings; and (c) cooperate with its member credit unions and the bank commissioner for the purpose of improving the general welfare of credit unions in this state. [§SA 73-142, §1, 2]

GEORGIA—The Credit Union Deposit Insurance Corporation is created to aid and assist any member credit union which is in liquidation or facing liquidation due to insolvency in order that the deposits and shares of any member shall be insured or guaranteed against loss in such amounts as may be established by the board of directors of the corporation pursuant to the act. [L. 1974, Act 1002, §1(a)]

KANSAS—A guarantee corporation is any person other than an insurance company, approved by the commissioner, who contracts with credit unions to guarantee the shares of members. [L. 1975, SB 516, §9(a)]

MARYLAND—A nonstock, nonprofit corporation is created, known as the Maryland Credit Union Insurance Corporation. The purposes of the corporation are to improve and stimulate the ability of credit unions doing business in the state to provide low-cost consumer loans, to promote the elasticity and flexibility of the resources of credit unions, to make loans for liquidity purposes to credit unions, to discount notes of credit unions, to provide a state service of interlending for credit unions, to aid in the rehabilita-

tion and stabilization of credit unions, to aid in the orderly liquidation of credit unions when necessary, to aid in the strengthening and development of credit unions serving low-income persons, to insure and guarantee the share and deposit accounts of member credit unions, and to cooperate with and assist credit unions, organizations of credit unions, the supervisor of credit unions of this state, the National Credit Union Administration, and the Central Credit Union of Maryland. [§452]

MASSACHUSETTS—The Massachusetts Credit Union Share Insurance Corporation is constituted a corporation for the purpose of creating and maintaining a fund for the insurance of shares and deposits of members of credit unions and the Central Credit Union Fund, Inc. [Ch. 294, §1]

MISSOURI—Upon approval by the director, a credit union share guaranty corporation may be organized by 25 or more credit unions chartered under the act or by an association of credit unions, composed of a majority of the credit unions chartered under the act. The general purpose of such non-profit corporations shall be to aid member credit unions which develop financial problems and to assist member credit unions in the process of merger or consolidation in order that the shares of each member of member credit unions shall be protected and guaranteed to a total of \$50,000 in shares and deposits for each credit union member and up to \$50,000 in deposits for each nonmember depositor. [§370.371; 370.372]

NEW MEXICO—Any seven or more credit unions in the state organized under the act, may form the New Mexico Share Insurance Corporation for the purpose of creating and maintaining a fund for the insurance of shares and deposits of credit unions which become members. [Ch. 114, §3]

NEW YORK—Any fifty or more credit unions organized under the act whose shares aggregate at least 50% of the total shares of all credit unions so organized, may agree, with the approval of the superintendent of banking, to create a fund for the purpose of insuring the shares of such credit unions as shall become parties to the agreement. [§481]

NORTH CAROLINA—Not less than ten credit unions and building and loan associations organized under North Carolina law may become incorporated as a mutual deposit guaranty association without capital stock. The purposes shall be to assure liquidity of member institutions and guarantee deposits therein. [§54-44.8]

OHIO—The purpose of the Ohio Credit Union Shareholders' Guaranty Association is to establish and maintain a nonprofit organization of member credit unions for the prevention of insolvencies of their members; and in the event of liquidation, insolvency, or bankruptcy of any member, to provide for the guaranty of the return of deposits, the redemption of shares or share accounts of members of member credit unions; to aid and assist the supervisor of credit unions in maintaining the solvency of state-chartered credit unions and the handling of liquidations of credit unions under order of liquidation; and to assist its member credit unions that are going through voluntary liquidation. [§1761.02]

RHODE ISLAND—The Rhode Island Share and Deposit Insurance Corporation is constituted for the purpose of providing a fund for the insurance against loss of shares and deposits of members of credit unions. [L. 1969, HB 2037, §1]

VIRGINIA—Representatives of nine or more credit unions may establish a corporation for the purpose of aiding and assisting any member credit union which is in liquidation or experiencing financial difficulties such as insolvency or nonliquidity, in order

that the member shares of member credit unions shall be protected, in amounts not less than \$20,000 which shall be established by the corporation with the approval of the State Corporation Commission; and for the further purpose of cooperating with the commission and member credit unions in maintaining and advancing the financial integrity of member credit unions. [§6.1-226.3]

WASHINGTON—The Washington Credit Union Share Guaranty Association is created for the purpose of providing funds arising from assessments upon member credit unions to guarantee payment to credit union shareholders of the amount of loss to their share and deposit accounts in a liquidating member credit union, and to provide other services to promote the stability of state-chartered credit unions. [§31.12A.005]

WISCONSIN—The Wisconsin Credit Union Savings Insurance Corporation, a nonprofit corporation, shall be organized by the authorized representatives of not less than nine credit unions chartered under the Act. The general purposes of the corporation shall be to aid and assist any member credit union which develops financial difficulties such as insolvency, nonliquidity, or liquidation in order that the savings of any individual member credit union shall be protected or guaranteed to any amount not to exceed \$40,000, and to cooperate with its member credit unions and the commissioner for the purpose of improving the general welfare of credit unions in the state. [§186.35(1)(2)]

ACT IS SILENT:

Texas

Supervision of Insurance Program

(Applies only to federal program and 18 states with share insurance laws)

CUNA MODEL ACT: The Credit Union Share Insurance Corporation shall be subject to supervision and an annual examination by the Credit Union Department. The cost of each examination shall be paid by the corporation. [§14.45]

FEDERAL CREDIT UNION ACT: The National Credit Union Administration Board insures member accounts of credit unions. [§201]

SHARE INSURANCE CORPORATION SUPERVISED BY au-

thority specified and annual examination required:

- Connecticut—Commissioner of Banking [§7(b)]
- Missouri—Director of the Division of Credit Unions of the Dept. of Consumer Affairs, Regulation and Licensing [§370.375]
- Nebraska—[§13]
- North Carolina—Commissioner of Insurance [§54-44-1]
- Tennessee—Commissioner of Banking [§45-1845]
- Virginia—State Corporation Commission [§6.1-226.10(1)]
- Washington—State Supervisor of the Division of Savings and Loans [§31.12A.120]
- Wisconsin—Commissioner of Credit Unions [§186.35(7)]

BYLAWS SUBJECT TO APPROVAL of Commissioner of Banks. Other powers which corporation may exercise subject to approval or rule-making authority of commissioner:

Massachusetts [Ch. 294, §3.6] New Mexico [§4(C)]

OTHER ACTS:

FLORIDA—The books, records and accounts of the corporation shall be subject to an examination by the Department of Banking and Finance. [§657.263]

KANSAS—The commissioner of insurance shall issue certificates to qualified guarantee corporations, may adopt rules and regulations regarding such corporations, and may examine their records. [L. 1975, SB 516, §11,12,16,19]

MARYLAND—The Banking Commissioner must approve bylaws, rules and regulations set by the corporation. [§457]

NEW YORK—The credit union insurance fund may be organized with the approval of the superintendent of banks. [§481]

OHIO—The superintendent of credit unions is empowered to issue rules and orders necessary to further the purposes of the act and to protect the guaranty association, the member credit unions, or the public interest. He shall make or cause to be made an annual examination and such special examinations as he deems necessary. [§1761.31]

RHODE ISLAND—The corporation is subject to supervision by the director of business regulation, who shall examine the books, assets and liabilities of the corporation at least every 2 years. [L. 1976, H.B. 7401, §11]

ACT IS SILENT:

Georgia Texas



THE SUPERVISORY AUTHORITY

Government Supervisor

CUNA MODEL ACT: [Alternative A] There is created a Credit Union Department under the supervision of a Director appointed by the Governor, with the advice and consent of the Credit Union Council.

[Alternative B] There is created a Credit Union Department under the supervision of a Director appointed by the Credit Union Council. [§2.10(1)]

FEDERAL CREDIT UNION ACT: This section establishes the National Credit Union Administration as an independent agency within the executive branch of the government. The management of the Administration is vested in the National Credit Union Administration Board. The Board shall consist of three members who are appointed, by the President with the advice and consent of the Senate, for six year terms. [§102(a),(b),(c)]

ACT PROVIDES THAT STATE BANKING AUTHORITY supervises credit unions:

Alabama	[§5-2-100]	Montana	[§14-609]
Arizona	[§6-502(A)]	Nebraska	[§21-1775]
Arkansas	[§67-940]	New Hampshire	[§394:3]
Colorado	[§11-30-106(1)]	New Jersey	[§17:13-50]
Connecticut	[§36-195]	New York	[§177(1)]
Florida	[§657.06(1)]	North Dakota	[§6-01-01]
Georgia	[§11A-3003(a)]	Oklahoma	[§2008(A)]
Kentucky	[§290.100]	Oregon	[§723.102(2)]
Maine	[§815]	Pennsylvania	[§12307]
Maryland	[§1-11(a)]	Rhode Island	[§19-21-38]
Massachusetts	[Ch. 171, §2]	Tennessee	[§45-1808]
Minnesota	[§52.06(1)]	Vermont	[§2066]
Mississippi	[§81-13-15]	West Virginia	[§31-10-6]

ACT PROVIDES THAT THE COMMISSIONER OR DEPARTMENT OF FINANCIAL INSTITUTIONS shall supervise credit unions:

Idaho	[§26-21-44]	Michigan	[§490.6]
Illinois	[§496.24]	New Mexico	[§48-19-6(A)]
Indiana	[§28-7-1-11]	South Carolina	[§8-653]
Louisiana	[§6:64(A)(1)]	Utah	[§7-9-24]

ACT PROVIDES THAT THE ADMINISTRATOR OR COMMISSIONER OF CREDIT UNIONS shall supervise credit unions:

Kansas	[§17-2206(a)]	Texas	[§11.10]
Iowa	[§527.3(1)]	Wisconsin	[§186.012(2)]

OTHER ACTS:

CALIFORNIA—Commissioner of Corporations. [§15800]

HAWAII—The Director of the Department of Regulatory Agencies shall be the commissioner of credit unions. [§410-4(a)]

MISSOURI—The Director of the Division of Credit Unions, Department of Consumer Affairs, Regulation and Licensing. [§370.005]

NEVADA—Commissioner of Credit Unions, subject to supervision by the Director of the Department of Commerce and the Credit Union Advisory Council. [§678.250]

NORTH CAROLINA—Administrator of Credit Unions, Department of Commerce. [§54-109.12]

OHIO—Superintendent of Credit Unions, Division of Credit Unions. [§1733.32(a)]

PUERTO RICO—Inspector of Cooperatives. [§3]

VIRGINIA—State Corporation Commission. [§6.1-220]

WASHINGTON—Supervisor of the Division of Savings and Loan Associations. [§31.12.360]

Approval of Charters

(Governmental agency or officer issuing credit union charter)

CUNA MODEL ACT: [Alternative A.] The subscribers shall forward the required charter fee, the articles of incorporation, and the bylaws to the Director of the Credit Union Department. If they conform to the law, he shall within thirty (30) days issue a certificate of approval attached to the articles and return a copy of the bylaws and the articles to the applicants or their representatives, which shall be preserved in the permanent files of the credit union.

[Alternative B.] The subscribers shall forward the required charter fee and the articles of incorporation and the bylaws to the Director of the Credit Union Department. The Director may issue a certificate of approval, if the articles and the bylaws are in conformity with this Act and he is satisfied that the proposed field of operation is favorable to the success of such credit union and that the standing of the proposed organizers is such as to give assurance that its affairs will be properly administered. He shall return a copy of the bylaws and the articles to the applicants or their representatives, which shall be preserved in the permanent files of the credit union. The application shall be acted upon within thirty (30) days. [§1.20(5)]

FEDERAL CREDIT UNION ACT: The organization certificate shall be presented to the National Credit Union Administration Board. 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 Board it shall be the charter of the corporation. [§104]

CHARTER APPROVED BY SAME GOVERNMENT AGENCY
that supervises credit unions:

Alabama	[§5-17-2(b)]	Missouri	[§370.040]
Arizona	[§6-502(D)]	Montana	[§14-603(5)]
Arkansas	[§67-902(C)]	Nebraska	[§21-1761]
California	[§14254(a)]	Nevada	[§678.310(1)]
Colorado	[§11-30-101(4)]	New Hampshire	[§394:4]
Connecticut	[§36-196(a)]	New Jersey	[§17:13-27]
Florida	[§657.01]	New Mexico	[§48-19-1(B)]
Georgia	[§41A-3003(b)]	New York	[§450]
Hawaii	[§410-8]	No. Carolina	[§54-109.2(e)]
Idaho	[§26-2105(d)]	North Dakota	[§6-06-02(3)]
Illinois	[§496.4]	Ohio	[§1733.07(D)]
Indiana	[§28-7-1-1(d)]	Oregon	[§723.012(4)]
Iowa	[§533.1(3)]	Pennsylvania	[§12303(C)]
Kansas	[§17-2201(a)]	Puerto Rico	[§3(c), §9]
Kentucky	[§290.020(1)]	South Carolina	[§8-654]
Louisiana	[§6:641(D)]	Tennessee	[§45-1804]
Maine	[§812(4)]	Texas	[§2.03(e)]
Maryland	[§6-305]	Utah	[§7-9-3]
Massachusetts	[Ch. 171, §2]	Vermont	[§2051(3)]
Michigan	[§490.1(c)]	Virginia	[§6.1-197]
Minnesota	[§52.01]	Washington	[§31.12.040]
Mississippi	[§81-13-1]	Wisconsin	[§18'02]

CHARTER APPROVED BY SECRETARY OF STATE:

West Virginia [§31-10-1(d)]

OTHER ACTS:

OKLAHOMA—The Bank Commissioner advises the State Credit Union Board which makes the actual decision. [§2003]

RHODE ISLAND—Charter is approved by the Board of Bank Incorporation. [§19-21-2]

Appointment of Advisory Council

CUNA MODEL ACT: The Credit Union Council shall consist of five (5) persons of tested credit union experience who shall be appointed by the Governor from a list of recommended names submitted by the credit unions of the state. Appointment to the Council shall be for terms of three (3) years each, except that initial appointments shall be: two (2) members for three (3) years each; two (2) members for two (2) years each, and one (1) member for one (1) year. [§2.50(2)]

FEDERAL CREDIT UNION ACT: Act is silent.

ACT SIMILAR TO MODEL ACT:

Nevada [§678.290(2)]

OTHER ACTS:

ALABAMA—The Credit Union Board shall consist of the superintendent of banks (as ex-officio member) and seven other persons,

one from each congressional district, appointed by the governor with the consent of the Senate. All nominations for board membership shall come from a list of recommended names submitted by the credit unions of the state; 5 years experience as state credit union officer required and must continue to hold credit union office. After confirmation by the Senate, they shall serve for staggered terms of six years. [§§5-2-120, 5-2-123]

HAWAII—Credit Union Review Board consists of five members, appointed by the governor for four year terms. [§410-3(a)]

ILLINOIS—The governor appoints a five-man Board of Credit Union Advisers from people familiar with and associated in the field of credit unions to serve for terms of four years each on a staggered basis. [§496.26]

IOWA—Credit Union Review Board consists of seven members, each of whom must have been a member for at least the five previous years of an Iowa or federally chartered credit union. Two members may not be credit union employees or directors. Upon appointment by the governor and approval by the senate, the members serve for staggered terms of three years. [L. 1978, S.F. 137, Sec. 4]

KANSAS—Credit Union Council consists of seven members, appointed by the governor, for three year terms. Kansas credit unions may submit to governor a list of 25 names to be considered for positions on the council. [§17-2232]

MAINE—The superintendent shall create an advisory board and appoint the members thereof in such manner and form and in a number not less than 9 nor more than 15 as the superintendent deems necessary. Membership on such board shall include persons associated with representative financial institutions and shall include members of the general public. [§216]

MINNESOTA—The Credit Union Advisory Council consists of five members appointed by the governor for four year terms. Members must have three or more years experience as credit union officer. The Minnesota League of Credit Unions may submit list of 15 names to be considered for these positions. [§52.061]

NEW HAMPSHIRE—The advisory board shall consist of ten members, seven members to be appointed by the governor with the advice and consent of the council from nominations made from various financial institutions, including credit unions, each of whom shall select a panel of three persons representing its type of institution and from each of the seven panels thus selected one person shall be appointed to the advisory board. Their terms of office shall be for six years each. In addition, the speaker of the house shall appoint two members of the house, and the president of the senate one member of the senate to the board. They shall serve for a term of four years or until they are no longer members of their respective house. [§383:19]

NORTH CAROLINA—Credit Union Commission shall consist of seven members, appointed by the governor for four year terms. Four members shall have had a minimum of three years experience as credit union director or similar management position. [§143A-181(a)]

NORTH DAKOTA—The State Credit Union Board shall consist of the state examiner and two members appointed by the governor from a panel of five residents of North Dakota who have had at least three years of experience as an officer, director or committeeman of a state-chartered credit union, said panel to be furnished the governor by the North Dakota Credit Union League. Terms are for five years. The State Examiner shall be chairman of the board. [§8-01-03(2)]

continued

OKLAHOMA—State Credit Union Board shall consist of five members, one of whom shall be Bank Commissioner, appointed by the governor, with consent of Senate for four year terms. The Oklahoma Credit Union League may submit list of 12 names to be considered for those positions. [§2001.1]

TEXAS—The Credit Union Commission consists of six members, all of whom are from state-chartered credit unions. They are appointed by the governor, with consent of Senate, for six year terms. All members shall have at least five years credit union experience. [§11.01, 11.02, 11.03]

UTAH—There shall be a board of credit union advisors of five members to be appointed by the governor. Members of the board shall be individuals who are familiar with and associated in the field of credit unions. At least three of the members shall be persons who have had three or more years of experience as a credit union officer and shall be selected from a list submitted by the Utah Credit Union League. Terms of members are for five years, expiring on a staggered basis. [§7-9-28]

WISCONSIN—The Credit Union Review Board consists of five members appointed by the governor with the advice and consent of the Senate. All members of the board shall have at least five years' experience in the operation of a credit union. Members of the board shall each be appointed for a term of five years and until his successor shall be appointed and qualified. [§186.015(2)]

ACT IS SILENT:

31 states and Puerto Rico.

Duties of Advisory Council

CUNA MODEL ACT: There is created a Credit Union Council to consult with, advise and make recommendations to the Director of the Credit Union Department and to hear appeals on matters pertaining to credit unions. [§2.50(1)]

FEDERAL CREDIT UNION ACT: Act is silent.

ACT PROVIDES THAT THE COUNCIL may advise and make recommendations to the supervisor:

Minnesota [§52.061] Nevada [§678.290(1)]

OTHER ACTS:

ALABAMA—The Board may advise and make recommendations to the governor, superintendent of banks, and to the supervisor of the bureau of credit unions with respect to credit union laws. Credit union rules and regulations must be approved by the Board. [§5-2-125]

HAWAII—The duties of the Credit Union Review Board shall include, but not be limited to: (1) advising the commissioner, supervisor of credit unions, and others in improving the condition and service of credit unions; (2) reviewing the acts and decisions of the commissioner in relation to credit unions; (3) serving as an appeal board for credit unions and performing other review functions in relation to credit unions as are provided by law; (4) issuing subpoenas, taking testimony, and administering oaths to witnesses; (5) making available the official actions of the commissioner for inspection of the board; (6) making necessary recommendations as to procedural rules and regulations pursuant to Chapter 91; (7) adopting rules to safeguard the interest of depositors and shareholders. [§410-3(b)]

ILLINOIS—Duties of the Board of Credit Union Advisers include obtaining from director of financial institutions reports concerning supervision and regulation of credit unions, to advise the governor and the director on problems concerning credit unions, to foster interest and cooperation of credit unions in improving service, and to advise governor and director upon appointments and employment of personnel concerned with supervision of credit unions. [§496.29]

IOWA—The Credit Union Review Board has power to adopt, amend and repeal rules or take other action it deems necessary or suitable to carry out this Act. [L. 1978, S.F. 137, Sec. 5]

KANSAS—The Credit Union Council shall hire and fix the compensation of an administrator, who shall serve at its pleasure. The administrator shall head the Credit Union Department and have general supervision of credit unions, subject to the orders and direction of the council. [§17-2233]

MAINE—The advisory board shall advise the superintendent on the regulation, supervision and structure of financial institutions, but shall not have veto power over his actions. [§213(1)]

NEW HAMPSHIRE—The advisory board shall advise and consult with the commissioner from time to time in order to promote understanding and cooperation between the office of the bank commissioner and the institutions under his supervision, to provide for better enforcement and observation of the laws relating to banking and credit, and to serve as a medium for exchange of ideas for the establishment of sound banking and credit practices. The advisory board shall also act as a committee to study the banking laws and make such recommendations as they see fit to any future session of the legislature. [§383:19]

NORTH CAROLINA—The Credit Union Commission is vested with full power and authority to review, approve, or modify any action taken by the Administrator of Credit Unions in the exercise of all powers, duties, and functions vested by law in or exercised by the Administrator of Credit Unions under the credit union laws of this state. An appeal may be taken to the commission from any finding, ruling, order, decision or the final action of the administrator by any credit union which feels aggrieved thereby. [§143A-181(c)]

NORTH DAKOTA—The State Credit Union Board has power to make such rules and regulations for the government of credit unions as in its judgment may seem wise and expedient; it reviews all reports made by credit unions and all reports of examinations made by state, and shall approve or disapprove such reports. The board shall make and enforce such orders as may be necessary to protect the public and the members of credit unions. [§6-01-04]

OKLAHOMA—The State Credit Union Board shall exercise the powers that, prior to this Act, were exercised by the Bank Commissioner; it may promulgate rules and regulations to carry out the credit union laws. [§2001.2]

TEXAS—The Credit Union Commission shall advise the credit union commissioner. The Credit Union Commission or commissioner assumes all duties relating to credit unions previously held by the banking commissioner. [§11.01(a)]

UTAH—The Board of Credit Union Advisers shall have the powers and duties to advise the governor and bank commissioner on problems relating to credit unions, and to foster the interest and cooperation of credit unions in the improvement of their services to the people of the state of Utah. [§7-9-28]

WISCONSIN—The commissioner shall confer with the Credit Union Review Board on matters affecting credit unions and his office. The board may require the commissioner to submit any of his official actions to the board for its approval. The board may make rules of procedure as provided in Ch. 227. Any interested person aggrieved by act, order or determination of the commissioner may apply for review thereof by filing a petition with the secretary of the board within 30 days after the act, order or determination to be reviewed.

The board may make rules to safeguard the interest of depositors and shareholders. [§186.015(1)(3)(b)(e)]

ACT IS SILENT:

31 states and Puerto Rico.

Rules and Regulations

CUNA MODEL ACT: The Director may prescribe rules and regulations for the administration of this Act subject to the advice and consent of the Credit Union Council. [§2.10(3)]

FEDERAL CREDIT UNION ACT: The Board 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). [§120(a)]

ACT SIMILAR TO MODEL ACT:

Texas [§11.07(a)]

SUPERVISOR AUTHORIZED TO PRESCRIBE OR ADOPT RULES AND REGULATIONS pursuant to administering or enforcing the credit union act:

Arizona	[§6-123(2)]	Michigan	[§496-27]
Arkansas	[§67-940]	Missouri	[§370.100(1)]
California	[§15801]	Montana	[§14-609(2)]
Colorado	[§11-30-106(3)]	New Mexico	[§48-19-4.1]
Connecticut	[§36-216]	No. Carolina	[§54-109.12]
Georgia	[§41A-3114]	North Dakota	[§6-01-04]
Hawaii	[§410-38]	Ohio	[§1733.41]
Idaho	[§26-2144]	Oregon	[§723.102(3)]
Kentucky	[§290.070(2)]	Pennsylvania	[§12307]
Louisiana	[§6:640(A)(1)]	Puerto Rico	[§4]
Maine	[§215, 251]	Rhode Island	[§19-21-45]
Massachusetts		South Carolina	[§8-653]

[Ch. 167, §11D, 16A]

OTHER ACTS:

ALABAMA—Superintendent of Banks, with the approval of state credit union board, may issue rules and regulations. Proposed regulations must be distributed to all credit unions who have 30 days to comment and can demand a formal hearing. [§§5-2-10, 5-2-125]

FLORIDA—The department of banking and finance shall promulgate rules and regulations governing the conduct of state credit unions, and may adopt rules to promote and preserve the liquidity and soundness of credit unions. [§657.06(3)(b); 657.16]

IOWA—The Credit Union Review Board has authority to make rules and regulations regarding credit unions. The administrator may make further rules as necessary, subject to Board approval. [§533.1]

KANSAS—The Administrator has the authority to promulgate audit and reporting standards via regulations. [§17-2206(b)]

MISSISSIPPI—The Department of Bank Supervision is empowered with authority to promulgate rules and regulations concerning the operation of credit unions. [§81-13-15]

NEBRASKA—The Department of Banking shall make regulations as to the minimum amount and kind of fidelity or performance bonds that shall be required of officials or employees. [§21-1776]

NEVADA—The commissioner of credit unions shall make the decisions and determinations and adopt regulations to accomplish the purposes of this chapter, subject to administrative supervision by the director and the advisory council. [§678.250]

NEW JERSEY—The Department of Banking may promulgate rules and regulations, in relation to loans or investments, in substantial conformity with similar rules and regulations under the Federal Credit Union Act. [§17:13-27(k)]

NEW YORK—The superintendent may prescribe regulations and restrictions regarding the power of credit unions to act as trustees for certain retirement plans. [§453(1-a),(1-b)]

VERMONT—The commissioner may make rules necessary for the proper conduct of credit unions. Such rules must not be inconsistent with the act. General rules become effective only after the credit unions and the Vermont Credit Union League have had time to comment. [§2066(a)]

WASHINGTON—Supervisor authorized to make and promulgate uniform rules and regulations dealing with merger of one credit union with another. [§31.12.370]

WISCONSIN—The Credit Union Review Board may make rules to safeguard the interests of depositors and shareholders. [§186.015(e)]

ACT IS SILENT:

Illinois	New Hampshire	Utah
Indiana	Oklahoma	Virginia
Maryland	Tennessee	West Virginia
Minnesota		

Reporting to Supervisory Authority

CUNA MODEL ACT: Credit unions organized under this Act shall report to the Director annually on or before the first day of _____ on forms supplied by him for that purpose. Additional reports may be required. [§2.20(1)]

FEDERAL CREDIT UNION ACT: Financial reports shall be made to the Board when it requires, but at least annually. [§106]

ACT SIMILAR TO MODEL ACT:

Alabama	February 1	[§5-17-8]
Iowa	February 1	[§533.6(1)]
Montana	February 1	[§14-610(1)]
New York	February 1	[§477(1),(2)]

ACT SIMILAR TO FEDERAL ACT:

Oklahoma	[§2008(A)]
Pennsylvania	[§12307]

REPORT TO BE MADE AT LEAST SEMI-ANNUALLY on or before specified dates, with additional reports as required:

Indiana	January 31, July 31	[§28-7-1-11]
North Carolina	January, July	[§54-109.15(a)]
Washington	•	[§31.12.320]
West Virginia	January 1, July 1	[§31-10-6]

* Within 30 days after first business day of January

continued

REPORT TO BE MADE AT LEAST ANNUALLY on or before specified dates, with additional reports as may be required:

California	•	[\$15802]
Connecticut	••	[\$36-215(a)]
Florida	January 31	[\$657.06(1)]
Hawaii	January 31	[\$410-13-(15)]
Maryland	March 31	[\$141(a)]
Michigan	February 15	[\$490.6]
Minnesota	January 25	[\$52.06(1)]
Missouri	November 15	[\$370.110(1)]
New Mexico	January 31	[\$48-19-6(A)]
Oregon	January 31	[\$723.106(1)]
Puerto Rico	•••	[\$13]
Texas	February 1	[\$2.09]
Vermont	February 15	[\$2067]

*On or before 45 days after December 31

**Within 30 days after December 31

***Within 60 days after the close of their fiscal year.

REPORT TO BE MADE AT LEAST ANNUALLY on or before specified date:

Arizona	February 15	[\$6-523(A)]
Arkansas	February 1	[\$67-930]
Colorado	February 1	[\$11-30-106(2)]
Idaho	February 1	[\$26-2133]
Illinois	February 1	[\$49c-25]
Maine	••	[\$835(1)]
Massachusetts	••	[Ch. 171, §27]
Mississippi	January 21	[\$81-13-15]
Nebraska	February 1	[\$21-1775]
Nevada	February 1	[\$678.780(1)]
New Hampshire	•••	[\$394:45]
New Jersey	January 31	[\$17:13-49]
Ohio	January 31	[\$1732.32(C)]
Rhode Island	March 1	[\$19-21-39]
South Carolina	••••	[\$8-674]
Utah	February 1	[\$7-9-24]
Virginia	December 31	[\$6.1-220]

•••Within 30 days after last December business day

••••Within 20 days after the last June business day

•••••Within 31 days of last December business day

OTHER ACTS:

KANSAS—Reports to be made at least semi-annually on forms supplied by the Administrator in April and October. [§17-2200(a)]

KENTUCKY—Credit union reports shall be made to director of banking on the dates of the calls made to the state banks. Such reports must be made as often as the Commission requires, but at least annually. [§§290.090,290.100]

LOUISIANA—Report to be made at end of fiscal year (December 31), to be filed on or before February 15. Additional reports may be required. [§6:646(B)(2)]

NORTH DAKOTA—Reports made at least once annually, upon the call of the supervisory authority. [§6-06-08]

TENNESSEE—Report is to be made at least semi-annually on the dates of the second and fifth calls made to national banks. [§45-1808]

WISCONSIN—Report to be made on December 31 of each year and filed on or before February 1. [§180.25]

ACT IS SILENT:

Georgia

Examinations by Government

CUNA MODEL ACT: The Credit Union Department shall annually examine or cause to be examined each credit union. Each credit union and all of its officers and agents shall be required to give to representatives of the Director of said Department full access to all books, papers, securities, records and other sources of information under their control; and for the purpose of such examination said representatives may subpoena witnesses, administer oaths, compel the giving of testimony, and require the submission of documents. [§2.30, 1]

FEDERAL CREDIT UNION ACT: Each federal credit union shall be subject to examination by any person designated by the Board, and shall make its books and records accessible to such person. [§106]

ACT SIMILAR TO MODEL ACT:

Hawaii	[\$410-25]	Nevada	[\$678.790(1)]
Illinois	[\$496.25]	Ohio	[\$1733.32(A)]
Iowa	[\$533.6(2), L. 1978, S.F. 137, Sec. 10]	Oregon	[\$723.112(1)]
Montana	[\$14-611(1)]		

ACT SIMILAR TO FEDERAL ACT:

Kentucky	[\$290.100]	South Carolina	[\$8-653]
Missouri	[\$370.120(1)]		

ACT PROVIDES THAT THE CREDIT UNION shall be examined by the supervisory authority at least annually:

Alabama	[\$5-17-8]	Nebraska	[\$21-1777]
Arizona	[\$6-523(C)]	New Mexico	[\$48-19-6(B)]
Arkansas	[\$67-933(1)]	North Dakota	[\$6-06-08]
Colorado	[\$11-30-106(1)]	Texas	[\$11.12]
Florida	[\$657.06(2)]	Washington	[\$31.12:320]
Michigan	[\$490.6]	West Virginia	[\$31-10-6]
Minnesota	[\$52.00(1)]	Wisconsin	[\$180.26(1)]

ACT PROVIDES THAT THE CREDIT UNION shall be examined by the supervisory authority at least annually and whenever the supervisor deems necessary:

California	[\$15807(a)]	Oklahoma	[\$2008(A)]
Connecticut	[\$36-214(1)]	Pennsylvania	[\$1230-7]
Kansas	[\$17-2200]	Puerto Rico	[\$13]
Maryland	[\$141(a)]	Rhode Island	[\$19-21-38]
Mississippi	[\$81-13-17]	Tennessee	[\$45-1809]
New York	[Art. 11, §36]	Vermont	[\$2069(a)]
No. Carolina	[\$54-109.16]		

OTHER ACTS:

IDAHO—Each credit union shall be examined at least annually by the Department of Finance. [§26-2136] Each credit union, as a supervised lender, is to be examined at least every 2 years by the administrator. [§28-33-506]

INDIANA—Every credit union shall be examined by the Department as often as the Department considers necessary. [§28-7-1-12]

LOUISIANA—Each credit union shall be examined at least biennially by the commissioner or his deputy. [§6:646(B)(3)]

MAINE—The superintendent shall examine each credit union at least once in every 18 months. [§§815,221]

MASSACHUSETTS—Each credit union shall be audited and examined at least once every three years, in manner prescribed by commissioner. If the credit union has assets of more than \$5 mil-

lion, such audit and examination must be made by an accountant not connected with the credit union. [Ch. 171, §17]

NEW HAMPSHIRE—Bank commissioner has same authority and powers in the supervision of credit unions that are vested in him in the supervision of banks. [§394:3]

NEW JERSEY—Every credit union shall be examined by commissioner at least once in each two years, or more often if it is deemed expedient. [§17:13-50]

UTAH—Act provides for setting of examination fees by commissioner. [§7-1-10]

VIRGINIA—Each credit union shall be examined as often as the commissioner deems is in the shareholder's interests, but not less than twice in every three year period. [§6.1-221]

ACT IS SILENT:
Georgia

Audit in Lieu of Examination

CUNA MODEL ACT: In lieu of making an annual examination of a credit union, the Director may accept an audit report of the condition of the credit union made by an auditor approved by the Director. The cost of the audit shall be borne by the credit union. [§2.30(3)]

FEDERAL CREDIT UNION ACT: Act is silent.

ACT SIMILAR TO MODEL ACT:

Arizona	[§6-523(1D)]	Montana	[§14-611(3)]
Indiana	[§28-7-1-12]	Nebraska	[§21-1778]
Michigan	[§490.6]	Rhode Island	[§19-21-38]
Missouri	[§370.120(3)]	South Carolina	[§8-653]

ACT PERMITS ACCEPTANCE BY THE STATE of an external audit by an approved auditor in lieu of an examination by the supervisory authority:

California	[§15807(a)]	New Jersey	[§17:13-50]
Idaho	[§26-2136]	Puerto Rico	[§13]
Massachusetts	[Ch. 171, §17]	Washington	[§31.12.320]

ACT PERMITS ACCEPTANCE BY THE STATE of an external audit by an approved auditor in lieu of examination if the credit union's assets are less than \$25,000:

Colorado	[§11-30-106(1)]	West Virginia	[§31-10-6]
Florida	[§657.06(2)]		

OTHER ACTS:

ILLINOIS—Any credit union with assets under \$500,000 may submit an audit rather than examination but if such an audit is submitted, the Director of Financial Institutions has the discretion to reject it in favor of the state examination; any credit union with assets over \$500,000 must be audited by a firm registered with the Department of Registration and Education except where the Director may determine that a state examination should be made. [§496.25]

IOWA—The administrator of credit unions may accept, in lieu of the annual examination of a credit union, an audit report conducted by a certified public accounting firm selected from a list of firms previously approved by the administrator. [§533.6(2)]

KANSAS—In lieu of examination, the Administrator may accept examination by National Credit Union Administration, other ap-

propriate federal agency, or an independent auditor or CPA licensed to do business in the state. [§17-2206(b)]

MINNESOTA—The commissioner may accept either an audit by a CPA or an examination by the National Credit Union Administration in lieu of the annual examination. [§52.06(1)]

NEVADA—The directors may engage a qualified audit service or accountant to perform the examination in lieu of the division staff. [§678.790(4)]

NORTH CAROLINA—The administrator may designate an independent auditing firm to do the work under his direction and supervision. [§54-109.16]

NORTH DAKOTA—Credit union may be examined annually by a certified public accountant or the North Dakota Credit Union League, with approval of State Examiner and the State Credit Union Board. [§6-06-08]

PENNSYLVANIA—The department may use methods other than examinations to determine the condition of credit unions it supervises. [§12307]

ACT IS SILENT:

Alabama	Maryland	Oregon
Arkansas	Mississippi	Tennessee
Connecticut	New Hampshire	Texas
Georgia	New Mexico	Utah
Hawaii	New York	Vermont
Kentucky	Ohio	Virginia
Louisiana	Oklahoma	Wisconsin
Maine		

Examination Fees

CUNA MODEL ACT: The Director . . . may establish chartering, supervision and examination fees, subject to the advice and consent of the Credit Union Council. [§2.10(3)]

FEDERAL CREDIT UNION ACT: In accordance with rules prescribed by the Board, each Federal credit union shall pay to the Administration an annual operating fee which may be expended by the Board to defray the expenses incurred in carrying out the examination and supervision of credit unions. The fee assessed shall reflect the expenses of the Administration as well as the ability of credit unions to pay. [§105]

ACT SIMILAR TO MODEL ACT:

Nevada	[§678.270(1)]	Hawaii	[§410-25]
--------	---------------	--------	-----------

THE CREDIT UNION SHALL PAY THE actual cost of the examination, as determined by the supervisory authority:

Arkansas	[§67-933(3)]	*Ohio	[§1733.32(E)]
California	[§16003]	Pennsylvania	[§12307]
Connecticut	[§36-214(1)]	Texas	[§11.12]
Iowa	[§533.6(4)]	**Vermont	[§2009(a)]
Maine	[§214(1)]	Washington	[§31.12.320]
New Jersey	[§17:13-51]	Wisconsin	[§186.04(3)]

*Maximum of \$2,000 for total examination and supervisory fee assessment.

**Added \$10 fee if books not balanced 30 days prior examination.

EXAMINATION FEES ARE PRESCRIBED BY the supervisory authority:

Montana	[§14-609(2)]	Oklahoma	[§2008(A)]
North Carolina	[§54-109.14(e)]		

continued

OTHER ACTS:

ALABAMA—Examination fees fixed by the supervisor of the bureau of credit unions, but not to exceed:

Assets	Fee
Up to \$25,000—	\$.50/\$100 assets subject to minimum fee \$25
Over \$25,000—	\$.08/\$100 assets up to \$500,000 assets
\$54 Examiner day plus	\$.03½/\$100 assets \$500,000 to \$1,000,000 assets \$.02½/\$100 assets \$1,000,000 to \$5,000,000 assets \$.01/\$100 assets over \$5,000,000 assets subject to minimum fee \$125. [§5-17-7(a)]

ARIZONA—\$50 for first \$50,000 of assets or fraction thereof; \$100 for the next \$50,000 of assets or fraction, \$50 for each additional \$100,000 or fraction up to \$2,000,000, and \$75 for each additional \$100,000 or fraction thereof. [§6-125A(4)]

COLORADO—\$55 per man day or \$3 for each \$1,000 assets, whichever is the lesser, plus 15¢ for each full \$1,000 of assets with a minimum fee of \$25. [§11-30-106(1)]

FLORIDA—Based on the total amount of resources held by the credit union:

Resources	Fee
Up to \$10,000	\$25.00
up to 15,000	50.00
up to 25,000	75.00
up to 50,000	100.00
up to 75,000	125.00
up to 100,000	150.00
over 100,000 but less than 1,000,000	150.00 plus \$50 for each additional \$100,000 or fractional part
over \$1,000,000 but less than \$5,000,000	600.00 plus \$45 for each additional \$100,000 or fractional part
over \$5,000,000	2,400 plus \$40 for each additional \$100,000 or fractional part

§657.06(3)]

IDAHO—A credit union shall pay an examination fee based upon the cost of performing the examination in accordance with regulations adopted by the director. [§26-2136]

ILLINOIS—Based on Assets:

Assets	Fee
\$25,000 assets or less	\$25 plus \$2 per \$1,000 of assets up to and including \$25,000
Over \$25,000 assets and not over \$100,000 assets	\$75 plus \$1.75 per \$1,000 of assets in excess of \$25,000
Over \$100,000 assets and not over \$200,000 assets	\$206.25 plus \$1.50 per \$1,000 of assets in excess of \$100,000
Over \$200,000 assets and not over \$500,000 assets	\$356.25 plus \$1.25 per \$1,000 of assets in excess of \$200,000
Over \$500,000 assets and not over \$750,000 assets	\$731.25 plus 85¢ per \$1,000 of assets in excess of \$500,000
Over \$750,000 assets and not over \$1,000,000 assets	\$943.75 plus 80¢ per \$1,000 of assets in excess of \$750,000
Over \$1,000,000 assets and not over \$5,000,000 assets	\$1,143.75 plus 40¢ per \$1,000 of assets in excess of \$1,000,000
Over \$5,000,000 assets	\$2,743.75 plus 25¢ per \$1,000 of assets in excess of \$5,000,000

or the cost of the examination including such part of the overhead cost as the Director determines is attributable to the examination, whichever is less, but not less than \$35. No examination fee may be collected from a credit union until it has been in operation one year. [§496.30]

KANSAS—Based on Assets:

Assets	Fee
Under \$25,000	Min. fee — \$25; Max. fee \$.50/\$100 assets
Over \$25,000	\$54/examiner day,*
*plus \$.08/\$100 assets up to \$500,000 plus \$.035/\$100 assets from \$500,000 to \$1,000,000 plus \$.025/\$100 assets from \$1,000,000 to \$5,000,000 plus \$.01/\$100 assets over \$5,000,000 [§17-2206(e)]	

KENTUCKY—The commissioner shall fix a scale of examination fees to be paid by credit unions, giving due consideration to the time and expense incident to such examinations and to the ability of credit unions to pay such fees. [§290.100]

LOUISIANA—Based on assets:

Assets	Fee
Less than \$15,000	\$35
\$15,000 to 20,000	45
20,000 to 30,000	55
30,000 to 40,000	60
40,000 to 50,000	70
50,000 to 60,000	135
60,000 to 75,000	155
75,000 to 100,000	165
100,000 to 150,000	190
150,000 to 200,000	215
200,000 to 300,000	245
300,000 to 400,000	270
400,000 to 500,000	300
500,000 to 600,000	325
600,000 to 700,000	370
700,000 to 800,000	405
800,000 to 900,000	490
900,000 to 1,000,000	540*

*plus \$70 for each \$100,000 or fraction thereof in excess of \$1,000,000. [§6:646B(4)]

MARYLAND—\$20 plus (after deducting \$10,000 from total assets) an additional charge of \$20 plus 1/18 of 1% of remaining assets; or \$40 per examiner day, whichever is less. [§142]

MICHIGAN—Based on Assets:

Assets	Fee
Up to \$500,000	\$6.75/examiner hour*
*plus \$.08/\$100 assets up to \$500,000 plus \$.035/\$100 assets from \$500,000 to \$1,000,000 plus \$.025/\$100 assets from \$1,000,000 to \$5,000,000 plus \$.01/\$100 assets over \$5,000,000	
All credit unions pay minimum fee of \$125. [§490.6]	

MINNESOTA—The bank commissioner shall collect an annual fee based on assets; credit unions with assets below \$25,000 must pay an additional examination fee of a minimum \$20. No examination fee for the first year of operation. [§46.131]

MISSISSIPPI—Examination fees determined by the state comptroller based on average daily cost of all examiners of the Department plus actual and necessary expenses. [§81-13-17]

NEBRASKA—Act refers to Section 8-601, Reissue Revised Statutes of Nebraska, 1943 for examination fee schedule. [§21-1779]

NEW MEXICO—\$100 per examiner day, or \$50 per examiner half day or any portion thereof. [§48-19-6(B)]

NORTH DAKOTA—Credit union shall pay to the examiner for examination a fee equal to \$65 per examiner day, with a \$100 minimum fee. [§6-06-08]

OREGON—At the time of the annual examination, each credit union shall pay a fee equal to 1/10 of 1% of total assets not in excess of \$500,000, plus 1/25 of 1% of assets in excess of \$500,000 but less than \$5,000,000, plus an amount deemed necessary by the Superintendent, but not to exceed 1/20 of 1% of assets over \$5,000,000. In addition, the credit union must pay a branch fee based on the actual cost of each branch examination, or \$25, whichever is larger. The Superintendent may, with the Banking Board's approval, reduce or charge added fees. [§723.112(3)(4)(5)]

RHODE ISLAND—For each examiner: \$100/day. No credit union shall be charged during the first two years of its existence. The total examination fees cannot exceed:

Assets	Fee
Under \$ 50,000	\$ 62.50
\$ 50,000 to 100,000	125.00
100,000 to 250,000	250.00
250,000 to 500,000	375.00
500,000 to 1,000,000	500.00
1,000,000 to 3,000,000	750.00
3,000,000 to 6,000,000	1,000.00

More than \$6,000,000—shall not exceed total examination fees imposed upon a bank, savings bank or trust company with same total assets. [§19-21-38.1]

TENNESSEE—\$40 per day for each examiner plus \$.06/\$100 assets up to \$500,000; plus \$.03/\$100 assets from \$500,000 to \$1,000,000; plus \$.02/\$100 assets from \$1,000,000 to \$5,000,000; plus \$.01/\$100 assets over \$5,000,000, plus up to an additional \$10 per day if the Superintendent of Banks prescribes. Fees for follow-up examinations are \$40 per examiner per day. [§45-1809(a),(b)]

UTAH—Hourly charge for the services of each examiner, to be set by the commissioner with the concurrence of the board of credit union advisors. [§7-1-10(5)(b)]

VIRGINIA—\$25 to cover first \$3,000 or less of assets, plus: for the amount by which its assets exceed \$3,000 and do not exceed \$30,000, \$1 for each \$1,000 or fraction; and for the amount by which assets exceed \$30,000 and do not exceed \$5,000,000, 60¢ for each \$1,000 or fraction thereof. For assets in excess of \$5,000,000, \$.30 for each \$1,000 or fraction. The Commission is authorized to increase fees by 50%. [§6.1-221.6.1-2]

WEST VIRGINIA—\$65 per day per examiner. [§31-10-6]

ACT IS SILENT:

Georgia	Missouri	Puerto Rico
Indiana	New Hampshire	South Carolina
Massachusetts	New York	

Supervision Fees

CUNA MODEL ACT: The Director . . . may establish chartering, supervision, and examination fees, subject to the advice and consent of the Credit Union Council. [§2.10(3)]

FEDERAL CREDIT UNION ACT: In accordance with rules prescribed by the Board, each Federal credit union shall pay to the Administration an annual operating fee which may be expended by the Board to defray the expenses incurred in carrying out the examination and supervision of credit unions. The fee assessed shall reflect the expenses of the Administration as well as the ability of credit unions to pay. If the annual operating fee is composed of separate charges, no supervision fee shall be payable by a Federal credit union. [§105]

ACT SIMILAR TO MODEL ACT:

Nevada [§678.270(1)]

FEE PRESCRIBED BY the supervisory authority:

Arkansas	[§67-931]	North Carolina	[§54-109.14(a)]
Montana	[§14-609(2)]	Oklahoma	[§2008(A)]

FEE REQUIRED for filing annual report to supervisor:

Rhode Island—\$5 [§19-21-39] South Carolina—\$10 [§8-674]

OTHER ACTS:

CALIFORNIA—Every credit union licensed by Commissioner shall pay in advance for ensuing year's charges and assessments in accordance with schedule:

Assets	Assessment
Assets of \$1,000 or less	\$20.00
Over \$1,000, but not more than \$50,000	\$20.00 plus \$2.00 per \$1,000 of assets in excess of \$1,000
Over \$50,000, but not more than \$150,000	\$118.00 plus \$1.75 per \$1,000 of assets in excess of \$50,000
Over \$150,000, but not more than \$300,000	\$293.00 plus \$1.50 per \$1,000 of assets in excess of \$150,000
Over \$300,000, but not more than \$500,000	\$518.00 plus \$1.00 per \$1,000 of assets in excess of \$300,000
Over \$500,000, but not more than \$750,000	\$718.00 plus \$0.50 per \$1,000 of assets in excess of \$500,000
Over \$750,000 [§16000]	\$843.00 plus \$0.25 per \$1,000 of assets in excess of \$750,000

FLORIDA—Fees collected under part I of this chapter are appropriated to the Department of Banking and Finance to be used in administering this Act. [§657.06(3)(b)]

ILLINOIS—Each credit union must pay the Department an annual supervision fee by February 1, according to a graduated scale based on assets. No fee collectible during first year of operations.

If Credit Union has Total Assets of:	Minimum Supervision Fee is:
Under \$10,000	\$ 10
At least \$10,000 but less than \$20,000	20
At least \$20,000 but less than \$25,000	25
At least \$25,000 but less than \$50,000	40
At least \$50,000 but less than \$100,000	75
At least \$100,000 but less than \$200,000	140
At least \$200,000 but less than \$350,000	175
At least \$350,000 but less than \$500,000	275
At least \$500,000 but less than \$1,000,000	400
At least \$1,000,000 but less than \$2,000,000	500
At least \$2,000,000 but less than \$5,000,000	600
At least \$5,000,000 but less than \$10,000,000	700
\$10,000,000 or greater	800

[§496.30]

IOWA—Each credit union must pay an annual filing fee to the Administrator. The fee shall be based upon the actual operating costs of the department, exclusive of examination expenses, and shall be established as a rule by the Administrator. [L. 1978, S.F. 137, Sec. 13(1)]

KANSAS—The Administrator may, with the approval of the Credit Union Council, assess a supervision fee not to exceed the following:

On assets of:	Fee not greater than:
Under \$500,000	\$.30/\$1,000 assets
\$500,000 to \$1,000,000	\$150 plus \$.25/\$1,000 assets exceeding \$500,000

continued

Supervision Fees—continued

\$1,000,000 to \$2,000,000	\$275 plus \$.20/\$1,000 assets exceeding \$1,000,000
\$2,000,000 to \$5,000,000	\$475 plus \$.15/\$1,000 assets exceeding \$2,000,000
over \$5,000,000 [§17-2206(e)]	\$925 plus \$.10/\$1,000 assets exceeding \$5,000,000

MAINE—The superintendent shall assess semiannually each financial institution at the annual rate of at least 7¢ for each \$1,000 of average deposits or share accounts, excluding deposits of other financial institutions and deposits of the United States Government. The superintendent may raise the minimum assessment rate by promulgating regulations at such time as economic conditions warrant such an increase. In no event shall the semi-annual assessment be less than \$25. [§214(2)]

MINNESOTA—Each credit union shall pay an annual fee based on assets. [§46.131]

MISSISSIPPI—\$20 a year. [§81-13-17]

MISSOURI—Each credit union shall pay an annual fee based on assets as follows:

Total Assets	Fee
Less than \$15,000	\$10.50
Over \$15,000 and not over \$50,000	\$10.50 plus 70 cents per \$1,000 in excess of \$15,000
Over \$50,000 and not over \$200,000	\$35 plus 60 cents per \$1,000 in excess of \$50,000
Over \$200,000 and not over \$500,000	\$125 plus 50 cents per \$1,000 in excess of \$200,000
Over \$500,000 and not over \$1,000,000	\$275 plus 40 cents per \$1,000 in excess of \$500,000
Over \$1,000,000 and not over \$2,000,000	\$475 plus 30 cents per \$1,000 in excess of \$1,000,000
Over \$2,000,000 and not over \$3,000,000	\$775 plus 20 cents per \$1,000 in excess of \$2,000,000
Over \$3,000,000 and not over \$5,000,000	\$975 plus 10 cents per \$1,000 in excess of \$3,000,000
Over \$5,000,000	\$1,175 plus 5 cents per \$1,000 in excess of \$5,000,000

An additional surcharge, which may not exceed 60% of the fee paid according to the above schedule, may be assessed when the supervisor's budget exceeds receipts from fees. [§370.107]

OHIO—The fee shall be 1/10 of 1% of the credit union's assets, provided that the minimum fee shall be \$50 and the maximum fee shall be \$2,000. [§1733.32(E)]

OREGON—To defray the costs of supervision, every credit union shall pay to the Superintendent of Banks a fee based on the total assets of the credit union at the time of examination:

Assets over	And not over	Fee
\$ 0	\$ 1,000	\$ 10
1,000	5,000	20
5,000	15,000	30
15,000	25,000	50
25,000	50,000	75
50,000		200

In addition thereto, the credit union shall pay at the same time such fees as the Superintendent deems necessary, but not to exceed 1/20 of 1% of assets in excess of \$5,000,000. The Superin-

tendent may, with the Banking Board's approval, reduce the supervision fee to be collected. The Superintendent may also charge additional fees based upon actual costs of extra attention devoted to a credit union's affairs. [§723.112(3),(4),(5)]

PENNSYLVANIA—A credit union shall pay annually its proportionate share of the overhead expenses of the Department of Banking determined by general rule or regulation of the Department. [§12307]

TENNESSEE—Each credit union subject to an annual supervision fee as follows, but in no event less than \$5.00:

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 [§45-1809(c)]	\$925 plus 10 cents per \$1,000 in excess of \$5,000,000

TEXAS—With the approval of the commission, the commissioner shall levy and collect all supervision fees, penalties, charges and revenues required to be paid by the credit unions. [§11.10(c)]

UTAH—The fees for the cost of supervision (which are in addition to any other fee or tax imposed by law) are determined according to the following schedule:

Aggregate Assets	Fee
First \$25,000	\$5 per \$1,000 of assets or \$25, whichever is greater
Next \$475,000	\$1 per \$1,000
Next \$500,000	50 cents per \$1,000
Next \$4,000,000	35 cents per \$1,000
All over \$5,000,000	10 cents per \$1,000

[§7-1-10(5)(a)]

VERMONT—Each credit union must pay annually its proportionate share of the Department of Banking and Insurance's overhead expenses as determined by the Department. [§20069(a)]

VIRGINIA—In order to provide additional funds for the Bureau of Banking, the Commission is authorized to increase the examination fees specified in §6.1-221 by 50%. [§6.1-2]

WASHINGTON—The actual cost of supervision will be paid by the credit union examined. [§31.12.320]

WISCONSIN—The Commissioner shall set the amount of supervision fees, with the consent of the credit union review board. The fee amount should represent as nearly as possible the credit union's fair share of the maintenance of the office of the Commissioner. [§186.04(1),(2)]

ACT IS SILENT:

Alabama	Indiana	New Hampshire
Arizona	Kentucky	New Jersey
Connecticut	Louisiana	New Mexico
Colorado	Maryland	New York
Georgia	Massachusetts	North Dakota
Hawaii	Michigan	Puerto Rico
Idaho	Nebraska	West Virginia

Voluntary Liquidation

CUNA MODEL ACT:

(1) A credit union may elect to dissolve voluntarily and liquidate its affairs in the manner prescribed in this section.

(2) The board of directors shall adopt a resolution recommending the credit union be dissolved voluntarily, and directing that the question of liquidation be submitted to the members.

(3) Within ten (10) days after the board of directors decides to submit the question of liquidation to the members, the president shall notify the Director of the Credit Union Department thereof in writing, setting forth the reasons for the proposed action. Within ten (10) days after the members act on the question of liquidation, the president shall notify the Director in writing as to whether or not the members approved the proposed liquidation.

(4) As soon as the board of directors decides to submit the question of liquidation to the members, payment on shares, withdrawal of shares, making any transfer of shares to loans and interest, making investments of any kind, and granting loans shall be suspended pending action by members on the proposal to liquidate. On approval by the members of such proposal, all such business transactions shall be permanently discontinued. Necessary expenses of operation shall, however, continue to be paid on authorization of the board of directors or liquidating agent during the period of liquidation.

(5) For a credit union to enter voluntary liquidation, approval by a majority of the members in writing or by a two-thirds (2/3) majority of the members present at a regular or special meeting of the members is required. Where authorization for liquidation is to be obtained at a meeting of the members, notice in writing shall be given to each member, by first class mail, at least ten (10) days prior to such meeting.

(6) A liquidating credit union shall continue in existence for the purpose of discharging its debts, collecting and distributing its assets, and doing all acts required in order to wind up its business and may sue and be sued for the purpose of enforcing such debts and obligations until its affairs are fully adjusted.

(7) The board of directors or the liquidating agent shall use the assets of the credit union to pay: first, expenses incidental to liquidating including any surety bond that may be required; second, any liability due non-members; third, deposits and special purpose thrift accounts as provided in this Act. Assets then remaining shall be distributed to the members proportionately to the shares held by each member as of the date dissolution was voted.

(8) As soon as the board of directors or the liquidating agent determines that all assets from which there is a reasonable expectancy of realization have been liquidated and distributed as set forth in this section, they shall execute a certificate of dissolution on a form prescribed by the Credit Union Department and file the same, together with all pertinent books and records of the liquidating credit union, with the Credit Union Department, whereupon such credit union shall be dissolved. [§11.20]

FEDERAL CREDIT UNION ACT: The Board may prescribe regulations to govern voluntary liquidation. [§120(a)(b)(2)]

ACT SIMILAR TO MODEL ACT:

Montana [§14-665] Oregon [§723.676]
North Carolina [§54-109.93]

MAJORITY VOTE of entire membership required to dissolve the credit union:

Arizona	[§6-529]	Nevada	[§678.820]
Arkansas	[§67-938(1)]	North Dakota	[§6-06.1-01]
Colorado	[§11-30-120(2)]	Ohio	[§1733.35]
Florida	[§657.20(1)]	Pennsylvania	[§12328]
Idaho	[§26-2142(a)]	Tennessee	[§45-1828(a)]
Iowa	[§533.20]	Vermont	[§2082(b)]
Maine	[§871(1)]	West Virginia	[§31-10-24(a)]

APPROVAL OF PORTION OF ENTIRE MEMBERSHIP required for dissolution at a meeting called for that purpose. Approval of supervisory authority also required. (Fraction indicates vote of members required for approval.):

Kentucky—4/5	[§290.290]	New Mexico—2/3	[§48-19-20]
Mississippi—4/5	[§81-13-59]	Oklahoma—3/4	[§2018]

THREE-FOURTHS VOTE of membership present at meeting required for dissolution:

Missouri	[§370.350]	New Jersey	[§17:13-60]
----------	------------	------------	-------------

TWO-THIRDS VOTE of members present at a meeting called for the purpose of dissolution; with other conditions indicated:

Alabama—If the superintendent finds that the credit union is solvent he shall issue a certificate to the effect that the section has been complied with. [§5-17-21]

Georgia—[§41A-503(b)]

Louisiana—Verification of the vote must be given by Commissioner of Banking. [§6:660]

Massachusetts—After recommendation of two-thirds of the board of directors. [Ch. 171, §29]

Minnesota—Subject to approval of commissioner of banks. [§52.20]

Nebraska—Order for dissolution based on recommendation by two-thirds of the board of directors. [§21-17, 106]

New Hampshire—Upon prior recommendation of two-thirds of the board of directors. [§394:49]

Puerto Rico—Subject to approval by the Inspector of cooperatives. [§33]

Washington—Prior recommendation of two-thirds of the board of directors needed. [§31.12.410]

OTHER ACTS:

CALIFORNIA—When three-fourths vote of the board of directors recommend dissolution, the members may elect to dissolve by a majority vote. [§15650(a)]

CONNECTICUT—A credit union may terminate its corporate existence and be dissolved as provided by the law pertaining to non-capital stock corporations. Notification requirements are imposed in regard to both board resolutions and membership votes. If the members vote to dissolve, the Bank Commissioner can either take over the credit union himself, or have the liquidating agent take it over, or he can seek a court appointed receiver. [§36-219]

HAWAII—Upon the unanimous recommendation of the board of directors and with majority vote of members, a credit union may dissolve, provided that not more than 15 members or 10% total

continued

membership, whichever is greater, object in writing to the dissolution. [§410-28]

ILLINOIS—Board of directors adopts a resolution, which must be affirmed by majority vote of the credit union members. Director of Financial Institutions determines if statutory voluntary dissolution provision has been complied with. [§496.34]

INDIANA—Upon resolution of majority of board of directors and two-thirds written consent of members and approval of the Department of Financial Institutions. [§28-7-1-27.1]

KANSAS—At a meeting especially called to consider the matter, a majority of the entire membership may vote to dissolve the credit union. Any member not present, within the next 20 days, may vote in favor of dissolution by signing a statement in form approved by the bank commissioner. [§17-2230(a)]

MARYLAND—Four-fifths of the entire membership may vote to dissolve the credit union, such dissolution becoming effective upon approval by the Bank Commissioner. Alternatively, dissolution may be achieved by placing the credit union's affairs and assets in the Bank Commissioner's hands for final liquidation after a majority vote of the members present at a special meeting called for that purpose. [§157(a),(b)]

MICHIGAN—A majority of the entire membership of the credit union, by ballot or written consent, may agree to a dissolution of the credit union. Upon certification by the Commissioner and filing with the clerk of the county in which the credit union is located, the dissolution is complete. [§490.20(a)]

NEW YORK—While the credit union article indicates that the credit union's shareholders may vote to liquidate, the specific procedures not detailed. General Corporation law governs. [§403-a; Art. XIII, §605]

RHODE ISLAND—Two-thirds vote of the issued and outstanding shares, at a special meeting where the dissolution has the unanimous recommendation of the directors. [§19-21-42]

SOUTH CAROLINA—Upon recommendation of the board of directors and approval of the Board of Financial Institutions, a credit union may go into voluntary liquidation after obtaining approval of a majority of its members in writing or by a majority vote of the members at a regular meeting of the members or at a special meeting called for that purpose. [§5-675]

TEXAS—A majority of members present, at meeting called for that purpose, may vote to dissolve the credit union, so long as a quorum exists and every member had at least 10 days notice of meeting. [§10.02(b)]

UTAH—Majority vote of the entire membership required at specially called meeting. Any member not present at the meeting may vote within the next 20 days; each member must have at least 10 days notice of meeting. [§7-9-23(2)]

WISCONSIN—Upon unanimous recommendation of board of directors, a majority vote of members by ballot taken in person or in writing will dissolve the credit union, so long as not more than 15 members or 10% of the total membership, whichever is greater, do not object in writing. [§186.18]

ACT IS SILENT:
Virginia

Suspension of Credit Union

CUNA MODEL ACT: If it appears that any credit union is bankrupt or insolvent, or that it has willfully violated this Act, or is operating in an unsafe or unsound manner, the Director of the Credit Union Department shall issue an order temporarily suspending the credit union's operations for not less than thirty (30) nor more than sixty (60) days. The board of directors shall be given notice by registered mail of such suspension, which notice shall include a list of the reasons for such suspension, and/or a list of the specific violations of this Act. The Director of the Credit Union Department shall also notify the members of the Credit Union Council of any suspension.

Upon receipt of such suspension notice, the credit union shall cease all operations, except those authorized by the Director. The board of directors shall then file with the Director a reply to the suspension notice, and may request a hearing to present a plan of corrective actions proposed if it desires to continue operations. The board may request that the credit union be declared insolvent and a liquidating agent be appointed.

Upon receipt from the suspended credit union of evidence that the conditions causing the order of suspension have been corrected, the Director may revoke the suspension notice, permit the credit union to resume normal operations, and notify the Council of such action. [§11:10(1)(2)(3)]

FEDERAL CREDIT UNION ACT: The Board may suspend the charter of any federal credit union, upon its finding that the credit union is bankrupt, insolvent, or has violated any provision of its charter, bylaws, the Federal Credit Union Act or any regulations issued thereunder. [§120(b)(1)]

ACT PROVIDES THAT SUPERVISORY AUTHORITY may suspend credit union activities under certain conditions:

Alabama	[§5-17-8]	Nebraska	[§21-1777]
Arizona	[§6:523E]	Nevada	[§678.830(1)]
Arkansas	[§§67-930,67-937]	New Jersey	[§§17:13-52]
California	[§15810]	New Mexico	[§48-19-6(D)]
Colorado	[§11-30-120(1)(a)]	No. Carolina	[§54-109.92]
Connecticut	[§36-214(2)]	North Dakota	[§6-06-08]
Florida	[§657.06(1)]	Ohio	[§1733.32(D), 1733.36]
Hawaii	[§110-35(a)(11)]	Oklahoma	[§2008(B)]
Idaho	[§26-2141]	Oregon	[§723.672]
Illinois	[§496.37(1)]	Pennsylvania	[§12307]
Iowa	[§533.6(1)]	Puerto Rico	[§§13,32]
Kentucky	[§290.280(2)]	Tennessee	[§45-1810]
Louisiana	[§6:646B(1)]	Texas	[§10.01]
Maryland	[§1-41(b)]	Utah	[§7-9-23(1)]
Michigan	[§490.6]	Vermont	[§2082(a)]
Minnesota	[§52.062]	Virginia	[§6.1-223]
Mississippi	[§81-13-21]	Washington	[§§31.12.440, 31.12.450]
Missouri	[§370.150(2)]	Wisconsin	[§186.29(14)]
Montana	[§14-064]		

ACT IS SILENT:

Georgia	Massachusetts	Rhode Island
Indiana	New Hampshire	South Carolina
Kansas	New York	West Virginia
Maine		

Involuntary Liquidation

CUNA MODEL ACT: If the Director, after issuing notice of suspension and providing an opportunity for a hearing, rejects the credit union's plan to continue operations, he may issue a notice of involuntary liquidation and appoint a liquidating agent. The credit union may request the appropriate court to stay execution of such action. Involuntary liquidation may not be ordered prior to the conclusion of suspension procedures outlined in this section.

If, within the suspension period, the credit union fails to answer the suspension notice or request a hearing, the Director may then revoke the credit union's charter, appoint a liquidating agent and liquidate the credit union. [§11.10(4)(5)]

FEDERAL CREDIT UNION ACT: The Board 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 its 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.

The Board through such persons as it 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. [§120(b)(1)(2)]

ACT PROVIDES FOR INVOLUNTARY LIQUIDATION OF credit union by supervisory authority under certain conditions:

Alabama	[§5-17-8]	Missouri	[§370.150]
Arizona	[§0-530]	Montana	[§14-664(4)(5)]
Arkansas	[§67-938(2)]	Nebraska	[§21-1777]
California	[§15811]	Nevada	[§678.830]
Colorado	[§11-30-120(1)(c)]	New Jersey	[§§17:13-53,54,55]
Connecticut	[§36-195, 36-214(2)]	New Mexico	[§48-19-6(D)]
Florida	[§§657.01(1),657.20(2)]	No. Carolina	[§54-109.92(d),(e)]
Hawaii	[§410-35(a)]	North Dakota	[§6-06-08]
Idaho	[§26-2142(b)]	Ohio	[§1733.32(D)]
Illinois	[§496.37(2)]	Oklahoma	[§2008(B)]
Indiana	[§28-7-1-13]	Oregon	[§723.672(4)(5)]
Iowa	[§§533.6(1),(4)]	Pennsylvania	[§12307]
Kansas	[§17-2230(b)]	Puerto Rico	[§32]
Kentucky	[§290.280]	Tennessee	[§45-1810]
Louisiana	[§6:646(B)(1)]	Texas	[§10.92(a)]
Maine	[§871(2)]	Utah	[§7-9-23(3)]
Maryland	[§141(b)]	Vermont	[§2082(c)]
Michigan	[§490.6,490.20(b)]	Virginia	[§6.1-223]
Minnesota	[§§52.063,52.064]	Washington	[§§31.12.440, 31.12.450]
Mississippi	[§81-13-21]	West Virginia	[§31-10-24(b)]
		Wisconsin	[§186.29]

ACT IS SILENT:

Georgia	New Hampshire	Rhode Island
Massachusetts	New York	South Carolina

Crimes and Offenses

CUNA MODEL ACT: [Optional] Any credit union officer, director, employee or agent, who willfully does any of the following may be fined not more than \$ _____ dollars or imprisoned not more than _____ years, or both:

(1) With intent to deceive, falsifies any books of account, report, statement, record or other document of a credit union whether by alteration, false entry, omission or otherwise;

(2) Signs, issues, publishes or transmits to a government office any book of account, report, statement, record or other document which he knows to be false;

(3) By means of deceit, obtains a signature to a writing which is a subject of forgery; or

(4) With intent to deceive, destroys any credit union book of account, report, statement, record or other document. [§15.10]

FEDERAL CREDIT UNION ACT: Anyone connected in an official capacity with the National Credit Union Administration or any institution insured by the NCUA or a receiver for any such institution can be fined up to \$5,000 and imprisoned not more than five years, or both, if he embezzles, obstructs, purloins or willfully misapplies any monies, funds or other things of value belonging to the institution, or pledged or entrusted to its care. [18 USC, §657] Anyone connected in an official capacity with the National Credit Union Administration or any institution insured by the NCUA can be fined up to \$10,000 and imprisoned up to 5 years if, with intent to defraud the institution or deceive it or a government agency, makes any false entry in a book, report or statement or without authorization draws any order, bill of exchange, makes any acceptance, or issues, puts forth or assigns any note or other obligation, or draft, bill of exchange, mortgage, judgment and decree. If any such person, with intent to defraud shares or receives directly or indirectly any money profit, property or benefits through any transaction of the institution he is subject to same penalties. [18 USC, §1006]

ACT SIMILAR TO MODEL ACT:

Oregon—Such crimes are class C felonies. [§723.826(1); 723.992(1)]

UNLAWFUL FOR OFFICIALS OF CREDIT UNION to knowingly permit a loan to be made to a non-member or to participate in such a loan. Such official liable to credit union for amount illegally loaned and may also be subject to other penalties indicated:

Arizona—[§6-518(F)]

California—[§14600, 14601]

Connecticut—Also shall be fined not more than \$500. [§36-207]

Kentucky—Also may be fined \$10 to \$100 and/or imprisoned one to six months. [§290.230(5), 290.900(3)]

New York—[§178]

Texas—Any other form of illegal loan is a felony of third degree. [§5.08]

UNLAWFUL FOR OFFICIAL OF CREDIT UNION: (1) To permit a loan to be made or to participate in a loan to a non-member; violator guilty of misdemeanor and primarily liable to credit union for such loan. (2) A felony to make or subscribe to false entries or to

exhibit fictitious paper instruments, or security to an authorized examiner of credit union. (3) Official who accepts payments on shares knowing credit union is insolvent is also guilty of crime indicated:

Arkansas—A felony punishable by fine of \$5,000 and/or imprisonment up to 10 years. [§67-914]

Idaho—A misdemeanor. [§26-2117]

OTHER ACTS:

GEORGIA—Any director, officer, agent or employee who willfully engages in the business of a credit union before receiving a permit to do so under 41A-3004 shall be guilty of a felony. [§41A-9908(3)(iii)]

ILLINOIS—Any officer who embezzles funds commits a class 4 felony and in addition shall be fined double the amount fraudulently taken. Any officer, director or member of a credit union committee who knowingly permits a loan to be made or participates in a loan to a non-member or who solicits or accepts any form of payment to influence the granting of a loan is guilty of a misdemeanor and is liable to the credit union for the amount loaned. [§496.39, 496.40]

IOWA—Any director, officer, agent, employee or clerk of any credit union who knowingly subscribes or makes any false statements or entries in the books, or knowingly subscribes or exhibits false papers with intent to deceive any person authorized to examine its condition, or knowingly subscribes and makes false reports, or knowingly diverts the funds of the credit union to unauthorized objects can be imprisoned up to five years or fined up to \$1,000, or both, and be forever barred from holding any credit union office. [§533.31] Also, any person who willfully accepts a deposit from or establishes a business relationship with any member of the credit union department shall, upon conviction, be guilty of a serious misdemeanor and shall be permanently disqualified from certain jobs. Specific penalties are also prescribed for making certain types of false statements. [L.1978, S.F.137, Sec. 13(4), 14, 16]

LOUISIANA—Any director or committeeman who knowingly and willfully makes or agrees to the making of any loan to other than a member or another qualified credit union, shall by such act become jointly, severally or in solido responsible with the maker and endorsers for the full amount of the debt. [§6:656(C)]

MAINE—Any person responsible for an act or omission expressly declared to be a criminal offense by statutes pertaining to the supervision of financial institutions and for which no other penalty has been provided by statute shall be guilty of a misdemeanor and shall be punished by imprisonment for not more than 11 months or by a fine of not more than \$5,000 or by both. If the act or omission was intended to defraud, such person shall be guilty of a felony and shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or by both.

A director, corporator, officer, agent or employee of a financial institution shall be responsible for an act or omission of the institution declared to be a criminal offense against statutes pertaining to the supervision of financial institutions whenever, knowing that such act or omission is unlawful, he participates in authorizing, executing, ratifying or concealing such act, or in authorizing or ratifying such omission or, having a duty to take the required action, omits to do so. [§466]

MICHIGAN—A person who willfully or intentionally violates any provisions of this act for which specific punishment is not provided under any other provision of this act or of other laws applicable to such violation, is guilty of a misdemeanor and shall be fined not less

than \$100 nor more than \$500 or imprisoned not more than six months, or both. [§490.29]

MINNESOTA—Any director, officer or trustee who, in the opinion of the commissioner has committed any violation of law, or has violated any final cease and desist order, or has participated in any unsound act in connection with the credit union or has committed any act or omission which constitutes a breach of his fiduciary duty, may be removed from office pursuant to procedures set forth in the statute. [§46.26-33]

MISSISSIPPI—The making of a willfully false affidavit to any statement, report or other document required by law in connection with the establishment or operating of a credit union shall be perjury and punishable as such, according to the general laws of the state and the embezzlement of any of the funds, securities or other property of a credit union, shall be punishable as such according to the general laws. [§81-13-71]

NEW JERSEY—A person who willfully and corruptly testifies falsely to a material matter upon oath administered by the commissioner or examiner upon investigation, or makes a false statement in any affidavit or oath verifying any report made to the commissioner, shall be guilty of perjury and punished accordingly. [§17:13-49,50]

NEW MEXICO—Any person who makes a false statement in writing for the purpose of obtaining credit union funds shall be guilty of a third degree felony, and upon conviction shall be punished by imprisonment for not less than two years nor more than ten years, or fined not more than \$5,000, or both. [§48-19-25]

PUERTO RICO—Any person violating any of the provisions of this act or of any regulation of the office of the Inspector of Cooperatives, shall be guilty of a misdemeanor and for a first offense shall be fined a minimum of \$50 or imprisoned for a minimum term of 25 days, or both. Should the offense be repeated, the minimum fine shall be of \$500 and the minimum imprisonment six months, or both. [§41(b)]

VIRGINIA—The commission may impose, enter judgment for, and enforce by its process, a fine of not more than \$10,000 against any credit union or against any of its directors, officers or employees for knowingly or willfully violating any lawful order of the commission. [§6.1-223.1]

WASHINGTON—Any person who knowingly subscribes to or makes or causes to be made a false statement or false entry in the books of a credit union or in a report required to be made to a supervisor, or who knowingly exhibits a false or fictitious paper, instrument or security to a person authorized to examine the institution, shall be guilty of a felony. [§31.12.340]

WEST VIRGINIA—Any violation of this article shall be deemed a misdemeanor and any person convicted thereof shall be fined not less than \$100 nor more than \$500 and imprisoned in the county jail not less than one month nor more than six months. [§31-10-29]

ACT IS SILENT:

Alabama	Missouri	Oklahoma
Colorado	Montana	Pennsylvania
Florida	Nebraska	Rhode Island
Hawaii	Nevada	South Carolina
Indiana	New Hampshire	Tennessee
Kansas	North Carolina	Utah
Maryland	North Dakota	Vermont
Massachusetts	Ohio	Wisconsin

False Statements or Reports

CUNA MODEL ACT: Whoever maliciously and knowingly spreads false reports about the management or finances of any credit union shall be fined not less than \$50 nor more than \$500 or be imprisoned for not less than 30 days nor more than one year, or both. [§15.15]

FEDERAL CREDIT UNION ACT: No provision in the Federal Credit Union Act; however, the U.S. Code, Title 18, "Crimes and Criminal Procedures", provides that a person who knowingly makes any false statement or report upon any application, advance, discount, purchase, purchase agreement, repurchase agreement, commitment, or loan, or any change or extension of same, to a federal credit union shall be fined not more than \$5,000 or imprisoned not more than two years, or both. [18 U.S.C., §1014]

ACT SIMILAR TO MODEL ACT but with differing penalties:

Arkansas	[§67-934]	Oregon	[§723.816(2);
Idaho	[§26-2137]		723.992(2)]

OTHER ACTS:

CALIFORNIA—The making, circulating, or transmitting of any statement which is untrue in facts and directly or by inference derogatory to the financial condition of any credit union shall be a misdemeanor punishable by a fine of not more than \$1,000 or by imprisonment for not more than one year, or both. [§14005]

IOWA—Any director, officer, agent, employee, or clerk of any credit union who shall knowingly subscribe or make any false statements or false entries in the books thereof, or knowingly subscribe or exhibit false papers with intent to deceive any person authorized to examine its condition, or shall knowingly subscribe and make false reports, or shall knowingly divert the funds of the credit union to other objects than those authorized by law, shall be punished by imprisonment in the penitentiary not more than five years or in the county jail not more than one year, or by fine of not more than \$1,000, or by both such fine and imprisonment, and be forever after barred from holding any office. [§533.31]

LOUISIANA—Whoever makes false statement or report to influence credit union action on a loan application or any document

relating to a loan transaction shall be fined not more than \$1,000 or jailed for not more than one year, or both. [§6:668]

MAINE—No director, corporator, officer, agent or employee of a financial institution shall, with intent to deceive, make any false or misleading statement or entry or omit any statement or entry that should be made in any book, account, report or statement of the institution; obstruct or endeavor to obstruct a lawful examination or investigation of the institution or any of its affairs by an official or employee of the Bureau of Banking. [§466(7)]

NEVADA—Any person who maliciously and knowingly spreads false reports about the management or finances of any credit union is guilty of a gross misdemeanor. [§678.880(2)]

NEW JERSEY—Any false statement made in any affidavit or oath verifying any report made to the supervisory authority shall be deemed perjury and shall be punished accordingly. [§17:13-49]

NEW MEXICO—Any person giving a false affidavit in regard to any matter specified in this act shall be guilty of a 3rd degree felony. [§48-19-25]

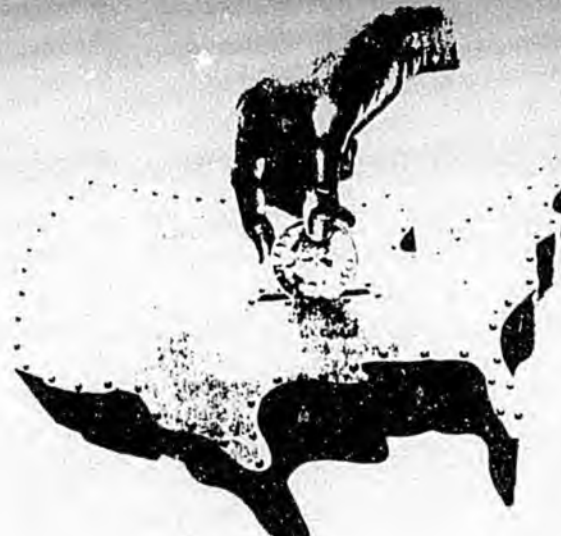
PUERTO RICO—Any credit union or credit union officer or director who violates any provision in this act may be fined not more than \$100. [§41(9)]

WASHINGTON—Any person who knowingly subscribes to or makes or causes to be made a false statement or false entry in the books of a credit union, or who knowingly makes a false statement or entry in a report required to be made to the supervisor, or who knowingly exhibits a false or fictitious paper, instrument, or security to a person authorized to examine the institution, shall be guilty of a felony. [§31.12.340]

WEST VIRGINIA—A person, firm, corporation, or association who maliciously and knowingly spreads false reports about the management or finances of any credit union shall upon conviction be fined not less than \$25 nor more than \$200 or be imprisoned for not less than 30 days nor more than 1 year, or both. [§31-10-32]

ACT IS SILENT:

34 states



OTHER CREDIT UNION ACTIVITIES

Investments in U. S. Obligations

CUNA MODEL ACT: Funds not used in loans to members may be invested in securities, obligations, or other instruments of or issued by or fully guaranteed as to principal and interest by the United States of America or any agency thereof or in any trust or trusts established for investing directly or collectively in the same. [§9.10(1)]

FEDERAL CREDIT UNION ACT: A federal credit union may invest its funds in obligations of the United States of America, or securities fully guaranteed as to principal and interest thereby; . . . in obligations issued by banks for cooperatives, federal land banks, federal intermediate credit banks, federal home loan banks, the Federal Home Loan Bank Board, or any corporation designated in section 846 of Title 31 as a wholly owned government corporation; or in obligations, participations, or other instruments of or issued by, or fully guaranteed as to principal and interest by, the Federal National Mortgage Association; or in mortgages, obligations, or other securities which are or ever have been sold by the Federal Home Loan Mortgage Corporation pursuant to section 305 or section 306 of the Federal Home Loan Mortgage Corporation Act; or in obligations or other instruments or securities of the Student Loan Marketing Association; in participation certificates evidencing beneficial interests in obligations, or in the right to receive interest and principal collections therefrom, which obligations have been subjected by one or more government agencies to a trust or trusts for which any executive department, agency or instrumentality of the United States (or the head thereof) has been named to act as trustee. [§107(7)(B)(E)(F)]

ACT SIMILAR TO MODEL ACT:

Arizona	[§6-520(1)(5)]	*New Hampshire	[§394.17(V)]
*Florida	[§657.161(8)]	North Dakota	[§6-06-06(5)(a)]
*Hawaii	[§410-22(3)]	Oregon	[§723.602(1)]
Iowa	[§533.4(5)(b)]	Rhode Island	[§19-21-27(a)]
Michigan	[§490.4(e)]	*Texas	[§8.01(4)]
Montana	[§14-659(1)]	Utah	[§7-9-16(1)(5)]
*Nevada	[§678.760(1)]	Vermont	[§2079(1)]

*May also invest in participations.

ACT SIMILAR TO FEDERAL ACT:

**Georgia	[§41A-3101(d)(1)]	*Washington	[§31.12.260(b)(c)(d)(f)]
Illinois	[§496.23(1)]		
New York	[§453(14)]		

*May also invest in ICU government securities program.

**Excludes FHLMCA, SLMA instruments, and participation certificates. Includes GNMA instruments.

OBLIGATIONS OF THE U. S. OR SECURITIES fully guaranteed as to principal and interest thereby:

Arkansas	[§87-925(3)]	Nebraska	[§21-1773(8)(b)]
Colorado	[§11-30-104(1)(e)]	No. Carolina	[§54-109.82(4)]
Missouri	[§370.075(1)]	Oklahoma	[§2006(8)(b)]

OTHER ACTS:

CALIFORNIA—A credit union may invest with the written approval of the commissioner, in trusts organized solely for the purpose of investing in United States government securities and United States government agency securities; provided such trust is formed by an organization composed of credit unions described in subdivision (a) of Section 14805.5 or an organization of credit union associations. [§15101(f)]

IDAHO—A credit union may invest in obligations fully guaranteed as to principal and interest by the United States government. [§26-2127(a)]

INDIANA—A credit union may invest in: (1) Bonds, notes, or certificates which are direct or indirect obligations of the United States.

(2) Bonds or debentures issued under and by the authority of the Federal Farm Loan Act, the Federal Home Loan Bank Act, the Home Owners' Loan Act, interest-bearing obligations of the Federal Savings and Loan Insurance Corporation issued pursuant to Title IV of the National Housing Act, obligations of national mortgage associations issued under and by the authority of the National Housing Act and mortgages on real estate situated in the State of Indiana which are fully insured under Title II of the National Housing Act.

(3) In trusts which are created by and fully controlled by credit unions or credit union associations, or wholly owned corporate subsidiaries thereof and which trusts have been established for investing directly or collectively in securities, obligations, participations, or other instruments of or issued by, or fully guaranteed as to principal and interest by, the United States government or any agency thereof. However, prior to the investment of any credit union funds as authorized in this paragraph, the trusts to be invested in shall have obtained certification from the department as approved trusts. The department is granted specific authority, to make and promulgate rules and regulations, concerning trusts referred to in this paragraph, in the manner prescribed in the Indiana Industrial Loan and investment Act. [§28-7-1-9(c)]

KANSAS—A credit union may invest in bonds of the U.S.; and in the bonds, debentures, or similar obligations issued under the authority of and pursuant to the act of Congress known as the Farm

Credit Act of 1971, as amended: Provided, however, the total amount of such bonds, debentures, or other similar obligations of any one obligor or maker shall at no time exceed 15% of the capital, surplus, and reserves of the credit union. [§17-2204(3), 17-2204a]

KENTUCKY—Funds of credit unions may be invested in (a) Bonds and other interest-bearing obligations of the federal government; (b) Obligations issued by or for federal land banks, federal intermediate credit banks and banks for cooperatives under the Act of Congress known as the Farm Credit Act; (c) Bonds and obligations of the Home Owners' Loan Corporation; (d) Notes and bonds secured by mortgage or trust deed insured by the Federal Housing Administrator, obligations issued or insured by the Federal Housing Administrator, and securities issued by National Mortgage Association. [§290.220(3)]

LOUISIANA—Investments may be made in bonds, certificates, notes, or other evidence of indebtedness of the United States, and in federal farm loan bonds issued by Federal Land Banks, debentures issued by Federal Intermediate Credit Banks, and debentures issued by Banks for Cooperatives. [§6:644(3)(a)]

MAINE—A credit union may invest in any bonds or notes of the United States which are legal investments for savings banks in this state. [§862(2)]

MARYLAND—A credit union may invest in registered or coupon bonds of the United States and those guaranteed by it. [§151]

MASSACHUSETTS—A credit union may invest in 1) a common trust unit plan organized for the purchase of bonds or notes of the United States or any subdivision thereof which are legal investments for savings banks and which plan has, as its custodian, a banking institution authorized to accept deposits from a credit union, or from a savings bank as provided in Chapter 168, Section 55; 2) bonds or notes of the U.S.; 3) bonds or notes of federal agencies; 4) repurchase agreements secured by government obligations; and 5) federal funds. [Ch. 171, §21(i-j), o]

MISSISSIPPI—A credit union may invest in United States bonds, notes, or bills, of long or short term. [§81-13-11(c)(i)]

NEW MEXICO—A credit union may purchase obligations of the United States and may invest in any obligation in which a federal credit union is authorized to invest. [§48-19-4(B)(1.5)]

OHIO—A credit union may invest in United States government securities. [§1733.30(A)]

PENNSYLVANIA—A credit union may invest in bonds or other interest-bearing obligations of the United States or those for the payment of the principal and interest on which the faith and credit of the United States are pledged, or those of any wholly owned United States Government Corporation as so designated by Section 101 of the Government Corporations Control Act of 1945, its supplements and amendments. [§12305(7)(a)]

TENNESSEE—A credit union may invest in obligations of or securities fully guaranteed as to principal and interest by the Government of the United States of America; in any bonds or other obligations issued by the Tennessee Valley Authority; and in investments authorized under sections 35-327 and 35-328 (FNMA securities, debentures of federal housing commissioner, and notes and bonds secured by mortgages or trust deeds insured by the federal housing commissioner) or any investment which is lawful for federal credit unions. [§45-1806(3)(e)(f)(g)]

VIRGINIA—A credit union may invest in obligations of the United States. [§6.1-216(5)]

WISCONSIN—A credit union may invest in United States government direct and agency obligations. [§186.11(1)]

ACT IS SILENT:

Alabama	New Jersey	South Carolina
Connecticut	Puerto Rico	West Virginia
Minnesota		

Investments in State Obligations

(Includes State, County, and Municipal Obligations)

CUNA MODEL ACT: Funds not used in loans to members may be invested in obligations of any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and the several territories organized by Congress, or any political subdivision thereof. [§9.10(2)]

FEDERAL CREDIT UNION ACT: Act is silent.

ACT SIMILAR TO MODEL ACT:

California	[§15101(c)]	Oregon	[§723.602(2)]
Montana	[§14-659(2)]	Vermont	[§2079(2)]

CREDIT UNION MAY INVEST IN MUNICIPAL BONDS issued by municipalities of this state:

Ohio	[§1733-30(A)]	Wisconsin	[§186.11(1)]
------	---------------	-----------	--------------

CREDIT UNION MAY INVEST IN OBLIGATIONS of the state or any subdivision thereof:

Arkansas	[§67-925(2)]	No. Carolina	[§54-109.82(3)]
Hawaii	[§410-22(2)]	Tennessee	[§45-1806(3)(e)]
Iowa	[§533.4(5)(c)]	Texas	[§8.01(2)]
Nevada	[§678.760(2)]		

OTHER ACTS:

COLORADO—A credit union may invest in obligations of any state or territory of the United States, or of any political subdivision or instrumentality thereof, except certain revenue obligations of municipalities having less than 5,000 residents. [§11-30-104(1)(e)]

FLORIDA—A credit union may invest in general obligations of state and general obligations of counties, municipalities or county road, school, hospital and other public purpose districts of the state; provided, that such securities shall not be eligible for investment if they have been in default either as to principal or interest within five years prior to date of purchase. [§657.161(2)]

GEORGIA—A credit union may invest in general and direct obligations of the state, its counties, districts, and municipalities, which have been validated as provided by law, but no more than 25% of the shares and deposits of a credit union shall be invested in the obligations of any one such obligor. [§41A-3101(d)(2)]

ILLINOIS—A credit union may invest in securities issued as direct obligations and guaranteed by any state or municipality within the United States. [§496.23(1)(D)]

INDIANA—A credit union may invest in bonds, notes or certificates which are the direct or indirect obligations of the state of Indiana; or the direct obligations of any county, township, city, town or other taxing district or municipality or instrumentality of the state of Indiana, subject to certain limitations regarding default. [§28-7-1-9(c)(1)]

KANSAS—A credit union may invest in the bonds of any state or of

continued

any municipality, the bonds of which municipality are legal investments for savings banks in Kansas. [§17-2204(3)]

KENTUCKY—A credit union may invest in bonds, state warrants and other interest-bearing obligations of this state. [§290.220(3)(b)]

LOUISIANA—A credit union may invest in bonds, certificates, notes, or other evidence of indebtedness of the state or of any municipality of Louisiana, including paving certificates of municipalities. [§6:644(3)(a)]

MAINE—A credit union may invest in any bonds or notes of any state or subdivision thereof which are legal investments for savings banks in this state. [§862(2)]

MARYLAND—A credit union may invest in registered or coupon bonds of, or those guaranteed by, the state or any county or municipality thereof, including public stock debt of Baltimore City. [§151]

MASSACHUSETTS—A credit union may invest in bonds or notes of any state or subdivision thereof. [Ch. 171, §21(j)]

MISSISSIPPI—A credit union may invest in state, county, county district, municipal and corporate bonds or notes or bills of long or short term. [§81-13-11(c)(i)]

MISSOURI—A credit union may invest in bonds of the state of Missouri or bonds of any other state, or bonds of any town, city, county or school districts, subject to certain limitations regarding default; provided that no investment in any single type of security shall exceed 25% of the capital, surplus and reserve fund. [§370.075(2)(3)(6)]

NEBRASKA—A credit union may invest in bonds, notes, and warrants of the state or any political subdivision thereof. [§21-1773(8)(b)]

NEW HAMPSHIRE—A credit union may invest in obligations of the state, or any county, city, or town of the state, issued pursuant to authority of law. [§394:17(IV)]

NEW MEXICO—A credit union may invest in obligations of a state or territory of the United States; a subdivision or instrumentality thereof; an authority organized under either state law, an interstate compact or by substantially identical legislation adopted by two or more states; or in an amount not exceeding 20% of its reserve accounts in any one issue for revenue obligations issued to provide, enlarge or improve electric power, gas, water, sewer facilities and other public facilities, by any city or town located in New Mexico, provided total investments in all such issues shall not exceed total reserve accounts. [§18-19-4(B)(1),(2),(4)]

NORTH DAKOTA—A credit union may invest in bonds or evidences of debt of this or any state; and in bonds or certificates of indebtedness of any county, city, village, or school district in this state, issued pursuant to authority of law. Not more than 30% of the assets of any credit union may be invested in county, city, village or school bonds or certificates of indebtedness. [§7-06-06(5)(b)(c)]

PENNSYLVANIA—A credit union may invest in bonds or other interest-bearing obligations of the Commonwealth of Pennsylvania or any county, city, borough, township, incorporated town or school district thereof or an authority which has been created as a body corporate and politic under any law of this Commonwealth; and bonds and notes of the Pennsylvania Housing Agency. [§12305(7)(b),(d)]

VIRGINIA—A credit union may invest in obligations, including

revenue bonds, of the state or any political subdivision or agency thereof. [§6.1-216(5)]

WASHINGTON—A credit union may invest in general obligations of this state and general obligations of counties, municipalities, or public purpose districts of this state. [§31.12.260(b)]

ACT IS SILENT:

Alabama	Minnesota	Rhode Island
Arizona	New Jersey	South Carolina
Connecticut	New York	Utah
Idaho	Oklahoma	West Virginia
Michigan	Puerto Rico	

Investments in Financial Institutions

(Refer also to "Deposit of Funds" and "Investments in Other Credit Unions")

CUNA MODEL ACT: Funds not used in loans to members may be invested . . . in certificates of deposit or passbook type accounts issued by a state or national bank, mutual savings bank, or savings and loan association. [§9.10(3)]

FEDERAL CREDIT UNION ACT: A federal credit union may invest in shares or accounts of savings and loan associations or mutual savings banks, the accounts of which are insured by the Federal Savings and Loan Insurance Corporation or the Federal Deposit Insurance Corporation. [§107(7)(D)]

ACT SIMILAR TO MODEL ACT:

Montana	[§14-659(3)]	Oregon	[§723.602(3)]
Nevada	[§678.760(3)]	Vermont	[§2079(3)]

A CREDIT UNION MAY INVEST in the shares and accounts of savings and loan associations insured by the Federal Savings and Loan Insurance Corporation (FSLIC):
Colorado [§11-30-104(1)(d)]

A CREDIT UNION MAY INVEST in time deposits, including certificates of deposit, in any bank which is a member of the Federal Deposit Insurance Corporation. Deposits in out-of-state banks shall be limited to such accounts as are fully insured by the FDIC. May also invest in shares and savings certificates of any savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation. Investments in out-of-state associations shall be limited to such accounts as are fully insured by the FSLIC.

Arizona	[§6-520(2)(3)]	Utah	[§7-9-16(2)(3)]
---------	----------------	------	-----------------

A CREDIT UNION CAN MAKE DEPOSITS in state and national banks and trust companies.

Minnesota	[§52.04(4)]	*West Virginia	[§31-10-4(d)]
North Dakota	[§6-06-06(4)]		

*Act does not include trust companies.

OTHER ACTS:

ALABAMA—A credit union may deposit in national and state banks and savings and loan associations, the accounts of which are fully insured by the FDIC or the FSLIC. [§5-17-4(a)(6)]

CALIFORNIA—A credit union may invest in accounts, with investment certificates, or withdrawable shares of, any savings and loan associations doing business in this state and which is an insured institution as defined by Title IV of the National Housing Act. The total sum so invested in any one savings and loan association may not exceed the greater of 1/4 of 1% of the savings and loan

association's total withdrawable accounts or the maximum amount of insurance on a single savings and loan account then provided by the Federal Savings and Loan Insurance Corporation and Title IV of the National Housing Act. [§15101(e)]

CONNECTICUT—A credit union may invest in accounts of mutual savings banks, state bank and trust companies, national banking associations and federal and state chartered building or savings and loan associations which are insured by or under a program operated by an agency of the U.S. Investments in institutions located outside the state shall be limited to the extent that the accounts are so insured. [§36-198(g)(2)(3)]

FLORIDA—A credit union may invest in shares of building and loan associations and savings and loan associations, or in certificates of deposit or time deposits of state and national banks and savings and loan associations. [§657.161(4)(9)]

GEORGIA—A credit union may invest in deposits in banks, building and loan associations and savings and loan associations and may purchase certificates of deposit and savings certificates which such financial institutions are authorized to issue, to the extent provided in regulations issued by the department. [§41A-3101(d)(4)]

HAWAII—A credit union may invest in certificates of passbook-type accounts, insured by the Federal Savings and Loan Insurance Corporation, which are issued by a savings and loan association domiciled in the United States. Also in certificates of deposit issued by a state or national bank domiciled in Hawaii. However, no credit union may purchase, or own at any one time, certificates of deposit totaling in excess of 25% of the paid-in capital and surplus of an issuing bank. [§410-22(6),(7)]

IDAHO—A credit union may invest in time certificates of deposit issued by any state or federally chartered bank in Idaho whose accounts are insured by the Federal Deposit Insurance Corporation in an amount not to exceed the greater of the FDIC insurance limits or 1% of the issuing bank's total deposits; and in time certificates of deposit or savings accounts in any state or federally chartered savings and loan association in Idaho whose accounts are insured by the Federal Savings and Loan Insurance Corporation in an amount not to exceed the greater of the FSLIC insurance limit or 1% of the savings and loan's withdrawable savings liability. [§26-2127(b)(c)]

ILLINOIS—A credit union may invest in withdrawable accounts or investment certificates of any savings or building and loan association incorporated under the laws of this state or of any other state or of the United States, if the withdrawable accounts or investment certificates are fully insured by the Federal Savings and Loan Insurance Corporation. Investment in such institutions may not exceed 40% of the credit union's unimpaired capital and surplus. Also may invest in savings certificates of deposit of any state or national bank, if the certificates are fully insured by the Federal Deposit Insurance Corporation. [§496.23(1)(D),(2)]

INDIANA—A credit union may invest in building and savings and loan associations and in certificates of indebtedness or investment of any industrial loan and investment company operating under the Indiana Industrial Loan and Investment Act, provided the association or company is insured by an agency of the federal government. Not more than 20% of the assets of a credit union may be invested in the shares or certificates of any such association or company nor more than 40% in all such associations and companies. [§28-7-1-9(c)(2)]

IOWA—A credit union may invest in time deposits in national and

state banks the deposits of which are insured by the Federal Deposit Insurance Corporation, and in paid up shares of savings and loans, the shares of which are insured by the Federal Savings and Loan Insurance Corporation. [§533.4(5)(a)(d)]

KANSAS—A credit union may invest in shares of any savings and loan association having its principal office located in the state, or in deposits in savings banks, state banks, trust companies, and national banks. [§17-2204(3)]

KENTUCKY—A credit union may invest in deposits in state or national banks doing commercial banking, and in savings and loan associations. [§290.220(1)]

LOUISIANA—A credit union may invest in deposits to the credit of the corporation in savings banks, state banks, trust companies, and national banks. [§6:644(3)(c)]

MAINE—A credit union may invest in deposits or share accounts in any financial institution; provided that deposits in such institution are insured by the FDIC or the Federal Savings and Loan Insurance Corporation. [§862(1)]

MARYLAND—A credit union may invest in deposits in banking institutions organized under the laws of Maryland, or in national banks located therein, and insured building, savings, and loan associations. The total of all types of accounts, excluding checking accounts, in any one institution shall not exceed the insurable amount per account that the institution currently carries. [§151]

MASSACHUSETTS—A credit union may invest in savings banks or trust companies incorporated in the Commonwealth, or in banking companies so incorporated and which are members of the Federal Deposit Insurance Corporation, or in national banks located in the Commonwealth, or in paid-up shares and accounts of co-operative banks incorporated in the Commonwealth, or in the shares of savings and loan associations so incorporated, or in the shares of federal savings and loan associations having a usual place of business within the Commonwealth. Amount may not exceed the insurance provided by the Federal Savings and Loan Insurance Corporation for a depositor in any one of such associations. [Ch. 171, §21]

MICHIGAN—A credit union may invest in deposits in federally insured state and national banks; and in savings and share accounts in federally insured savings and loan associations doing business in the state, provided such investments, together with investments in other credit unions, shall not exceed 50% of the investing credit union's capital. [§490.4(d)]

MISSISSIPPI—A credit union may invest in deposits in savings banks, state banks, national banks, mutual banks, trust companies, savings and loan associations, and any other financial institutions whose savings and deposits are insured as to principal by any agency of the U. S. Government. [§81-13-11(c)(iii)]

MISSOURI—A credit union may invest in savings share accounts of federal and state chartered savings and loan associations doing business in Missouri and holding certificates of insurance from the Federal Savings and Loan Insurance Corporation, provided that such investments shall not exceed 25% of the capital, surplus and reserve fund of the credit union. [§370.075(4)]

NEBRASKA—A credit union may invest in the shares or accounts of savings and loan associations to the extent they are insured, or, with the approval of the department of banking, in the shares or accounts of savings and loan institutions which are uninsured up to the insured limit. It may also make deposits in national, state and mutual-savings banks operating in accordance with the laws of the United States or the State of Nebraska. [§21-1773(8)(c),(9)]

NEW HAMPSHIRE—A credit union may invest in deposits in any cooperative bank, building and loan association, savings bank, trust company, federal savings and loan association, or national bank in this state, provided they are insured by either the Federal Deposit Insurance Corporation or Federal Savings and Loan Insurance Corporation. [§394:17(1)]

NEW JERSEY—A credit union may invest in shares, certificates and accounts of savings and loan associations organized under New Jersey or federal law, provided all such investments are insured by an agency or instrumentality of the United States Government and do not exceed the amount of the insurance. [§17:13-27]

NEW MEXICO—A credit union may invest in paid-in shares of building and loan associations, to an extent which shall not exceed 25% of the investing credit union's capital; deposits in state and national banks and building and loan associations may also be made. [§48-19-4(A)(4)]

NEW YORK—A credit union may invest in shares of savings and loan associations, chartered under New York, federal, or other state laws, and insured by the FSLIC. The amount so invested may not exceed the insured maximum in any one association. May also deposit funds in savings banks, state banks, trust companies, or industrial banks incorporated under New York law or in national banks located in the state. [§454(13-a), 456]

NORTH CAROLINA—A credit union may invest in deposits in savings banks, savings and loan associations, state banks or trust companies incorporated under the laws of the state, or in national banks located therein; in time deposits in any banks insured by the Federal Deposit Insurance Corporation, or in deposits or investments in any savings or building and loan association insured by the Federal Savings and Loan Insurance Corporation. [§54-109.82(5),(9)]

OHIO—A credit union may invest in state or national banks, and state or federal chartered savings and loans doing business in the state. [§1733.30(A)]

OKLAHOMA—A credit union may invest in shares or accounts of savings and loan associations insured by the FSLIC, as well as deposits in national banks, state banks and trust companies. [§2006(8)(e),(9)]

PENNSYLVANIA—A credit union may invest in shares of any building and loan or savings and loan association, organized under the laws of the Commonwealth, or of any federal savings and loan association to the extent to which such shares are insured by the Federal Savings and Loan Insurance Corporation. [§12305(7)(c)]

PUERTO RICO—A credit union may make deposits in commercial banks. [§7(d)]

RHODE ISLAND—A credit union may invest in shares of savings and loan associations organized under federal or state law that are insured by the Federal Savings and Loan Insurance Corporation. Such investments in institutions located outside the state shall be limited to the extent that they are insured. [§19-21-27(4)]

SOUTH CAROLINA—A credit union may invest in deposits to the credit of the credit union in savings and loan associations, building and loan associations, trust companies, state banks or national banks. [§8-668]

TENNESSEE—A credit union may invest in any legally chartered bank or trust company and in any state or federal savings and loan association. [§45-1806(1)(a),(b)]

TEXAS—A credit union may invest in certificates of deposit or

passbook accounts issued by a state or national bank, a building and loan association, or a savings and loan association, subject to regulations established by the commissioner. [§8.01(3)]

VIRGINIA—A credit union may invest in deposits in banks doing business in the state, and in shares of any savings and loan doing business in the state whose shares are insured by the Federal Savings and Loan Insurance Corporation. [§6.1-216(3)(6)]

WASHINGTON—A credit union may invest in deposits in banks or trust companies or in state or national banks located in Washington or in FDIC insured checking accounts in out-of-state banks; investment may also be made in the shares of savings and loan associations organized or authorized to do business under the laws of this state or of the United States. [§31.12.260(a)(e)]

WISCONSIN—A credit union may invest in banks and savings and loans located in Wisconsin. [§186.11(1)]

ACT IS SILENT:
Arkansas

Investments in Other Credit Unions

(Refer also to "Investment in Central Credit Unions")

CUNA MODEL ACT: Funds not used in loans to members may be invested . . . in loans to or in shares or deposits of other credit unions. [§9.10(4)]

FEDERAL CREDIT UNION ACT: A federal credit union shall have power to invest its funds . . . in accordance with rules and regulations prescribed by the Board, in loans to other credit unions in the total amount not exceeding 25 per centum of its paid-in and unimpaired cap. and surplus and in shares, share certificates, or share deposits of federally insured credit unions. [§107(7)(C),(H)]

ACT SIMILAR TO MODEL ACT:

Mississippi	[§81-3-11(b)(c)]	Oregon	[§723.602(4)]
Montana	[§14-659(4)]		

ACT SIMILAR TO FEDERAL ACT:

Oklahoma	[§2006(8)(c)]
----------	---------------

A CREDIT UNION MAY INVEST in shares and special investments in other credit unions in the state:

Arizona	[§0-520(4)]	Utah	[§7-9-16(4)]
---------	-------------	------	--------------

A CREDIT UNION MAY MAKE LOANS to other credit unions:

Alabama	[§5-17-4(a)(4)]	Puerto Rico	[§20]
Colorado	[§11-30-104(1)(c)]	Vermont	[§2079(4)]
Maryland	[§161]		

A CREDIT UNION MAY INVEST in loans to other credit unions in an amount not to exceed 25% of the shares, deposits, and surplus of the lending credit union, or any trust or trust established for lending directly or collectively to credit unions:

Hawaii	[§110-22(4)]	Texas	[§8.01(5)]
--------	--------------	-------	------------

OTHER ACTS:

ARKANSAS—A credit union may invest in loans to other credit unions in an amount not to exceed 33% of the shares and unimpaired surplus of the lending credit union. [§67-925(6)]

CALIFORNIA—A credit union may invest in shares or certificates for funds received or any form of evidence of interest or indebtedness issued by any credit union in the state organized under the state or federal act. [§1510(d)]

CONNECTICUT—A credit union may make loans to any other credit union in the state, not exceeding 20% of the lending credit unions paid-in and unimpaired capital and surplus. May also invest in the notes or share accounts of any credit union in the state, provided the investment in any one credit union does not exceed the greater of \$40,000 or 5% of the investing credit union's assets. [§36-196(g)(5),(j)]

FLORIDA—A credit union may invest in loans to other credit unions in the state provided that no such loan may exceed 25% of the unimpaired capital of the lending credit union nor be made for more than one year. May also invest in shares of another credit union provided the investment does not exceed \$15,000, or 1% of the assets of the credit union, whichever is greater, and the aggregate of all such investments does not exceed 25% of the unimpaired capital of the investing credit union. May invest in certificates of deposit or time deposits of other credit unions. [§657.161(1)(4)(9)]

GEORGIA—A credit union may invest in loans to other credit unions, but loans to any one credit union shall not exceed 10% of the shares, deposits, and surplus of the investing credit union. A credit union may also invest in deposits in credit unions and may purchase such certificates of deposit and saving certificates as those credit unions are authorized to issue. [§41-3101(d)(3),(4)]

IDAHO—A credit union may make loans to other credit unions who are its members with a maximum maturity of one year and in an amount that shall not in total exceed 10% of the shares and certificates of deposit of the credit union. Deposits may also be made in state or federal credit unions in Idaho. [§§26-2108(k),26-2120]

ILLINOIS—A credit union may invest in loans to other credit unions with a maximum maturity of five years and in an amount that shall not in total exceed 25% of the unimpaired capital and surplus of the credit union making such loans. However, loans in excess of the 25% limitation may be made by any credit union whose membership includes one or more directors of at least 25 state or federal credit unions. [§196.23(3)]

IOWA—A credit union may invest in shares of and deposits in other credit unions, and also may purchase the notes of liquidating credit unions with the approval of the administrator. [§533.4(5)(e),(f)]

KANSAS—A credit union may lend to any other credit union operating under the provisions of the Kansas credit union act, but only with the approval of the administrator and only up to 25% of the shares, undivided earnings and reserves of the lending credit union. [§17-2214]

KENTUCKY—Not more than 10% of the capital stock and reserve funds of a credit union may be invested in the stock of other credit unions, including federal credit unions operating in Kentucky. Loans to other credit unions shall not exceed 25% of the capital and surplus of the lending credit union. A credit union may also make investments in the form of deposits in state credit unions as well as federal credit unions operating in Kentucky. [§290.220(1),(2),(3)(g)]

LOUISIANA—A credit union may invest in the shares of other credit unions to a total amount which shall not exceed 10% of the capital stock paid-in and reserve fund of the investing credit unions. When duly authorized by its board of directors, a credit union may lend to any other credit unions at such rates, as shall be fixed and determined by the board of directors, not exceeding 25% of the paid-in and unimpaired capital and surplus of the lending credit union. [§6:644(3)(c), (4)(a)]

MAINE—A credit union may deposit with or invest in shares of other credit unions authorized to do business in this state and insured by the National Credit Union Administration. Subject to the

approval of its board a credit union may make loans to other credit unions located in this state, provided that loans outstanding at any one time to any one credit union shall not exceed 10% of the share capital and surplus of the lending credit union. A credit union may also invest up to 5% of its share capital and surplus in the purchase of notes from liquidating credit unions. [§§856,861(2),862(1),(3)]

MICHIGAN—A credit union may deposit with or invest in shares of, or loans to federally insured credit unions and credit unions chartered in this state, except that a credit union shall not deposit with or invest in any credit union whose application for federal share insurance shall have been denied and which has not received an extension of time from the commissioner. Such investments, together with investments in savings and loan associations, shall not exceed 50% of the capital of the investing credit union. A credit union may also purchase the notes receivable of credit unions which are in liquidation or receivership in Michigan. [§490.4(d),(l)]

MINNESOTA—A credit union may invest in shares or deposits in any other credit union chartered by this or any other state or operating under the provisions of the Federal Credit Union Act, in amounts not exceeding in the aggregate 25% of its unimpaired assets. Payments on shares of and deposits with credit unions chartered by other states shall be restricted to credit unions insured by the National Credit Union Administration. [§52.04(8)]

MISSOURI—A credit union may invest in shares of other credit unions incorporated under the laws of this state or of the United States, with commissioner's prior approval. No such investment may exceed 25% of the capital, surplus and reserve fund of the investing credit union. [§370.075(5),(6)]

NEBRASKA—A credit union may invest in shares of or in loans to other credit unions organized in this state, either under state or federal law. It may not invest in the shares of other credit unions more than 15% of the sum of its share balances. No such credit union shall have an aggregate of loans from any source and shares issued to other credit unions in an amount in excess of 40% of its paid-in and outstanding shares. [§21-1773(8)(d)]

NEVADA—A credit union may invest in loans to or shares or deposits of other credit unions as permitted by the bylaws. [§678.760(4)]

NEW HAMPSHIRE—A credit union may invest in loans to other credit unions chartered under the laws of this state or under the Federal Credit Union Act, provided that the lending credit union has assets of \$100,000 or more. [§394:17(III)]

NEW JERSEY—A credit union may make loans to any other credit union operating under the provisions of this act or of the Federal Credit Union Act. The aggregate of all loans to other credit unions shall not exceed 25% of its share liability, and no credit union shall loan to any other credit union more than 25% of the share liability of such other credit union. [§17:13-27]

NEW MEXICO—A credit union may invest in shares of other New Mexico credit unions up to 25% of the surplus of the investing credit union, and may lend up to 10% of its assets to another credit union. [§48-19-4(A)(4), 48-19-16]

NEW YORK—A credit union may invest in shares of other federally insured credit unions and loans to other credit unions, including credit unions chartered by the federal government. The maximum amount of such investments may not exceed 15% of either the investing credit union or the credit union being invested in. [§§453(13), 454(13)]

NORTH CAROLINA—A credit union may invest in deposits in

continued

other credit unions, or loans to other credit unions in an amount not to exceed 25% of the shares and unimpaired surplus of the lending credit union. [§54-109.82(5), (8)]

OHIO—Upon the approval of the board, a credit union may make loans to other credit unions. The total of all such loans, including the aggregate of all money paid into any trust established by one or more credit unions for the purpose of making loans to other credit unions, shall not exceed 25% of the unimpaired capital and surplus of the lender. [§1733.25(B)]

PENNSYLVANIA—A credit union may make loans to credit unions organized under the laws of Pennsylvania or under the laws of any other state or the United States. The aggregate amount outstanding on all such loans shall not exceed 25% of the unimpaired capital of the lending credit union. [§12305(B)(5)]

RHODE ISLAND—A credit union may invest up to one-third of its total capital, deposits and surplus in the shares of other credit unions incorporated under the laws of this state or incorporated under federal law and located in this state. [§19-21-27(b)(2)]

SOUTH CAROLINA—A credit union may invest in deposits in other credit unions. [§8-668]

TENNESSEE—A credit union may invest in state or federal credit unions in an amount not to exceed 10% of the shares, members' special accounts and reserve funds of the investing credit union or of the credit union in which the investment is made, whichever amount is the smaller. [§45-1806(3)(c)]

VIRGINIA—A credit union may invest in loans to other credit unions doing business in Virginia to the extent permitted in the by-laws; and up to 10% of outstanding shares and reserve fund in shares of credit unions doing business in Virginia. [§6.1-216(2)(4)]

WASHINGTON—A credit union may invest in the shares, share certificates or share deposits of other credit unions organized or authorized to do business under the laws of this state or the United States, or in the notes of such credit unions in the process of liquidation. [§31.12.260(e)]

WISCONSIN—A credit union may make investments in credit unions with the approval of the commissioner. [§186.11(1)]

ACT IS SILENT:

Indiana North Dakota West Virginia
Massachusetts

Investments in Cooperative Societies

CUNA MODEL ACT: Funds not used in loans to members may be invested . . . in shares of a cooperative society organized under the laws of this state or of the laws of the United States in the total amount not exceeding ten (10%) percent of the shares, deposits, and surplus of the credit union. [§9.10(6)]

FEDERAL CREDIT UNION ACT: Act is silent.

ACT SIMILAR TO MODEL ACT:

Arkansas [§67-925(4)] Rhode Island [§19-21-27(7)]
Montana [§14-659(6)] Vermont [§2079(6)]
Nevada [§678.760(6)]

ACT SIMILAR TO MODEL ACT, but the total amount of such investments shall not exceed the specified limitation:

Oregon—1% of the shares, deposits, and surplus of the credit union. [§723.602(6)]

A CREDIT UNION MAY MAKE LOANS to a cooperative society or other organizations having membership in the credit union:

Alabama	[§5-17-4(a)(5)]	New Mexico	[§48-19-4(A)(3)]
Florida	[§657.04(3)]	North Dakota	[§6-06-06(3)]
Iowa	[§533.4(3)]	Pennsylvania	[§12305(B)(3)]
Minnesota	[§52.04(3)]	West Virginia	[§31-10-4(c)]

OTHER ACTS:

MICHIGAN—A credit union may make loans to a cooperative society or other organizations having membership in the credit union. It may also invest up to 5% of its unimpaired share capital in programs that will assist in providing cooperative housing and related facilities to its members. Credit union is not authorized to invest in the stock of a housing cooperative. [§§490.4(c), 490.4a(2)(a)]

PUERTO RICO—A credit union may invest in loans to cooperative associations and other nonprofit organizations. If they are not members of the credit union, the operation must be approved by the Inspector of Cooperatives. [§7(c)]

WISCONSIN—A credit union may invest an amount not to exceed 10% of its regular reserve in agreements with other corporations or its members to provide cooperative housing and facilities for its members. [§186.11(3)]

ACT IS SILENT:

30 states.

Investments in Service Corporations

CUNA MODEL ACT: Funds not used in loans to members may be invested . . . in the capital shares, obligations, or preferred stock issues of any agency or association organized either as a stock company, mutual association or membership corporation, provided the membership or stockholdings, as the case may be, of such agency or association are primarily confined or restricted to credit unions, or organizations of credit unions, and provided the purposes for which such agency or association is organized are designed primarily to service or otherwise assist credit union operations. [§9.10(5)]

FEDERAL CREDIT UNION ACT: A federal credit union may invest its funds in the shares, stocks, or obligations of any other organization, providing services which are associated with the routine operations of credit unions, up to 1% of the total paid-in and unimpaired capital and surplus of the credit union with the approval of the Board: *Provided, however,* That such authority does not include the power to acquire control directly or indirectly, of another financial institution, nor invest in shares, stocks or obligations of an insurance company, trade association, liquidity facility or any other similar organization, corporation, or association, except as otherwise expressly provided by this Act. [§107(7)(1)]

ACT SIMILAR TO MODEL ACT:

Kentucky	[§290.220(3)(f)]	Rhode Island	[§19-21-27(b)(6)]
Montana	[§14-659(5)]	Vermont	[§2079(5)]
Nevada	[§678.760(5)]		

SIMILAR TO MODEL ACT, provided that such investments shall not exceed the specified limitation:

Arizona—5% of the credit union's paid-in and unimpaired capital. [§6-520(7)]

Michigan—5% of the credit union's capital. The commissioner's approval is also required. [§490 4(r)]

Oregon—1% of assets. [§723.602(5)]

Tennessee—25% of the allocations to the reserve fund of the investing credit union, such investment not legal if such company or association is authorized or empowered to make loans to any person or corporation who is not a member of the credit union organization. [§45-1806(3)(d)]

Utah—5% of the credit union's paid-in and unimpaired capital. [§7-9-16(8)]

SIMILAR TO MODEL ACT, and may also invest in an aggregate amount not to exceed the specified limitations in any such agency or association which is designed to assist in maintaining liquidity, solvency, and security in credit union operations:

Arkansas—25% of the allocations to reserve fund. [§67-925(1)(7)]

Hawaii—2½% of the credit union's total assets or the amount of its reserve fund, whichever is less. [§410-22(1),(5)]

Iowa—25% of the allocations to the reserve fund; the aggregate amount so invested shall not exceed 20% of the unimpaired legal reserve account of the credit union. [§533.4(5)(g)]

North Carolina—25% of the allocations to the reserve fund. [§54-109.82(2)(7)]

Texas—5% of the credit union's total assets or the amount of its reserve fund; whichever is less. [§8.01(1)]

A CREDIT UNION MAY INVEST up to the specified limitations in a corporation organized to perform only business administration services for two or more credit unions at least one of which is subject to supervision by the department:

Florida—3% of unimpaired capital and surplus. [§657.161(10)]

Kansas—2% of shares and unimpaired capital. [§17-2204(a)]

OTHER ACTS:

CALIFORNIA—A credit union may invest in the shares of stock of a corporation organized solely for the purposes of providing services to credit unions providing such corporation is formed by an organization of credit unions, or in any corporation which provides services to credit unions provided such investment is approved by the commissioner. Such investment shall not exceed in aggregate, 5% of its paid-in and unimpaired capital and surplus. [§14804.2]

CONNECTICUT—A credit union may invest in stocks, bonds, debentures or other investments in 1 or more corporations which provide a service necessary to or in the conduct of the business of the credit union. No credit union may invest more than the amount necessary to procure the amount of services needed by the credit union. The investment shall be subject to the approval of the commissioner. [§36-198(g)(4)]

IDAHO—A credit union may invest in shares of stock in a credit union service corporation, such investment not to exceed 10% of the paid-in shares and deposits of members. [§26-2127(d); 26-2146]

LOUISIANA—A credit union may invest in the ICU Services Corporation. [§6:644(6)]

MAINE—A credit union may purchase the capital stock or obligations or otherwise invest or participate in or utilize the service of any organization performing necessary clearing, bookkeeping, statistical and related services for the credit union or other credit unions or related organizations. No credit union shall invest more than 10% of its share capital and surplus for such purpose without the superintendent's approval. [§964]

MISSOURI—With the consent first obtained from the commissioner of finance, a credit union may invest up to 5% of its capital, surplus, and reserve funds in capital stocks of corporations solely and exclusively established to assist credit union operation in bookkeeping and accounting, consumer counseling for members, and the insuring of members' accounts. [§370.075(6)]

NEW MEXICO—A credit union may invest an amount approved by the commissioner in the stock of a corporation engaged in providing record keeping services, using electronic or other similar machines. [§48-19-4(C)]

NEW YORK—Subject to regulations and restrictions of the banking board, a credit union may participate with other credit unions in the establishment or maintenance of an accounting service center, limited to providing data processing services only for participating credit unions. Capital stock ownership (which may not exceed 2% of the value of the credit union's members' shareholdings) and operating expenses are proportionate to each credit union's use of the facilities and services. [§453(26)] Credit unions may also invest funds in and make loans to credit union organizations (any organization established primarily to serve the needs of its member credit unions and whose business relates to the daily operations of the credit unions it serves) upon approval by the board of directors, up to 1% of shares and deposits or 10% of surplus, whichever is less. The total amount of all such loans may not exceed 2% of shares and deposits or 20% of its surplus account, whichever is less. [§453(14a)]

PENNSYLVANIA—Subject to prior approval by the Secretary of Banking, a credit union may invest up to 1% of its assets in capital stock, obligations or other securities of any service corporation organized under the laws of Pennsylvania, or under the laws of any other state and duly qualified to do business in Pennsylvania, if the entire capital stock of such corporation is available for purchase only by credit unions, organized and existing under the laws of Pennsylvania and by federal credit unions or association of credit unions. [§12305(7)(e)]

ACT IS SILENT:

20 states and Puerto Rico.

Investments In Corporate Securities

CUNA MODEL ACT: Funds not used in loans to members may be invested in stocks and bonds of corporations organized in any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico and the several territories organized by Congress to a maximum of five (5%) percent of members' shares, provided that such investment shall be limited to income stocks or bonds which appear on a list approved by the Director and published quarterly or annually, such list to include not less than thirty (30) corporations. [§9.10(7)]

FEDERAL CREDIT UNION ACT: Act is silent.

ACT SIMILAR TO MODEL ACT:

California [§15101(c)] *Nevada [§678.760(7)]

*No reference made to corporations of the District of Columbia, Puerto Rico or the territories.

OTHER ACTS:

ARIZONA—A credit union may invest in commercial bonds, rated Triple A. [§6-520(6)]

COLORADO—A credit union may invest to an extent which shall not exceed 10% of its paid-in capital, in shares of mutual funds or investment companies, stocks, bonds, or other securities of any corporation as may be approved by the state bank commissioner. [§11-30-104(1)(e)]

FLORIDA—With the approval of the state comptroller credit unions may invest in corporation bonds with a fixed maturity of any corporation within the United States, if such bonds are rated by at least two nationally recognized rating services in any one of the three highest classifications approved by the comptroller of the currency for the investment of the funds of national banks. Not more than 10% of the total assets of the credit union shall be so invested; and not more than \$15,000 or 1% of the total assets of the credit union, whichever is greater, shall be invested in any one corporation's bonds. A credit union may also invest in first mortgage bonds of railroad and public service corporations; total investment in any such corporation shall not exceed the greater of \$15,000 or 1% of the credit union's assets. Such securities shall not be eligible for investment if they have been in default either as to principal or interest within five years prior to date of purchase. [§657.101(3)(7)]

IOWA—With approval of the administrator, credit unions may acquire and hold shares in corporations engaged in providing and operating electronic transmission or recording facilities. [§533.4(17)]

MAINE—Nothing contained in this section shall be construed as authorizing a credit union to purchase or invest in the stock of any corporation. [§862]

MASSACHUSETTS—A credit union may invest in any bonds, notes, certificates of deposit, bankers' acceptances, bank stocks or bank holding company stocks or insurance stocks, or preferred stocks of public utility companies which are at the time of their purchase legal investments for savings banks in the Commonwealth. Not more than 10% of the assets of a credit union shall be invested in bank stocks or in bank holding company stocks or insurance stocks or preferred stocks of public utility companies, or in all 4 of such types of stock. Not more than \$15,000 or 2% of the assets of a credit union, whichever is greater, shall be invested in the stock of any one bank, bank holding company, insurance company or preferred stocks of public utility companies. The amount invested by a credit union in such stocks shall not exceed that permitted to savings banks. [Ch. 171, §21(u)]

MICHIGAN—A credit union may invest in the common or preferred stock of any state or national bank doing business in the state. The investment in any one bank stock shall not exceed 5% of the capital of the credit union. No individual credit union may hold more than 15% of the capital stock of any one state or national banking corporation or association. The aggregate investment in bank stocks shall not exceed 25% of the capital of the credit union. [§490.4(e)]

MISSOURI—A credit union may invest in shares of corporations to aid the liquidity of credit unions. [§370.071(4)]

NEW MEXICO—A credit union may acquire the common stock of banks or building and loan associations and may purchase obligations of a corporation chartered by the United States or a state thereof, doing business in the United States, which are approved by the commissioner for investment. [§48-19-4(A)(9), (B)(3)]

NORTH DAKOTA—A credit union may invest in first lien, public utility, industrial, corporation or association bonds, notes, or other evidences of debt issued by corporations located in the U.S. to the extent authorized by the state credit union board. [§6-06-06(5)(f)]

RHODE ISLAND—A credit union may invest in common or preferred stocks to the extent of not over 5% of shares and deposits for credit unions with assets less than \$10,000,000 and to the extent of not over 10% of the shares and deposits for credit unions with assets of \$10,000,000 or more. Any such securities, excepting mutual funds, shall be listed on the New York Stock Exchange or its successor; dividends shall have been paid by the corporation issuing such security and any predecessor corporation or corporations for a period of not less than nine of the next prior ten years; the issuing corporation shall have, as shown by its last audited statements, total assets (less allowances for depreciation and amortization) of at least \$100,000,000 and a stockholders' equity of not less than 40% of the amount of its total assets. Such security shall also have been approved for investment by the director of business regulation, who shall be required to maintain a list of at least 30 approved securities at all times. The director shall have absolute discretion in approving individual securities, provided they meet the requirements set forth above. No credit union shall invest in securities under this provision unless it has at least \$500,000 in total assets as shown by its last annual report. No credit union shall invest more than 1% of its shares and deposits in any one security. [§19-21-27(b)(5)]

UTAH—A credit union may invest in commercial bonds. [§7-9-16(6)]

VERMONT—A credit union may make any investment legal for Vermont savings banks or trust companies, but in no event may it invest in common stock. [§2079(7)]

VIRGINIA—A credit union may invest in such stock, securities and other obligations as may be approved from time to time by the Commission. [§6.1-216(7)]

ACT IS SILENT:

30 states and Puerto Rico

Other Authorized Investments

CUNA MODEL ACT: Funds not used in loans to members may be invested . . . in loans to any credit union association or corporation, national or state, of which the credit union is a member, except that such investment shall be limited to 2% of the assets of the credit union. [§9.10(8)]

FEDERAL CREDIT UNION ACT: Act is silent.

ACT SIMILAR TO MODEL ACT, but such investments are subject to the following limitations:

Montana—2% of assets. [§14-659(7)]

Nevada—1% of shares, deposits and unimpaired surplus. [§678.760(8)]

Oregon—2% of assets. [§723.602(7)]

Vermont—2% of assets. May also make any investment legal for savings banks or trust companies, but in no event common stock. [§2079(7)(8)]

A CREDIT UNION MAY INVEST in any investment legal for savings banks or for trust funds in the state:

Alabama [§5-17-4(a)(7)] Oklahoma [§2000(8)(d)]
Minnesota [§52.04(5)]

A CREDIT UNION MAY INVEST in any investments legal for the indicated institutions:

Arkansas—Fiduciaries, savings banks, or trust companies in the state. [§67-925(5)]

Michigan—State banks, subject to the same limitations based on capital as applicable to state banks. Such investments may be made individually or in participation with other credit unions. [§490.4(e)]

New Mexico—Federal credit union. [§48-19-4(B)(5)]

Puerto Rico—Trust funds in Puerto Rico. [§7(e)]

South Carolina—Banks in the state. [§8-668]

Tennessee—Federal credit unions. [§45-1806(3)(g)]

West Virginia—Savings banks. [§31-10-4(e)]

A CREDIT UNION MAY INVEST in any other types of investments approved by the official or agency indicated:

Georgia—Department of Banking and Finance provided such investments shall not in the aggregate, exceed 10% of the shares, deposits and surplus of the investing credit union. [§41A-3101(d)(5)]

Maryland—Commissioner of Banks. [§151]

Mississippi—State Banking Department. [§81-13-11(c)(i)]

Ohio—Supervisor of Credit Unions. [§1733.30(a)]

Virginia—State Corporation Commission. [§6.1-216(7)]

Wisconsin—Commissioner of Credit Unions. [§186.11(1)]

OTHER ACTS:

CALIFORNIA—Credit unions may purchase from the vendor of any personal property, conditional sale agreements covering the sale of such property to its members. The credit union may hold and retain any such conditional sale contract as an investment. [§15102]

COLORADO—A credit union may invest up to 10% of its paid-in capital in securities of religious or educational organizations approved as prudent and sound by bank commissioner. [§11-30-10(1)(e)]

CONNECTICUT—A credit union may invest in bonds legal as investments for savings banks in this state, and may also invest (with the approval of the commissioner) up to 2% of its assets in social purpose investments. [§36-198(g)(1), L.1972, P.A.81]

ILLINOIS—A credit union may invest in obligations of the State of Israel, or obligations fully guaranteed by the State of Israel as to payment of principal and interest. [§496.23(1)(E)]

INDIANA—A credit union may invest in the capital stock of not more than one discount credit corporation which is organized under Indiana law and operated for the use and benefit of credit unions and/or other nonprofit organizations or their members. Not more than 5% of the credit union's capital and reserve fund may be invested in such a corporation without approval from the department of financial institutions. [§28-7-1-9(c)(2)]

LOUISIANA—A credit union may invest in homestead stock, or in the ICU Services Corporation. [§6:64(3)(b),(6)]

MAINE—A credit union may invest in any bonds or bankers' acceptances which are legal investments for savings banks in this state. [§862(2)]

MASSACHUSETTS—A credit union may invest in bonds of governments of countries friendly to the United States, as defined by the U. S. Department of State; or, to the extent authorized by section 3 of chapter 216 of the acts of 1932, in the shares of the Central Credit Union Fund, Inc. [Ch. 171, §21(h),(m)]

NEBRASKA—A credit union may invest in any types of securities approved by the Department of Banking, as well as in bonds of the State of Israel. [§21-1773(8)(b), L.1974, L.B.845]

NEW JERSEY—A credit union may invest in any investments legal for state savings banks. Also, may invest in development bonds of foreign governments or obligations of international development banks as approved by the Comptroller of the Currency and the Commissioner of Banking. Such investments may not exceed 5% of the credit union's capital deposits, surplus and reserves. [§17:13-27(d)]

NEW YORK—A credit union may invest in the securities authorized as investments for savings banks, Section 235, subdivisions 1, 2, 3, 4, 15, and 28a, and where the assets of a credit union are in excess of \$3 million in securities enumerated in subdivision 13 and 14 of that section. [§§453(14),456(2)]

NORTH CAROLINA—A credit union may invest in the North Carolina Savings Guaranty Corporation; in debentures which are issued by an agency of the U.S. government; or in the College Foundation in an amount not to exceed 10% of the credit union's shares and unimpaired surplus. [§54-109.82(8)(10)(11)]

RHODE ISLAND—A credit union may invest up to one-third of its aggregate capital, deposits and surplus in securities which are legal for the investment of funds of savings banks of this state, subject to the same limitations and restrictions by which savings banks are governed. Credit unions with assets of less than \$10 million or credit unions whose shares and deposits are not insured shall not invest in securities described in section 19-9-12, ("prudent man investments"). Also may invest in any corporation incorporated by CUNA International, Inc., or its successor, or any associated or subsidiary corporation, for the purpose of providing investment opportunity for credit unions, or any investment or interlending program managed or sponsored by any such corporation. Any such deposit or investment shall be subject to approval by the director of business regulation. [§19-21-27(b)(1)(3)]

UTAH—A credit union may invest in securities as would be legal investments for funds of decedents' estates or trusts. [§7-9-16(7)]

WASHINGTON—A credit union may invest in such other investments authorized in accordance with rules and regulations prescribed by the supervisor consistent with chapter 31.12 RCW as now or hereafter amended: Provided that any such securities shall not be eligible for investment if they have been in default either as to principal or interest within five years prior to date of purchase. [§31.12.260(g)]

ACT IS SILENT:

Arizona	Iowa	New Hampshire
Florida	Kansas	North Dakota
Hawaii	Kentucky	Pennsylvania
Idaho	Missouri	Texas

Sale or Purchase of Assets

CUNA MODEL ACT: A credit union may . . . sell all or substantially all of its assets or purchase all or substantially all of the assets of another credit union, subject to the approval of the Director. [§3.10(11)]

FEDERAL CREDIT UNION ACT: In accordance with the rules and regulations of the Board, a federal credit union may sell all or part of its assets to another credit union or purchase all or part of the assets of another credit union. A federal credit union may also purchase notes from a liquidating credit union, so long as the aggregate unpaid balance of such notes does not exceed 5 percent of the unimpaired capital and surplus of the credit union. [§107(14), 107(13)]

ACT SIMILAR TO MODEL ACT:

Kansas	[§17-2229]	Nevada	[§678-470(3)]
Montana	[§14-613(10)]	Oregon	[§723.152(11)]

A CREDIT UNION MAY PURCHASE from a liquidating credit union the notes of members at such prices and terms as agreed upon by the board or liquidating agent of the liquidating credit union and the board of the purchasing credit union, subject to the rules and regulations of the Commissioner where applicable:

California [§15102.2]

Hawaii—Provided that the aggregate unpaid balance of such notes does not exceed 5% of the unimpaired capital and surplus of the credit union. [§410-12(f)(13)]

Louisiana [§6:644(5)]

Texas—Such prices may be agreed to by the commissioner or by the boards of the credit unions. [§8.01(6)]

OTHER ACTS:

CONNECTICUT—A credit union may sell any or all of its outstanding loans to any other lending institution and purchase one or more outstanding loans from any other state or federal credit union located in the state, with or without recourse. Any loan servicing arrangement shall be subject to prior approval of the commissioner. [§36-198(r)]

FLORIDA—A credit union may invest in the assets of liquidating credit unions within the state. [§657.161(11)]

ILLINOIS—A credit union may purchase notes held by any liquidating credit union. [Ch. 32, §196.9(15)]

IOWA—A credit union may invest in notes of liquidating credit unions with the approval of the superintendent of banking. [§533.4(5)(e)]

MAINE—A credit union may acquire all or substantially all of the assets of, or assume the liabilities of, any other credit union authorized to do business in the State, subject to the provisions of sections 355, 357, and 358; and may purchase notes from a liquidating credit union, provided that such purchase shall not exceed 5% of the purchasing credit union's share capital and surplus. [§876, 862(3)]

MICHIGAN—A credit union may purchase the notes receivable of credit unions which are in liquidation or receivership in the state. [§490.4(l)]

NEBRASKA—A credit union may sell and assign loans to the central credit union or other financial institutions without recourse. [§21-1773(12)]

NORTH CAROLINA—A credit union may sell all or substantially all of its assets or purchase all or substantially all of the assets of

another financial institution, subject to the approval of the Administrator. [§54-109.21(10)]

ACT IS SILENT:

30 states and Puerto Rico

Discounting Notes

CUNA MODEL ACT: A credit union may discount and sell any eligible obligations, subject to rules and regulations prescribed by the Director. [§3.10(10)]

FEDERAL CREDIT UNION ACT: 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 . . . A federal credit union shall have power to purchase, sell, pledge or discount or otherwise receive or dispose of, in whole or in part, any eligible obligations (as defined by the Board) of its members. [§107(9)(13)]

ACT SIMILAR TO MODEL ACT:

Montana	[§14-613(9)]	North Carolina	[§54-109.21(9)]
Nevada	[§678.470(2)]	Oregon	[§723.152(10)]

OTHER ACTS:

HAWAII—The credit union may discount with or sell to another credit union or any financial institution obligations up to the amount of its paid in and unimpaired capital. [§410-12(f)(9)]

IOWA—A credit union may discount and sell obligations of its members without recourse; it also may purchase the obligations of Iowa credit union members, provided such obligations meet the requirements of the act. [§533.4(16)]

KANSAS—A credit union may discount and sell to the central credit union any real estate loan made by the credit union and held for at least one year. [§17-2204(9)]

MICHIGAN—A credit union may sell, discount or otherwise dispose of, in whole or in part, any eligible obligations, as defined by the commissioner, of its members in accordance with rules set by the commissioner. [§490.4(u)]

PUERTO RICO—A credit union may discount any transferable or negotiable commercial instruments. [§7(g)]

ACT IS SILENT:

37 states

Third Party Payments

(Provision for money orders or other payment services)

CUNA MODEL ACT: A credit union may collect, receive and disburse monies in connection with the sale of negotiable checks, money orders and other money-type instruments, and for such other purposes as may provide benefit or convenience to its members, and charge a reasonable fee for such service(s). [§310(17)]

FEDERAL CREDIT UNION ACT: A credit union may sell to members negotiable checks (including travelers checks) and money orders and may cash checks and money orders for members, for a fee which does not exceed the direct and indirect costs incident to providing such a service. [§107(12)]

ACT SIMILAR TO MODEL ACT, but with no mention of a fee:

Idaho	[§26-2108(q)]	Louisiana	[§6:644(7)]
-------	---------------	-----------	-------------

ACT SIMILAR TO MODEL ACT:

Arizona [§6-509(17)] New Mexico [§48-19-4(A)(8)]
Connecticut [§36-201] Oregon [§723.152(17)]
*Montana [§14-613(16)] Texas [§4.01(18)(19)]
Nevada [§678.480(2)]

***but not including checking account services**

ACT SIMILAR TO FEDERAL ACT:

Hawaii [§410-12(f)(12)] New Jersey [§17:13-27(i)]
Indiana [§28-7-1-9(m)] Vermont [§2054(b)]
Maryland [§6-307(4), (5)]

OTHER ACTS:

ARKANSAS—Third party payments are specifically forbidden. [§67-906(1)]

ILLINOIS—A credit union may cash checks or money orders for its members from cash on hand in the normal course of doing business. No special cash fund may be established for this purpose and no fee may be charged for such services. It may also sell money orders, travelers checks and other such instruments to members. [§496.9]

KANSAS—A credit union may enter into agreements with banks for the extension of credit card service and check credit plans to their members. [§14-2204(4)]

MAINE—A credit union may engage directly in the business of selling, issuing or registering checks or money orders to its members. [§823(1)]

MASSACHUSETTS—A credit union may sell negotiable checks drawn by it and payable by or through a trust company or national bank, and sell register checks, travelers checks, and American Express money orders, subject to regulations. It may also cash any check or money order and charge for it. [Ch. 171, §6]

MICHIGAN—A credit union may disburse from the share or deposit account such funds as the member may direct in writing for the following purposes only: Insurance premiums, mortgage, land contract and rent payments, utility bills, debt management disbursements, and support and alimony payments and payments made pursuant to an order or judgment of a court. [§490.4(m)]

MINNESOTA—Upon written authorization from a member, a credit union may make payments to third parties by withdrawals from the members share or deposit accounts or through proceeds of loans made to such members, or by permitting the credit union to make such payments prior to deposit. [§52.04(11)]

MISSOURI—With prior approval of the commissioner, the board of directors may provide such fiscal and financial services, which may include the sale of money orders, for a fee that doesn't exceed the direct and indirect costs incident to such services, to its members and, on a temporary basis, to the members of other credit unions. [§370.070(10)]

NEW HAMPSHIRE—The commissioner may authorize a credit union, under regulations made by him to sell negotiable checks and drafts issued by it or drawn by or on it payable by or through a trust company or a national bank. [§394:5]

NEW YORK—A credit union may sell money orders and travelers checks as agent for any corporation, association, or joint stock company empowered to sell such instruments through agents within New York. [§453(17)]

NORTH CAROLINA—A credit union may sell travelers checks and money orders and charge a reasonable fee for such services, provided the instruments are payable at institutions other than a credit union. [§54-109.21(16)]

PUERTO RICO—A credit union may draw, accept, endorse, discount, execute and issue promissory notes, bills of exchange, bills of lading, certificates of deposit and other transferable or negotiable commercial instruments. [§7(g)]

RHODE ISLAND—A credit union may sell to its members negotiable checks drawn by or on it and payable by or through a trust company or national banking association. [§19-21-9]

WISCONSIN—A credit union may issue third party checks upon request of a member, and may collect, receive and disburse monies in connection with the sale of travelers checks, money orders, and credit cards. Funds for issuing own credit union money orders must be segregated. [§186.113(5)(9), 186.33]

ACT IS SILENT:

Alabama	Mississippi	South Carolina
California	Nebraska	Tennessee
Colorado	North Dakota	Utah
Florida	Ohio	Virginia
Georgia	Oklahoma	Washington
Iowa	Pennsylvania	West Virginia
Kentucky		

Transaction Accounts

(Authorization for share drafts and/or checking accounts)

CUNA MODEL ACT: A credit union may receive from its members or from another credit union deposits payable on demand, and honor requests for withdrawals of such deposits in any form, provided that the credit union maintains such reserves as are required by the Director. [§3.10(7)]

FEDERAL CREDIT UNION ACT: Act is silent.

ACT AUTHORIZES DEMAND DEPOSITS:

Nevada [§678.470(1)]
Rhode Island—Only insured credit unions with shares and deposits of \$1,000,000 or more, subject to the specified conditions. [§19-21-9.1]

ACT AUTHORIZES SHARE DRAFTS AND/OR NOW ACCOUNTS:

Idaho—A credit union may provide for its members, share and deposit accounts from which the member may withdraw funds by the use of a negotiable instrument. [§26-2108(t)]

Maine—"Personal demand deposits" are payable on demand and subject to withdrawal by negotiable or transferable instruments. [§131(31)] "NOW Account" means a deposit or account from which withdrawals may be made by negotiable or transferable instruments for the purpose of making transfers to third parties, and on which interest or dividends are paid. [§131(29)]

Massachusetts—With the prior written approval of the commissioner and under such conditions as he may prescribe, a credit union may authorize negotiable withdrawal order accounts that allow withdrawals by negotiable or transferable instruments for the purpose of making transfers to third parties. [Ch. 167, §16A]

Tennessee—A credit union may permit its members to withdraw either shares or funds in members' special accounts through a remote withdrawal system utilizing drafts drawn against the member's credit union and payable through a bank, and may engage in any and all other share or fund withdrawal activities authorized for federally chartered credit unions. [§45-1806(6)]

continued

Vermont—A credit union may honor requests for withdrawal of shares in any manner approved by the credit union board of directors and by the commissioner who will establish regulations consistent with prudent banking practices. [§2054(6)]

ACT PROHIBITS DEMAND DEPOSITS AND/OR CHECKING ACCOUNTS:

Arkansas	[§67-906(1)]	Montana	[§14-613(16)]
Georgia	[§41A-3101(a)]	Washington	[§31.12.260(g)]

OTHER ACTS:

CALIFORNIA—Although the Act does not specifically authorize transaction accounts, such authorization is implied by mention of share accounts in the provision dealing with charges for special overdraft services. [§14901]

CONNECTICUT—Under regulations of commissioner, any credit union may sell to members negotiable checks or drafts drawn by or on it and payable through any bank accepting commercial deposits. [§36-201]

HAWAII—A credit union may issue third-party checks upon request of the member. [§410-39(5)]

IOWA—Each credit union which had share draft accounts in operation as of June 28, 1978 may continue to provide that service until terminated by order of the Superintendent of Banking or the Credit Union Administrator. All such programs which are not terminated by order shall end on April 15, 1979. Credit unions providing such services must comply with the reserve requirements established by this provision. [L.1978, H.F.2467]

MINNESOTA—Upon written authorization from a member, a credit union may make payments to third parties by withdrawals from the member's share or deposit accounts or through proceeds of loans made to such members, or by permitting the credit union to make such payments prior to deposit. A credit union may permit draft withdrawals from member accounts, but may not establish demand deposits (checking accounts). [§52.04(11)]

NEW HAMPSHIRE—The commissioner may authorize a credit union, under regulations made by him to sell negotiable checks and drafts issued by it or drawn by or on it payable by or through a trust company or a national bank. [§394:51]

OREGON—A credit union may receive from its members or from another credit union deposit accounts or shares payable on non-negotiable request. [§723.152(7)]

ACT IS SILENT: 28 states and Puerto Rico

Group Life Insurance

(Authority to provide life savings and credit life to members)

CUNA MODEL ACT: A credit union may purchase or make available insurance for its members in amounts relative to their respective ages, shares, deposits or loan balances or to any combination of them. [§8.10.1]

FEDERAL CREDIT UNION ACT: Act is silent.

ACT SIMILAR TO MODEL ACT:

Montana	[§14-613(20); 14-656]	Oregon	[§723.572(1)]
No. Carolina	[§54-109.75(a)]		

CREDIT UNION MAY PROVIDE INSURANCE on the lives of its members in amount equal to their respective share and loan balances or any or all of them:

Arkansas	[§67-905(h)]	Nevada	[§678.750(1)]
Idaho	[§26-2108(h)]		

CREDIT UNION MAY PURCHASE or provide life insurance for the benefit of its members:

Illinois	[§496.9(10)]	Texas	[§4.01(9)]
Louisiana	[§6.644(9)]		

THE LIVES OF A GROUP MAY BE INSURED under a policy issued to a credit union to insure eligible members for the benefit of persons other than the credit union or its officials, subject to the following requirements:

(1) All members of the credit union shall be eligible for the insurance (except those for whom evidence of individual insurability is not satisfactory) or all of any class or classes of members determined by conditions relating to age or membership in the credit union or both.

(2) The premium for the policy shall be paid by the policyholder, either wholly from the credit union's funds, or partly from the funds and partly from funds contributed by the insured members, specifically for their insurance. No policy shall be issued for which the entire premium is to be derived from funds contributed by the insured member specifically for their insurance.

(3) The policy must cover at least 25 members when issued.

(4) The amount of insurance under the policy shall be based on the amount of the total shares and deposits of the member in or with the credit union up to \$2,000 of total shares and deposits:

Utah—[§31-23-4.5]

West Virginia—Except amount of insurance shall be based on same plan which precludes individual selection either by the members or by the credit union, the credit unions, or trustees. [§33-14-5a]

OTHER ACTS:

ARIZONA—A credit union may provide insurance on the lives of its members in an amount equal to their respective share, special investment account, loan balance or any or all of them. The policy, which must be paid for by the policyholder and which cannot be for the benefit of the credit union or its officials, must cover at least 25 members at date of issue. [§§6-509(8),20-1251.01]

CONNECTICUT—A credit union may contract for loan protection insurance on the lives of its borrowing members and for life savings insurance on its members' shares. [§36-198(e)]

INDIANA—A credit union may purchase life savings and loan protection insurance for the benefit of the credit union and its members, provided that such coverage be placed with an insurance company licensed in Indiana. [§28-7-1-9(L)]

IOWA—Credit unions may purchase insurance or make the purchase of insurance available for members. [§533.4]

MASSACHUSETTS—A credit union may provide group life insurance for its employees, officers, and directors. The commissioner may establish regulations therewith. [Ch. 167, §57]

MICHIGAN—A credit union may purchase at the discretion of the directors life savings and loan protection insurance for member shareholders, member depositors, and member borrowers. [§490.4(j)]

MINNESOTA—A credit union may contract with any licensed insurance company or society to insure the lives of members to the extent of their share accounts, in whole or in part, and to pay all or a portion of the premium therefor. [§52.04(9)]

MISSOURI—A credit union may purchase insurance for the benefit of the credit union and its members. Credit unions may also contract for group insurance plans, approved by the state, on behalf of members who wish to participate. [§§370.070(6),370.071(2)]

NEBRASKA—A credit union may purchase insurance for its members, which insurance shall in no event exceed neither the share balance nor savings account balance of such member, nor \$2,500. [§21-17,116]

NEW YORK—In the event that the credit union insures a borrower under a group life insurance policy, group accident insurance policy, or group health and accident insurance policy or requires insurance on personal property securing a loan, the credit union may charge an amount not in excess of the premiums chargeable in accordance with rate schedules then in effect and on file with the superintendent of insurance. [§453(5)(a)]

OHIO—A credit union may purchase group savings life insurance and group credit life insurance. [§1733.04(A)(5)]

PENNSYLVANIA—A credit union may purchase group insurance at reasonable rates on the lives of its members in an amount not to exceed the share balances of such members. [§12305(11)]

TENNESSEE—A credit union may provide life and disability insurance as collateral at the expense of its borrower, and at the option of such borrower, provided that such insurance shall not exceed the original face amount of the note nor the term of the loan. [§45-1806(5)]

VERMONT—A credit union may purchase insurance on the lives of its members in an amount equal to their respective share, deposit, and loan balance or any or all of them. [§205-4(8)]

ACT IS SILENT:

Alabama	Maine	Oklahoma
California	Maryland	Puerto Rico
Colorado	Mississippi	Rhode Island
Florida	New Hampshire	South Carolina
Georgia	New Jersey	Virginia
Hawaii	New Mexico	Washington
Kansas	North Dakota	Wisconsin
Kentucky		

Electronic Funds Transfer Activities

(Authority for credit unions to engage in EFT activities)

MODEL CREDIT UNION ACT: Act is silent.

FEDERAL CREDIT UNION ACT: Act is silent.

NCUA regulation permits credit unions, associations of credit unions and other interested parties to submit pilot programs relating to electronic funds transfer through remote service units, loan programs, and other operational systems to the NCUA for evaluation and approval. [12 CFR §721.3]

OTHER ACTS:

ALABAMA—The Superintendent of Banks is authorized to expand the powers of state banks, credit unions and savings and loan associations to assure their ability to be responsive to the needs and conveniences demanded by consumers and businesses through on-premise, as well as off-premise operations. Financial institutions seeking to exercise such expanded power must have prior authorization from the Superintendent. [§5-17-4.5]

COLORADO—State and federal credit unions and savings and loan associations may participate in electronic funds transfer systems and may be members of automated clearing houses. Sharing of communications facilities by like institutions is mandatory; permissive for dissimilar ones. [§11-48-102; 11-48-107]

CONNECTICUT—A credit union having assets of \$2 million or more, or a federal credit union having its main office in the state and having assets of \$2 million or more may use or share satellite devices and point of sale terminals. Credit unions chartered by other states are excluded from using such systems in the state. [§36-193(a),(f)]

FLORIDA—Any state bank, national bank, savings and loan association, or credit union having its principal office in Florida may use or participate in remote financial service units, including point-of-sale terminals and remote service terminals. Sharing of such facilities is permissive. [§659.062]

***IDAHO**—A credit union may participate in systems which allow the transfer of credit union funds or the shares or deposits of members by electronic means and hold membership in automated clearing house associations or corporations. [§26-2108(u)]

IOWA—A credit union may, upon approval of the administrator, utilize, establish, or operate alone or with other credit unions, banks, savings and loan associations, or third parties, electronic funds transfer facilities. Sharing of facilities is mandatory for like institutions. [§533.4(18)]

***MAINE**—A credit union, with prior written approval of the superintendent, may issue to its members cards or other devices permitting such members to gain access to or participate in an established electronic funds transfer system. [§824]

MASSACHUSETTS—A credit union may, by vote of its board of directors or trustees, and subject to approval by and regulations of the commissioner of banks, purchase, install, operate, lease, use or share with any other bank, credit union, national banking association or federal savings and loan association, remote, automated, unmanned facilities for the disbursement of funds by electronic processing. [Ch. 167, §65]

MICHIGAN—State and federal credit unions may establish electronic funds transfer terminals anywhere in the state. Unless they are located at the credit union's main office or an approved branch, such terminals must be shared with other financial institutions upon request and payment of reasonable fees. [L.1978, H.B.4553]

MINNESOTA—State credit unions need the commissioner's approval to set up electronic funds transfer systems. Federal credit unions do not need such permission. Numerous specific requirements and limitations are established by the statute. Sharing of facilities is mandatory for like institutions. [§52.04(2.10)]

MONTANA—With prior approval of the supervisor, a credit union may participate in a system which allows for the debiting of a customer's account in a financial institution and the crediting of a merchant's account for goods or services. Sharing of facilities is mandatory for all institutions. [Ch. 503, Laws of 1977]

***NEBRASKA**—A credit union may establish, operate, maintain, or participate by agreement in the establishment, operation and maintenance of electronic transmission terminals and systems for transmitting credit union transactions authorized by law for its members and terminating within Nebraska. Loans may not be initiated by electronic transmission transactions without specific prior approval of the credit unions involved. Sharing of facilities is permissive. [§21-1773(13)]

NEW MEXICO—State and federal banks, savings and loan associations, and credit unions may establish point-of-sale terminals and automated teller machines in a county in which the financial institution has its main office or a branch. Sharing is mandatory for like institutions within the same county with respect to point-of-sale terminals. [Ch. 359, Laws 1977]

continued

RHODE ISLAND—Every financial institution may establish customer bank communication terminals to the same extent and only during such periods of time that competing financial institutions, chartered and regulated by the federal government and domiciled within this state are legally permitted to provide. Sharing of terminals permitted, but not required. [§19-29-1]

SOUTH CAROLINA—Banks, savings banks, savings and loan associations, and state and federal credit unions may establish unmanned automatic teller and point-of-sale electronic funds transfer terminals anywhere in the state upon approval by the appropriate regulatory authority. [No. 375, Laws of 1975]

WISCONSIN—Credit unions are authorized to transact business electronically by means of remote terminals. Such terminals shall be available to other credit unions and financial institutions in the state on a non-discriminatory basis. [§186.113(16)]

*Authorization for EFT activities is part of the credit union act

ELECTRONIC FUNDS TRANSFER ACTIVITIES AUTHORIZED for other financial institutions, but not credit unions:

Arkansas	New Hampshire	Oregon
Georgia	New Jersey	South Dakota
Illinois	New York	Tennessee
Kansas	North Carolina	Virginia
Louisiana	North Dakota	Washington
Maryland	Oklahoma	

MASSACHUSETTS—Massachusetts CUNA Association and the Credit Union League of Massachusetts and such of their employees as may be provided by bylaw shall be eligible for membership in the Credit Union Employee Retirement Association. [Ch. 171, §31]

MICHIGAN—Provision in act defines a league as a trade association of credit unions. [§490.1a(c)]

MISSOURI—Act provides for investments in shares of credit union associations or a credit union financial agency. [§370.075(5)]

PUERTO RICO—Five or more credit unions organized in Puerto Rico under the commonwealth or federal act may establish the Puerto Rico Federation of Credit Unions for the purpose of rendering services in common to the credit unions belonging. The federation shall have towards the federated credit unions the same purposes and duties that the credit unions have towards their members and it may also engage in any activity necessary to encourage the credit union movement in Puerto Rico and make loans to members of federated credit unions. [§36]

ACT IS SILENT:

Connecticut	Kentucky	Oklahoma
Georgia	Louisiana	Pennsylvania
Hawaii	Maine	Tennessee
Illinois	Minnesota	West Virginia
Indiana		

League or Association Membership

CUNA MODEL ACT: A credit union may hold membership in other credit unions organized under this act or other acts, and in associations and organizations composed of credit unions. [§3.10(15)]

FEDERAL CREDIT UNION ACT: Act is silent.

ACT SIMILAR TO MODEL ACT:

Arizona	[§6-509(13)]	Montana	[§14-613(14)]
Arkansas	[§67-905(1)]	Nevada	[§678.490(1)]
Colorado	[§11-30-104(1)(g)]	Oregon	[§723.152(15)]
Idaho	[§26-2108(1)]	Texas	[§4.01(14)]

PROVISION IN ACT STATES credit union associations are authorized to use the words "credit union" in their names:

Maryland	[§6-328(b)]	Ohio	[§1733.44]
Nebraska	[§21-1771]	Oregon	[§7]
New Hampshire	[§394.2]	Utah	[§7-9-5]
New Mexico	[§48-19-3]	Virginia	[§6.1-22.4]
North Carolina	[§54-109.5]	Wisconsin	[§186.03]

REFERENCE IN ACT TO specific State Credit Union League:

Alabama	[§5-17-25]	Rhode Island	[§19-21-53]
Iowa	[§533.3]	South Carolina	[§8-652]
Mississippi	[§81-13-13]	Vermont	[§2053]
New York	[§450(2)]		

PROVISION IN ACT ALLOWING credit unions to pay dues to leagues:

California	[§14805.5]	New Jersey	[§17:13-48]
Florida	[§657.04]	North Dakota	[§6-06-16]

OTHER ACTS:

KANSAS—The council, its administrator, and all employees may give information secured from or about credit unions to the Kansas Credit Union League and its affiliates. [§17-2227]

Payroll Deductions

(Allotments for Public Employees' Credit Unions)

MODEL CREDIT UNION ACT: Act is silent.

FEDERAL CREDIT UNION ACT: Act is silent.

R.S. §3620, however, mandates that the head of a federal agency shall, upon the written request of an employee to whom a payment for wages or salary is to be made, authorize a disbursing officer to make such payment in the form of one, two, or three checks to be sent to a credit union designated by the employee for credit either to his checking account or to his savings account or for the purchase of shares.

AT THE DIRECTION OF AN EMPLOYEE, a public employer shall make designated payroll deductions for the purpose of payments to credit unions composed of public employees:

Iowa	[§533.32]	*Missouri	[§33.103]
*Massachusetts	[Ch. 149, §178B]	*Rhode Island	[§36-6-16]

AT THE DIRECTION OF AN EMPLOYEE and with the approval of the proper government agency, a public employer shall make designated payroll deductions for the purpose of payments to credit unions composed of public employees:

*Delaware	[Title 29, §5106]	*South Dakota	[§3-10-8]
*Georgia	[§89-924]		

AT THE DIRECTION OF AN EMPLOYEE, a public employer shall make designated payroll deductions for the purpose of payments to credit unions:

*Arizona	[§23-351]	*Ohio	[§9.43]
*Louisiana	[R.S.42:456]	*Pennsylvania	[Title 7, §§6121,6122]
*Nebraska	[§48-224]		

AT THE DIRECTION OF AN EMPLOYEE, any employer may make designated payroll deductions for the purpose of payments to credit unions:

*California	[Labor Code, Utah	[§34-28-3]
	§213(d)]	
Colorado	[§8-4-102]	

OTHER ACTS AND STATUTES:

*CONNECTICUT—When, in the opinion of the comptroller, a sufficient number of state employees who are members of a credit union organization of state employees desires to have payroll deductions for credit union savings, the comptroller may deduct and remit the amounts so deducted to the treasurer of such organizations. (Sec. 5-261)

ILLINOIS—Any system of record keeping may provide for accumulating payroll deductions received for a member's account during the month for posting and crediting once monthly as having been received at that time. (Ch. 32, Sec. 496.31) A state employee or annuitant may authorize the withholding of a portion of his salary, wages or annuity for deposit in any credit union, the majority of the membership of which is composed of state employees. (Ch. 127, Sec. 354) Any local government employer may make payroll deductions from the compensation of employees. (Ch. 85, Sec. 502)

INDIANA—A borrower may repay the credit union by payroll deduction, subject to the consent of the employer of the borrower, and upon written request therefor from the employee to such employer. State, county, township and municipal governmental agencies may provide a payroll deduction when requested by an employee. Any employee may request that any part of or full amount of net pay due him in lieu of being paid by check drawn to his order, be paid to him regularly by check drawn in favor of a credit union for credit to his account. (Sec. 28-7-1-23)

*MARYLAND—If any loan made to a credit union member is to be repaid by means of payroll deductions authorized by the member from the member's wages or earnings, or if the guarantor or co-maker of a member's loan is to repay the loan by means of payroll deductions from the comaker's or guarantor's wages or earnings, the payroll deductions shall remain in full force and effect and shall not be cancelled, voided or terminated by the member until the loan balance has been repaid in full, provided the amount of the payroll deduction does not exceed the amount of any attachment permitted under Sec. 31 of Article 9.

*MINNESOTA—The heads of various departments of the government of the state of Minnesota are authorized by and with the written consent of any employee such sum or sums as may be agreed to by such employee for the payment of any moneys to any state employees' credit union, or to any organization contemplated by the provisions of Sec. 179.65, of which the employee is a member; provided that where an employee is a member of more than one such credit union or more than one such organization, only one credit union and one organization may be paid money by payroll deduction from the employee's salary; and provided further, that no deduction shall be made from the salary of any state employee for payment to any credit union or organization unless there are at least 100 state employees who have deductions made from their salaries for payment to such credit union or organization. (Minn. Statutes, 1969, Sec. 10.39)

*NORTH CAROLINA—The State Board of Education may authorize any county or city board of education, the trustee of any community college or technical institute, or other governing authority within the state, to establish a voluntary payroll deduction plan for amounts authorized by employees to be deposited with

certain credit unions, and loans made to teachers by credit unions. (Sec. 115-153.2)

*OREGON—An employer and employee may agree to authorize an employer to deposit without discount wages due the employee in the employee's account in a bank, national bank, mutual savings bank, or credit union or savings and loan association in this state. (Sec. 652.110)

1) Upon receipt by him of the request in writing of a state officer or employee to do so, the state officer authorized to disburse funds in payment of the salary or wages of such officer or employee each month shall deduct from the salary or wages of such officer or employee the amount of money indicated in such request, for payment thereof to a state or federally chartered credit union for public employees designated by such officer or employee to receive it.

2) Such state official each month shall pay such amount so deducted to a single central depository designated by participating credit unions to receive payments on their behalf. Such central depository shall be a state or federally chartered credit union for public employees which has agreed to accept payments in behalf of similar credit unions.

3) Upon receipt by him of the request in writing of such officer or employee to do so, such state official shall cease making such deductions and payments. (Sec. 292.067)

*WISCONSIN—Any state officer or employee may request in writing through the state agency in which he is employed that a specified part of his salary be deducted and paid by the state to a payee designated in such request for any of the following purposes:

4. Other group or charitable purposes approved by the Governor and the Department of Administration under the rules of the Department of Administration. (Sec.20.921(1)(a))

*Statute other than credit union act.

Lien on Member Accounts

CUNA MODEL ACT: The credit union shall have a lien on the shares, deposits and accumulated dividends or interest of a member in his individual, joint or trust account, for any sum past due the credit union from said member or for any loan endorsed by him. [§6.40]

FEDERAL CREDIT UNION ACT: A federal credit union has the power 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. [§107(11)]

ACT SIMILAR TO MODEL ACT:

*Alabama	[§5-17-14]	*Minnesota	[§52.12]
*Colorado	[§11-30-112]	*New Mexico	[§48-19-12]
*Florida	[§657.12]	North Carolina	[§54-109.59]
Georgia	[§11A-316.5]	*North Dakota	[§6-06-16]
*Iowa	[§533.12]	Oregon	[§723.436]
*Michigan	[§190.12]	Puerto Rico	[§17]

*Omits reference to dividends or interest.

ACT SIMILAR TO FEDERAL ACT:

*Arizona	[§6-509(15)]	*Nevada	[§678.530(2)]
Arkansas	[§67-905(n)]	*New York	[§453(11)]
California	[§14803(a)(3)]	*Oklahoma	[§2006(12)]
Hawaii	[§410-12(1)(11)]	Texas	[§1.01(16), 6.02(b)]
*Idaho	[§26-2108(a)]	*Vermont	[§2054(14)]
Indiana	[§28-7-1-19]		

*Also includes deposits and accumulated dividends.

continued

A CREDIT UNION SHALL HAVE A LIEN on the shares and dividends of a member to the extent of any loans made to him or sums payable by him:

*Connecticut	[§36-200(i)]	Missouri	[§370.250]
*Illinois	[§496.18]	Montana	[§14-645]
Kansas	[§17-2212]	*Pennsylvania	[§12315]
Kentucky	[§290.160]	Tennessee	[§45-1822]
Louisiana	[§6:652]	Virginia	[§6.1-206]
Maryland	[§6-308(d)]	West Virginia	[§31-10-12]
Mississippi	[§81-13-35]		

*Omits reference to dividends.

OTHER ACTS:

MASSACHUSETTS—A credit union may transfer the funds of a depositor or shareholder in order to offset a debt to the credit union; provided that written notice of such transfer is sent by certified mail. [Ch. 167, §67]

WISCONSIN—A credit union may deduct any amount due from the shares of an expelled or withdrawn member. [§186.14]

ACT IS SILENT:

Maine	New Jersey	South Carolina
Nebraska	Ohio	Utah
New Hampshire	Rhode Island	Washington

Prohibited Activities

CUNA MODEL ACT: Act is silent.

FEDERAL CREDIT UNION ACT: Act is silent.

NO CREDIT UNION SHALL PAY ANY commission or compensation for securing members or for the sale of its shares:

Arkansas	[§67-900(2)]	Louisiana	[§6:652]
California	[§14851]	Maryland	[§6-308(g)]
Connecticut	[§36-199]	Mississippi	[§81-13-35]
Indiana	[§28-7-1-4(a)]	Nebraska	[§21-179-4]

OTHER ACTS:

ARIZONA—Except as otherwise provided in this chapter, credit unions are prohibited from purchasing, holding, owning or acquiring real property. [§6-510]

ILLINOIS—A credit union is prohibited from engaging in the banking business, the business of a trust company, currency exchange, building and loan association, and from making loans upon the security of any interest or equity in real estate, except a credit union with assets over \$1,000,000 may make such loans. [E496.10]

IOWA—No credit union may accept moneys for deposit or may have any business transaction with the administrator or any employee of the credit union department. [L.1978,S.F.137,Sec.13(4)]

NEW YORK—No credit union shall pay any commission or compensation for securing members or for the sale of shares. No credit union shall retain physical possession of a passbook or other evidence of membership. [§45-4(1)(10)]

OHIO—No credit union may pay any commission or compensation for securing members or for the sale of its shares. Credit unions may neither establish branches nor acquire property except under certain conditions. [§1733.04(B)(2,3,4)]

TENNESSEE—Credit union shares shall in no event be sold at a premium by any credit union to its members. [§45-1817]

WASHINGTON—No credit union shall carry on a banking business or carry any demand, commercial or checking accounts, nor issue any time or demand certificates of deposit. [§31.12.260(g)]

ACT IS SILENT:

31 states and Puerto Rico

Formation of Central Credit Unions (Includes Corporate Centrals or Other Liquidity Facilities)

CUNA MODEL ACT: Any central credit union may be organized and operated under this Act and subject to all such provisions not inconsistent with this article. Such credit union shall use the term "central" in its official name. [§12.10]

FEDERAL CREDIT UNION ACT: Act authorizes the creation of the National Credit Union Central Liquidity Facility whose purpose is to meet the liquidity needs of member credit unions. Membership in the Facility is open to credit unions primarily serving natural persons and, upon the Administrator's approval, to a credit union or a group of credit unions primarily serving other credit unions. [§§303,304]

ACT SIMILAR TO MODEL ACT:

Arkansas	[§67-902(4)]	Montana	[§14-668]
Florida	[§657.245]		

A CENTRAL CREDIT UNION may be organized under the credit union act:

Colorado	[§11-30-103(1)]	New Mexico	[§48-19-5(A)]
Connecticut	[§36-193(1)(b)]	Oklahoma	[§2007]
Hawaii	[§410-37]	Vermont	[§2036(a)]
Missouri	[§370.365(2)]	Washington	[§31.13.020]

ACT IMPLIES AUTHORITY to form a central credit union by including a definition of a central credit union:

California [§14008]

ACT IMPLIES AUTHORITY to form a central credit union by authorizing membership in a central credit union:

Louisiana	[§6:645(B)(D)]	Nebraska	[§21-17.117]
Mississippi	[§81-13-13]	New York	[§451(2)]

ACT IMPLIES AUTHORITY to form a central credit union by authorizing investment in a central credit union:

Michigan	[§490.4(d)]	North Dakota	[§6-06-06(4)]
Minnesota	[§52.04(8)]	Pennsylvania	[§12305(B)(13)]

ACT AUTHORIZES FORMATION of a corporate central credit union:

Idaho—Idaho Corporate Credit Union [§26-2171]

Iowa—And other central credit unions for specific purposes. [L.1978, S.F.137, §17] [§533.38]

Oregon—And other central credit unions. [§723.730, 723.702]

Puerto Rico—Federation of Savings and Credit Unions [§36]

Rhode Island—Rhode Island Credit Union League Corporate Credit Union [§19-21-53]

Utah—[§7-9-31]

ACT AUTHORIZES FORMATION of a central credit union, with functions essentially of a corporate central credit union:

Kansas	[§17-2204(7)]	North Carolina	[§54-110]
Massachusetts	[Ch.216,§1]	South Carolina	[§34-27-50]
Nevada	[§678.850(1)]		

OTHER ACTS:

ILLINOIS—A central credit union may be incorporated under the act primarily to make loans to other credit unions and to officials and employees of other credit unions. [§496.3(4)]

INDIANA—A credit union may invest in a state discount credit corporation operated for the use and benefit of credit unions and/ or other nonprofit organizations. [§28-7-1-9(c)(2)]

KENTUCKY—The officers, directors and committee members of state and federal credit unions in Kentucky may form a central credit union. [§290.080(3)]

NEW JERSEY—100 or more state or federal credit unions operating in this state may organize a single central credit union. [§17:13-73]

OHIO—Credit unions qualified to do business in the state and their officers, directors, committee members, and employees have a common bond of association for the purpose of forming a central credit union. [§1733.05(e)]

TENNESSEE—15 or more credit unions may organize and operate as a central credit union upon approval by the commissioner. A proposed central credit union must meet certain other criteria. [§45-1802(c),(d)]

TEXAS—A credit union may operate as a central credit union, with the approval of the commissioner. [§4.01(21)]

WISCONSIN—Act provides for the formation of a central credit union and for the formation of the Credit Union Finance Corporation. [§186.32(1), 186.22]

ACT IS SILENT:

Alabama	Maine	Virginia
Arizona	Maryland	West Virginia
Georgia	New Hampshire	

Membership in Central Credit Unions

(Refer also to "Small Employee Groups")

CUNA MODEL ACT: Membership in such central credit union may include, but not be limited to:

- (1) Credit unions organized and operating under this Act or under any other credit union act.
- (2) Officers, directors, committee members and employees of such credit unions; officials and employees of any association of credit unions; and employees of federal or state government agencies responsible for the supervision of credit unions in this state.
- (3) Organizations and associations of those persons or organizations enumerated in subsections (1) or (2).
- (4) Employees of an employer with insufficient numbers to form or conduct the affairs of a separate credit union.
- (5) Persons in the field of membership of liquidated credit unions or of credit unions which have entered into or are about to enter into voluntary or involuntary liquidation proceedings.
- (6) Members of the immediate families of all members qualified above. [§12.20]

FEDERAL CREDIT UNION ACT: A federal credit union may invest in share or deposits of any central credit union in which such investments are specifically authorized by the board of directors of the federal credit union making the investment. [§107(8)(G)] Mem-

bership in the National Credit Union Central Liquidity Facility is open to credit unions which serve primarily natural persons upon their purchase of capital stock of the Facility in an amount equal to not less than one-half of one per cent of the subscribing credit union's paid-in and unimpaired capital and surplus. With the approval of the Administrator and upon compliance with the special requirements of this Section, a credit union or group of credit unions which primarily serves other credit unions may become a member of the Facility. [§304]

ACT SIMILAR TO MODEL ACT:

Montana	[§14-669]	Tennessee	[§45-1802(d)]
Oregon	[§723.708]		

ANY CREDIT UNION AUTHORIZED TO OPERATE in the state is eligible for membership in the central credit union; and such others as indicated:

Colorado—Also officers and committee men of such credit unions, and actual or potential members of credit unions within the state involved in liquidation proceedings. [§11-30-103(1)]

Kansas—[§17-2204(7)]

Massachusetts—Also the Massachusetts Credit Union Share Insurance Corporation, other Massachusetts credit union organizations as provided in the bylaws and entities which serve as investment vehicles or provide liquidity for credit unions. [Ch. 216, §3]

New Mexico—Also officers and committeemen of such credit unions. [§48-19-5(A)]

Ohio—Also officers, directors, committeemen and employees of such credit unions. [§1733.01(B)]

Wisconsin—Also credit unions located in other states. [§186.32(1)]

CREDIT UNIONS ORGANIZED UNDER THE STATE'S LAW or the federal credit union act and operating in the state are eligible for membership in a central credit union; and such others as indicated:

Idaho—Also credit union subscribers to the articles of incorporation and organizations or associations of credit unions who have met requirements specified in the articles of incorporation or bylaws. [§26-2174]

Kentucky—Also officers, directors and committeemen of such credit unions. [§290.080(3)]

Nebraska—Also officials of such credit unions and organizations to further credit union activities and their employees. [§21-17.117]

New Jersey—Also employees of the central credit union and of the New Jersey Credit Union League; members of credit unions in the state which have or are about to enter into dissolution or liquidation; children of members of state credit unions for educational loan purposes; credit union service corporations; and central credit unions. [§17:13-73]

Utah—Also credit union leagues and affiliates. [§7-9-31]

Vermont—Also officers, directors, committeemen and employees of such credit unions; the members of liquidating credit unions; and the Vermont Credit Union League and its employees. [§2056]

OTHER ACTS:

ARIZONA—Membership in a central credit union is restricted to credit unions, organizations owned by or composed of credit unions and corporations or associations which primarily serve credit unions. [§6-501(2)]

continued

ARKANSAS—Membership of a central credit union shall be limited to state and federal credit unions, employees of the credit union or the state league, current members of the credit union if it is converting to a central credit union, and a member of a credit union who has reached the share, loan, or life savings insurance limits at his credit union. The central may also accept members of a liquidating credit union or small employee groups, and the Supervisor may waive the common bond requirements with respect to such groups. [§67-907(4)]

CALIFORNIA—A central credit union's membership may include, but not be limited to, other credit unions, members of credit unions, credit union employees, employees of organizations serving credit unions and the families of such members. [§14008]

CONNECTICUT—The business of the central credit union shall be divided into two operating divisions. Membership in the "member credit union division" shall be limited to credit unions having their principal place of business in the state, central credit unions organized under any other law, and organizations and associations of the foregoing. Membership in the "individual member division" shall be limited to officers, directors, and committeemen of such credit unions; employees and consultants of Connecticut Credit Union League; federal and Connecticut examiners of credit unions; employees of the central; organizations and associations of the above; members or persons within the field of membership of credit unions which have entered into liquidation or merged into the central; and members of the immediate family of persons listed above. [§36-196-(1)(b)]

FLORIDA—A central credit union shall be chartered primarily to serve elected officials and employees of credit unions, associations and organizations serving credit unions, individuals within the common bond of a liquidating credit union within this state and select groups with a common bond of employment of not more than 250 employees and not less than 7 employees, provided they are approved by the board of the central credit union and reviewed by the department. Common bond groups that exceed 250 employees shall not be taken into the field of membership of a central credit union unless they are approved by both the department and the board of the central credit union. [§657.245]

GEORGIA—A central credit union may be organized to serve a field of membership consisting primarily of other credit unions operating under this act or the Federal Credit Union Act. In addition, the field of membership may include members of credit unions which are members of the central; officials and employees of any organization or association of credit unions and of the central; employees of the Department of Banking, or of the National Credit Union Administration; organizations and associations of persons or credit unions included in the foregoing; members of a credit union that has entered into voluntary or involuntary dissolution or are indebted to such a credit union or a non-member depositor of such a credit union. [§41A-3120]

HAWAII—Membership of central credit union consists primarily of other credit unions organized under Hawaii or federal law; officials, committeemen or employees of such credit unions. Any resident of Hawaii not eligible for membership in any credit union in the state also is eligible for membership in the central. [§410-2.37]

ILLINOIS—Membership of a central credit union consists primarily of directors, officers, committee members and employees of other credit unions. Credit unions investing in shares of a central are eligible for membership. Also persons who were members of liquidated credit unions. [§496.3(4), .6, .23(4)]

IOWA—All credit unions, the credit union leagues, and its affiliates in the state are eligible for membership in the corporate central credit union. [§533.38] Membership in other central credit unions is open to members of dissolved credit unions, officers and employees of credit unions, and certain employee groups and such other persons as the administrator may approve. [L.1978, S.F.137, Sec.17]

LOUISIANA—Members of a federal or state chartered credit union in liquidation in Louisiana, who are residents, are eligible for membership in a central-type credit union. [§6:645(D)]

MINNESOTA—Credit unions chartered under laws of any state or any federal credit union may become member of a Minnesota credit union. [§52.05]

MISSISSIPPI—One central credit union sponsored by the Mississippi Credit Union League may accept as members those credit unions that belong to the league, members of those credit unions, their immediate families, employees of Mississippi Credit Union League and their immediate families, organizations or associations of such persons, and other persons living in Mississippi who do not have services of a credit union available to them. [§81-13-13]

MISSOURI—Membership is limited to credit unions, associations of credit unions and other persons expressly identified in the by-laws. [§370.365(2)]

NEVADA—The membership of a central credit union may consist of credit unions, the Nevada Credit Union League and organizations affiliated with the League. [§678.860]

NEW YORK—Membership in a central credit union shall be limited to credit unions authorized to operate in New York, the New York State Credit Union League and its employees and members of their immediate families; any member of a credit union which has entered into liquidation. [§451(2-a)]

NORTH CAROLINA—The membership of a central credit union shall be institutional and only local credit unions can become members unless the bylaws otherwise prescribe. [§54-110(b)]

OKLAHOMA—Members of existing credit unions operating under Oklahoma or federal law may belong to a central credit union, as may such credit unions. [§2007]

PENNSYLVANIA—Credit unions may invest their funds in shares and become members of any insured central-type credit union organized either under the laws of Pennsylvania or the United States. [§12305(B)(13)]

PUERTO RICO—Credit unions organized under Puerto Rico or federal law may establish the Puerto Rico Federation of Credit Unions which shall have the same purposes and duties that the credit unions have toward their members. [§36]

RHODE ISLAND—The corporate central credit union consists of the members of the executive committee of the Rhode Island Credit Union League. [§19-21-53]

SOUTH CAROLINA—Credit unions, their officers, and other members affiliated with the South Carolina Credit Union League and organizations under South Carolina law may associate together in the one authorized statewide credit union. [§34-27-50]

WASHINGTON—Central credit union defined as corporation organized under Washington or federal law to serve credit unions within the state and their directors and committeemen. [§31.12.010,31.13.010]

ACT IS SILENT:

Alabama	Michigan	Texas
Indiana	New Hampshire	Virginia
Maine	North Dakota	West Virginia
Maryland		

Powers of Central Credit Unions

(Includes Central Liquidity Facility)

CUNA MODEL ACT: (1) A central credit union shall have all of the rights and powers of any other credit union organized under this Act and the additional rights and powers specified in this section, notwithstanding any limitations or restrictions found elsewhere in this Act.

(2) A central credit union may make loans to other credit unions; purchase shares of and make deposits in other credit unions; and obtain or acquire the assets and liabilities of any credit union operating in this state which enters into liquidation.

(3) A central credit union may invest in and grant loans to associations of credit unions, central funds of credit unions or organizations chartered to provide service to credit unions.

(4) A central credit union may borrow money and accept demand deposits from any source, and issue notes or debentures. [§12.30]

FEDERAL CREDIT UNION ACT: Pursuant to its primary function of seeing to the liquidity needs of its members, the National Credit Union Administration Central Liquidity Facility has, through its Administrator, the power to: (1) borrow funds from specified sources in specified amounts; (2) guarantee performance of member financial obligations; (3) purchase assets from members; (4) invest in obligations of the U.S. or its agencies; (5) make deposits in federally insured financial institutions and make investments in shares or deposits of credit unions; (6) sue and be sued; (7) acquire and dispose of property; (8) enter into contracts; (9) lend funds to certain non-member entities; (10) do other acts specifically enumerated in this section. [§307]

ACT SIMILAR TO MODEL ACT, with no reference to demand deposits:

Montana	[§14-671]	Oregon	[§723.716]
Nevada	[§678.850(2)]		

OTHER ACTS:

CONNECTICUT—A central credit union may purchase shares of and make deposits in other credit unions, may borrow funds in an amount not exceeding 50% of its paid-in and unimpaired capital and surplus, and may invest surplus funds in any central credit union organized under any other law.

[§33-196(1)(b), 30-198(g)(5)]

FLORIDA—A central credit union shall have all the rights and powers of any credit union chartered within the state, and such incidental powers and rights as deemed necessary or requisite to enable it to carry out effectively the business for which it is incorporated, pursuant to rules promulgated by the department.

[§657.246]

HAWAII—A central credit union may pay dividends to the accounts of member credit unions at rate determined by the board of directors. [§410-37]

IDAHO—The Idaho Corporate Credit Union shall have the general rights and powers of any other credit union organized under this act, and in addition may deposit in federally insured state and national banks and deposit with or invest in shares of or loans to the U.S. Central Credit Union; receive investments from members in the form of shares or corporate deposits; pay and return on shares, share certificates and deposits; borrow from any source except individuals; make loans and participate with the U.S. Central Credit Union in making loans to members of the corporate credit union; make deposits in any member credit union in the state and the U.S. Central Credit Union; purchase the fixed assets of a member credit union; develop and enter into agreement for the purpose of participation in any governmental agency liquidity or interlending system among credit unions and for the purpose of aiding credit unions in establishing concentrated lines of credit with other financial institutions, and act as a depositor and transmitter of funds to carry out this power; accept deposits from the U.S. Central Credit Union. [§26-2173]

ILLINOIS—A central credit union may make loans to members and to other credit unions, and may invest in shares and deposits of other central credit unions. [§496.3(4), 496.23(4)]

IOWA—A corporate central credit union shall have all the powers, rights, restrictions, and obligations of credit unions established under the act, except: (1) It shall not be required to transfer to the legal reserve of the corporation more than 5% of the corporations net income for the year. (2) It may buy or sell investment securities and corporate bonds which are evidences of indebtedness, with certain specified limitations. [§533.38]

KANSAS—A central credit union may buy and sell investment securities which are evidence of indebtedness; purchase student loans from credit unions; purchase real estate loans from credit unions; purchase any obligation of the United States government or any federal agency; receive deposits from credit unions; the power of the central credit union to borrow is increased by the amount of investments of such credit union in government securities, and the administrator may authorize borrowing in excess thereof. [§17-2204(3)(7)(8)(9)(10), 17-2215(a)]

MASSACHUSETTS—The Central Credit Union Fund may make loans to other credit unions, borrow money and accept deposits from any source. It may invest in securities which are legal investments for savings banks and trust companies as well as in common trust unit plans described in Ch.172 §21, in state or federally regulated entities serving as investment vehicles or providing liquidity for credit unions and in deposits in national banks located in the state. The Fund may make and adopt such by-laws as it may consider necessary to carry out this Act. [Ch. 216, §1,3,4,5]

MICHIGAN—A credit union whose capital consists mainly of funds from other credit unions can borrow up to 75% of its paid-in and unimpaired capital. Commissioner must approve sums in excess of 75%. [§490.15]

MISSOURI—A central credit union may invest in the shares of other credit unions including other central credit unions; purchase loans from credit unions; borrow up to 5 times its capital, surplus and reserve fund; lend to each member no more than 25% of its assets; be required to insure its deposits when so ordered. [§370.365(2)]

NEBRASKA—A central credit union may purchase the assets, assume the liabilities and accept the membership of a credit union or cooperative credit association. Members may borrow from and in-

continued

vest in the central credit union. The central may purchase all or part of loans originated by member credit unions.

[§21-1773(8)(d),(12)] [L. 1973 L.B. 166, §22, 23]

NEW JERSEY—A central credit union shall have all of the rights and powers of any other credit union organized under the act; obtain or acquire the assets and liabilities of any credit union operating in the state which enters into liquidation; invest in and grant loans to associations of credit unions or central credit unions; issue notes or debentures; invest in stock issues of agencies, associations or corporations organized to service or assist credit unions. [§17:13-73(c),(d),(e),(f)]

NEW YORK—A central credit union is not restricted to loan limits set forth for other state-chartered credit unions; no loan shall be made to member credit unions in excess of 20% of holdings of central credit unions. [§454(2),(12)(b),(13)]

NORTH CAROLINA—A central credit union shall have all of the rights and powers of any other credit union organized under this Act; make loans to other credit unions; borrow money and accept deposits from any source; issue notes or debentures. [§54-110(a),(b),(d),(g),(i)]

OHIO—A central credit union shall be required to establish reserves only on loans to individual members and on net earnings derived from individual members' resources. Reserves on corporate member loans shall be established by the superintendent but shall not exceed 3% of gross income from corporate member resources. [§1733.04(C)(1)]

PUERTO RICO—Act provides for formation of the Puerto Rico Federation of Credit Unions, which shall have the same purposes and duties that member credit unions have toward their members. It may make loans to members of member credit unions and borrow money without limitation as to corporate debt or liability. [§36]

RHODE ISLAND—The corporate central credit union shall have all powers, rights, restrictions and obligations of other credit unions, except that it shall not be required to transfer to the legal reserve of the corporation more than 5% of its net income for the year, and it shall have the status of a reserve agent as defined in §19-7-6. [§19-21-53]

SOUTH CAROLINA—A central credit union shall have all of the rights and powers of any other credit union organized under this Act; make loans to other credit unions; purchase shares of and make deposits in other credit unions. [§8-654.1]

TENNESSEE—A central credit union shall have all rights and powers granted credit unions by this chapter. In addition, central credit unions shall have the power to invest in such obligations as are permitted for state banks. [§45-1806(i)] The aggregate total of all loans made by a central credit union to any one credit union shall not exceed 25% of the central credit unions assets. [§45-1821] A central credit union may borrow from any source and is not subject to certain limitations imposed on credit unions. [§45-1823(b)] Central credit unions are not subject to the same limitations regarding dividends as apply to regular credit unions. [§45-1826(f)]

UTAH—The corporate central credit union has all the powers and rights granted credit unions established under this chapter; provided, the maximum loan by a corporate central credit union shall be established by the credit union bylaws. [§7-9-31]

VERMONT—A central credit union may receive the savings of its members in shares or on deposits; may lend its funds to members or borrow money from any source. It may undertake such other activities consistent with the business of the central credit union as its bylaws may authorize. [§2056(a)]

WASHINGTON—A central credit union shall have all the rights and powers of any other credit union organized under the act, and in addition may: offer variable rate certificates to members; borrow money to make loans to members and for payment of debts or withdrawals; lend to member credit unions; establish deposit accounts for member credit unions; enter into agreements with member credit unions to buy or sell any real estate loan made by member credit unions, obligation of the U.S. government owned by member credit unions and student loans made by member credit unions. A central credit union may also exercise any powers conferred on federally chartered credit unions doing business in Washington, if the supervisor finds that exercise of such power serves the interest of credit unions and the public. [§§31.13.030,31.13.040]

WISCONSIN—A central credit union shall have all of the rights and powers of any other credit union organized under this Act and the additional rights and powers specified in this section. Central credit union may issue dividends to accounts of member credit unions with rates and terms guaranteed in advance by the board. [§186.32(1)]

ACT IS SILENT:

Alabama	Kentucky	New Mexico
Arizona	Louisiana	North Dakota
Arkansas	Maine	Oklahoma
California	Maryland	Pennsylvania
Colorado	Minnesota	Texas
Georgia	Mississippi	Virginia
Indiana	New Hampshire	West Virginia

Investment in Central Credit Unions
(Includes Central Liquidity Facility)

CUNA MODEL ACT: A credit union may make deposits in other central-type credit union organizations. [§3.10(13)]

FEDERAL CREDIT UNION ACT: A federal credit union may invest in shares or deposits of any central credit union in which such investments are specifically authorized by the board of directors of the federal credit union making the investment. [§107(7)(C)] The National Credit Union Administration Central Liquidity Facility is authorized to accept investments from credit unions which primarily serve natural persons as well as from credit unions which primarily serve other credit unions. [§304]

ACT SIMILAR TO MODEL ACT:

Montana	[§14-613(12)]	Oregon	[§723.152(13)]
No. Carolina	[§54-109.21(12)]		

OTHER ACTS:

COLORADO—A credit union may invest in the shares and deposits of the central credit union. [§11-30-104(1)(d)]

CONNECTICUT—Investments in the central credit union by members of the member credit union division shall not be deemed to be shares or a part of the share capital of the central credit union. [§36-196(1)(b)]

FLORIDA—A credit union may invest in shares and other savings accounts of the United States Central Credit Union and the Southeast Corporate Federal Credit Union. [§657.161(12)]

IDAHO—A credit union may make deposits in the Idaho Corporate Credit Union; and invest in shares or deposits of the Idaho Corpo-

rate Credit Union in an amount not to exceed 10% of the Idaho Corporate Credit Union's total outstanding shares, provided that the director may approve an investment in excess of 10%. [§26-2108(k); 26-2127(e)]

ILLINOIS—A credit union may invest in loans to or shares and deposits in credit unions incorporated to make loans (i.e. central credit unions) to credit unions and officers, committee members, and employees of other credit unions. Such investment shall not exceed 25% of the unimpaired capital and surplus of the investing credit union unless approved by the Director. [§496.23(4)]

KANSAS—A credit union may invest in a central credit union located in the state. [§17-2204(3)]

MASSACHUSETTS—No member of the Central Credit Union Fund may invest more than 25% of its total assets (exclusive of accumulated interest) in Fund shares. [Ch.216,§3]

MICHIGAN—A credit union has power to deposit with or invest in shares of or loans to credit unions whose assets consist primarily of funds from other credit unions. [§490.4(d)]

MINNESOTA—Restrictions on a credit union's power to make payments on shares of and deposits with other credit unions shall not apply to share accounts of Minnesota Central Credit Union in U.S. Central Credit Union. [§52.04(8)]

MISSOURI—A credit union may invest in shares of credit union associations incorporated under the laws of this state, or of the U.S., including shares of a credit union financial agency organized under the laws of this state, or of the U.S., with the prior approval of the commissioner. [§370.075(5)]

NEBRASKA—Member credit unions may invest up to an amount specified by the board of the central credit union, but not more than 10% of the total assets of the member credit union or \$500, whichever is greater. [L. 1973, L.B. 166, §23]

NEW HAMPSHIRE—A credit union may invest up to the insured amount in any corporate central credit union insured by the National Credit Union Administration. [§394:17(II)]

NEW JERSEY—A credit union may deposit in central funds of credit unions or in central credit unions organized under the federal or New Jersey law. [§17:13-27]

NEW YORK—A credit union may invest up to 20% of its total capital in shares of the central credit union. [§454(11)(a)]

NORTH DAKOTA—A credit union may deposit in central credit unions authorized to receive deposits. [§6-06-06(4)]

OHIO—A credit union may invest in the shares of a central credit union, subject to the regulations of such central credit union. [§1733.30(A)]

PENNSYLVANIA—A credit union may deposit its funds in insured central-type credit union organizations. [§230-5(B)(6)] A credit union may also invest its funds in shares of any central credit union organized under the laws of either Pennsylvania or the U.S. to the extent the value of such shares is insured by the N.C.U.A. [§12305(B)(13)]

PUERTO RICO—A credit union may make deposits in the Puerto Rico Federation of Credit Unions. [§7(d)]

TENNESSEE—A credit union may invest in any central credit union (state or federal), approved for such investments by the commissioner of banking, in an amount not to exceed 25% of the shares, members' special accounts and reserve funds of the investing credit union or of the credit union in which the investment is made, whichever is smaller. [§45-1806(c)]

TEXAS—A credit union may make deposits in central-type credit union organizations, and may invest in loans to any credit union association or corporation, national or state, of which the credit union is a member; provided the investment in any one such association or corporation may not exceed an aggregate amount of 5% of the credit union's total assets or the amount of its reserve fund, whichever is less. [§4.01(13), 8.01(1)]

VERMONT—A credit union may make deposits in credit union organizations; and invest in shares and deposits of a central credit union. [§2054(11), 2079(4)]

WASHINGTON—A central credit union empowered to establish deposit accounts for its member credit unions, under conditions set by board. [§31.13.040(4)]

WISCONSIN—A credit union may invest in central credit unions. [§186.11(1)]

ACT IS SILENT:

Alabama	Iowa	New Mexico
Arizona	Kentucky	Oklahoma
Arkansas	Louisiana	Rhode Island
California	Maine	South Carolina
Georgia	Maryland	Utah
Hawaii	Mississippi	Virginia
Indiana	Nevada	West Virginia

Credit Union Laws Enacted in 1978

As of December 1, 1978

FEDERAL CREDIT UNIONS

"The Financial Institutions Regulatory and Interest Rate Control Act of 1978" (HR 14275) passed Congress on October 15, 1978, was approved by President Carter on November 10, as Public Law 95-630. The Act contains 21 titles and is primarily designed to reform and restructure the nation's financial regulatory machinery for commercial banks, savings and loan associations, mutual savings banks, and credit unions. Title V restructures the National Credit Union Administration and Title XVIII creates a central liquidity facility for credit unions. Several other titles affect credit union regulation also.

NCUA Restructure—Creates the three-member National Credit Union Administration board, appointed by the President with the advice and consent of the Senate. Board members serve for six-year terms on a staggered basis, and may not succeed themselves. A chairman of the board is to be designated by the President, and will determine each board member's area of responsibility, and act as primary spokesman for the agency. Provides for a single fee schedule payable by federal credit unions to support the agency. In determining the fee schedule, the board is directed to take into consideration the operating expenses of the NCUA and the ability of credit unions to pay.

Central Liquidity Facility—Creates a Central Liquidity Facility for credit unions to meet the short term, temporary and emergency liquidity needs of a credit union. Membership in the facility is voluntary, and an individual credit union may become a regular member of the facility by subscribing to capital stock in an amount not less than 1/2 of 1 percent of the credit union's paid-in capital and surplus.

Credit unions that interact with member corporate centrals may automatically become members and will be assessed accordingly. Credit will be extended or refused to a member credit union within five

working days after giving due consideration to the creditworthiness of the institution. The borrowing authority of the CLF shall not exceed twelve times the subscribed capital stock. In the event that the facility does not have the funds to meet the liquidity needs of credit unions, the Administrator is authorized to borrow up to \$500,000,000 from the Treasury.

Regulatory Controls—Federal regulatory agencies, including the National Credit Union Administration, given additional powers over the institutions they regulate. May assess severe money penalties against institutions or individuals for violation of law or regulation. May issue cease and desist orders against individuals or institutions who either violate law or regulations or engage in unsafe or unsound business practices. Agencies empowered to remove officers or directors when the individual has evidenced personal dishonesty or demonstrated wilful disregard for the safety and soundness of the institution.

Management Interlocks—Prohibits interlocking directors among banks, savings and loan associations, mutual savings banks, and credit unions, which are located within the same Standard Metropolitan Statistical Area or in the same city, town or village. Grants an exemption to a credit union being served by an official of another credit union, but a credit union director may not serve on the board of a commercial bank, savings and loan association, or a savings bank.

Examination Council—Creates the Federal Financial Institutions Examination Council, composed of the Comptroller of the Currency, chairman of the Federal Deposit Insurance Corp., a governor from the Federal Reserve, chairman of the Federal Home Loan Bank Board, and chairman of the National Credit Union Administration Board. The purpose of the council is to establish standards in examination and reporting and to

develop innovative procedures.

Insurance Limits—Increases the federal share and deposit insurance limits for individual retirement accounts and Keogh accounts in federally insured institutions, including credit unions, to \$100,000.

Electronic Fund Transfers—Provides new rules governing the issuance of EFT cards, disclosure of terms and conditions of transfers, content and frequency of required periodic statements, error resolution procedures, documentation of transfers, liability of consumer and financial institutions for unauthorized uses of EFT. Also grants Federal Reserve Board regulatory authority and NCUA enforcement authority.

ALABAMA

Mandatory Share Insurance—Requires credit unions to be insured by the NCUA within 1 1/2 years of effective date. Supervisor may extend time and permit other acceptable insurance coverage. Credit unions must maintain same reserves as federally insured credit unions. Supervisor may also require special reserves.

Expands authority of Credit Union Board and requires its concurrence in proposed credit union regulations. Board to be appointed by the governor with consent of senate. One member from each state congressional district. List of nominees to be submitted by state credit unions. State to solicit credit union comments on proposed rules. Public hearing required on request.

Sets further procedures for suspension and revocation of credit union's certificate of authority for violation of law or insolvency. Provides for electing a president who is not a director, and electing a chairman of the board. Repeals restriction on method of determining dividend credit on shares purchased during the dividend period. Revises definition of credit union, deleting reference to "provident purposes" in making loans. (S. 181; Approved 4/20)

ARIZONA

Examination Fees—Increases credit union examination fees. (*H. 2048; approved 6/1*)

Corporate Central—Defines corporate central credit union as one in which membership is restricted to credit unions, organizations owned by or composed of credit unions and corporations or associations primarily serving credit unions.

Repeals five-year maturity limit on unsecured loans. Repeals provision that borrower may repay loan at any time the credit union office is open for business, so as to accommodate use of automated terminal machines. Authorizes any financial institution to accept direct deposits of net pay for state, county, municipalities or school districts. Requires only one appraisal on real estate loans (was two). (*H. 2254; approved 5/18*)

CALIFORNIA

Disbursing Agents—Permits a county to designate state and federal credit unions as disbursing agents for persons whose salaries are paid from the county treasury. (*S. 1919; approved 6/21*)

Disciplinary Actions—Authorizes commissioner to censure, suspend, or bar any officer, director, or employee of a credit union for willful or caused violations of the law or regulations. Credit union may waive hearing in an action by the commissioner to take possession where credit union is unsound (*A. 3187; approved 9/15*).

Incidental Charges—A charge for special services applied to shares in connection with an overdraft on a share draft account is not a charge incidental to making a loan. Also revises surety bond requirements for any credit union treasurer or assistant treasurer. (*A. 3360; approved 9/13*).

CONNECTICUT

Electronic Fund Transfers—Includes credit unions with assets of \$2 million or more in the definition of "banking institutions" for the purpose of authorizing banking institutions to use or share

a satellite device or a point-of-sale terminal. Credit unions chartered by other states and out-of-state federals are excluded from using such a device in the state. (*S. 227; approved 4/27*)

Broker Exemption—Excludes various institutions, including credit unions, from definition of agent and broker-dealer under the Uniform Securities Act. (*Substitute H. 5121; approved 3/22*)

Voluntary Liquidation—Requires notice to the Bank Commissioner within 3 days on a voluntary dissolution resolution by board of directors. Commissioner may appoint share insurance body as liquidating agent. (*H. 5516; approved 4/11*)

FLORIDA

Guaranty Corporation—Revises the enabling law of the Florida Credit Union Guaranty Corporation. (*S. 1222; approved 5/31*)

GEORGIA

Crimes of Officers—Any director, officer, agent or employee who wilfully engages in the business of a credit union before receiving a permit to do so is guilty of a felony. (*H. 1511; approved 4/3*)

ILLINOIS

Reverse Mortgages—Authorizes credit unions to make "reverse mortgage" loans to persons 65 years of age or older to pay real estate taxes on homestead property. (*PA 80-1290; approved 8/1*)

IOWA

Independent Agency—Creates an independent credit union department within the state government, consisting of an administrator, a seven-member review board and additional officers and employees as needed. The administrator is appointed by the governor with consent of the senate, and must have at least five years of credit union experience.

The credit union review board also appointed by the governor, with the approval of senate. Board may adopt, amend, and repeal

rules and must also approve any rules adopted by administrator. The board and the administrator may advise the Iowa Credit Union League of distressed credit unions.

Credit unions to pay an annual filing fee based upon the actual operating cost of department. Also to pay actual costs of examination.

After December 31, 1980, every credit union required to acquire and maintain share and deposit insurance from either the NCUA or other approved insurer. Credit unions authorized to establish one or more service offices with approval of administrator. Also authorized to make second mortgage loans and to sell, participate in, or discount obligations of members without recourse.

Field of membership expanded to include persons related to a member of the first or second degree, including foster children and adopted children. With approval of the administrator, credit union may serve an employee group having insufficient number of members to form its own credit union. No requirement for existence of a common bond relationship between the small employee group and the credit union extending the service.

Maturity limit on home mortgage loans extended to 30 years, and the aggregate amount of such loans by any one credit union may now be established by the administrator. Credit union empowered to purchase insurance or make purchase available to members. (*SF 137; approved 6/26*)

Share Drafts—Allows credit unions to continue processing share drafts until April 15, 1979. Establishes special reserves for them. Also creates interim study committee to consider need for permanent share draft legislation. (*HF 2467; approved 8/3*)

KANSAS

Dividends—Repeals prohibition against paying dividend on shares more frequently than quarterly. (*H. 2857; approved 5/4*)

Tax Exemption—Exempts intangible personal property of feder-

al credit unions from property and ad valorem taxes. Also codifies existing exemption from state income tax. (S. 954; approved 4/18)

KENTUCKY

Absentee Ballot—Permits members to vote by absentee ballot if credit union bylaws so provide. Each credit union is to establish its own fiscal year (was December 31). A majority vote of the entire membership is required to overrule action of board. Board to set the membership fee.

Credit union may charge a fee of up to \$5 on "temporary" loans and impose additional charges on delinquent borrowers, as provided in the bylaws, but not to exceed \$5 on any one installment. Provides greater flexibility in declaring dividends and interest refunds. A credit union may merge with any other state or federal credit union, with approval of commissioner. (H. 36; approved 3/29)

Blanket Bonds—Requires notice to the banking department whenever any licensed company writing blanket bonds intends to cancel, terminate or not renew the bond of a bank or credit union. (H. 4; approved 2/24)

LOUISIANA

Dual Chartering—Encouragement of credit union development under the dual chartering system is declared a public policy of the state of Louisiana. The Office of Financial Institutions is authorized and requested to use its resources in the promotion and development of credit unions chartered under the state law.

Also increases the unsecured loan limit to \$5,000; boosts the maturity limit on secured loans to 12 years and authorizes government-guaranteed loans under the terms and conditions of the guaranty agency. The new federal credit union two-tiered reserve formula is also adopted. (S. 347; approved 7/10)

MARYLAND

Federal Powers—With authorization of bank commissioner and

Maryland Credit Union Insurance Corporation, a state credit union may engage in any additional activity or related services under the same conditions or limitations as are applicable or permitted for federal credit unions. Establishes the new two-tiered reserve formula of federal credit unions and adopts the federal definition of risk assets. (S. 499; approved 5/2)

Unsecured Loan Limit—Increases the unsecured loan limit to \$3,500 (was \$400). Limits the total of all loans any one member may have directly or indirectly from the credit union to 10% of the credit union's paid-in and unimpaired capital and surplus. Makes certain types of loan security subject to the approval of the Commissioner. (S. 121; approved 5/2)

State Employees—Permits employees of the State Banking Department to make loans from credit unions up to the amount of their share balance. (S. 597; approved 5/2)

MASSACHUSETTS

Recreational Vehicles—Increasing the amount and time limit for making loans on recreational vehicles by a credit union. (H. 5287; approved 4/7)

Real Estate Loans—Increasing the amount a credit union may lend on real estate mortgages, not exceeding ninety percent of the value of the real estate. (H. 254; approved 4/7)

Liquidity—Qualifying certain investments as meeting a credit union's liquidity requirements of five percent of total assets. (H. 5260; approved 4/10)

Meeting Notices—Requiring credit unions to post notices of annual meetings of shareholders and depositors in the lobby of the credit union. (H. 256; approved 4/7)

Securities—Increases the amount which a credit union may loan on certain securities. (H. 261; approved 4/7)

Personal Loans—Increases the maximum amount of personal loans made by a credit union. (H. 5286; approved 4/7)

Participation Loans—Increases the amount a credit union may make in participation loans on real estate. (H. 262; approved 4/7)

Federally Insured Loans—Increases the percentage of total assets that may be invested by banks and credit unions in loans insured by federal housing agencies. (H. 263; approved 4/7)

Pledge of Security—Increases the amount and time limit of loans evidenced by a pledge or security interest in satisfactory collateral which may be made by credit unions. (H. 265; approved 4/7)

Profit-Sharing Plan—Authorizing a credit union to act as a trustee or custodian under a qualified profit-sharing plan of a person or corporation. (H. 266; approved 4/18)

Central Credit Union Fund—Membership in the Massachusetts Central Credit Union Fund is broadened to include a state or federally-regulated entity serving as an investment vehicle or providing liquidity for state or federal credit unions. Maximum investment of a member increased to 25% of members' total assets (was 15%). (H. 5545; approved 5/23)

Fund also authorized to invest in common trust unit plans and in state or federally regulated entities serving as investment vehicles or providing liquidity for state or federal credit unions. Also permitted to make deposits in national banks located in the state. (H. 5344; approved 5/23)

Repeals requirement that written approval of Commissioner of Banks be obtained for bylaws, regulations, or amendments thereto. (H. 5348; approved 5/23)

Joint Accounts—Relating to the payment of joint accounts by credit unions. (H. 5772; approved 7/3)

Reserve Formula—The reserve formula for delinquent loans is revised to exclude certain loans in the computation of the amount to be set aside. (H. 270; approved 6/1)

CPA Audit—Requiring that examination or audit of a credit union with assets over \$5 million shall be

made by a certified public accountant or public accountant not connected with the credit union. Requirement previously applied to all credit unions. (S. 1534; approved 6/9)

MICHIGAN

State Funds Referendum—Provides for a referendum for the purpose of amending the state constitution to permit investment of state and local public funds in credit unions and savings and loan associations. (HJR GG; passed House and Senate in May)

Central Credit Union—Increases the borrowing power of a central credit union to 75% of paid-in and unimpaired capital (was 50%). Borrowing beyond the 75% limit permitted if approved by the supervisor.

Allows credit unions to lease automobiles or other tangible personal property to members; expands the power of loan officers, permitting them to approve line-of-credit loans and extension agreements on non-delinquent loans. Authorizes credit unions to purchase, sell, pledge, or discount eligible obligations of members and to receive funds from a public employee retirement system or plan as shares or deposits.

Credit union may impose fines on delinquent loan installments if permitted in bylaws. Reduces from two years to one year the waiting period for credit unions to escheat to the state small accounts of \$5 or less. (H. 6148; approved 6/29)

Escheat Law—Companion bill to H. 6148, reducing from two years to one year and waiting period for escheating small accounts. (H. 6147; approved 6/29)

Retirement Systems—Authorizes public employee retirement systems or plans to invest funds of federally insured state or federal credit unions. (H. 6146; approved 6/29)

Electronic Funds—Permits banks, savings and loan associations, and credit unions to establish automated teller machines at remote sites, such as shopping centers, on a state-wide basis. Sharing of such terminals is mandated where a competing institution asks

for access and agrees to pay reasonable fees. The law also prescribes standards for reliability of services, protection of privacy and antitrust safeguards. (H. 4553; approved 7/7)

MINNESOTA

Lines of Credit—Authorizes credit union to approve lines of credit and make advances up to the limit with no additional applications. (H. 2147; approved 3/28)

Regular Reserve—Establishes two-tiered reserve formula of federal credit unions for state credit unions. (H. 1998; approved 3/28)

Removal of Officers—Establishes procedure for issuance of orders for removal of officers of financial institutions, including credit unions. (H. 842; approved 3/23)

Electronic Funds—Authorizes and regulates use of electronic funds transfer system by financial institutions, including credit unions. (H. 1180; approved 3/2)

Public Funds—Authorizes credit unions to accept and maintain U.S. Treasury tax and loan accounts and to pledge collateral to secure such accounts, in accordance with Treasury regulations. (H. 1227; approved 4/5)

NEBRASKA

Federal Powers—Updates existing provision allowing state credit unions to exercise powers and privileges of a federal credit union as of effective date of new act (was September 2, 1977). (L.D. 772; approved 3/21)

NEW YORK

Investment in CU Organizations—Authorizes credit unions to invest funds in and make loans to credit union organizations, approved by the board of directors, up to 1% of shares and deposits, or 10% of surplus, whichever is less. Aggregate of all such loans and investments may not exceed 2% of shares and deposits, or 20% of surplus, whichever is less. "Credit union organization" is defined as any organization established primarily to serve the needs of its

member state and federal credit unions, and whose business relates to the daily operation of credit unions. (H. 10602; approved 5/23)

Appointment of Committees—If bylaws permit, the credit committee and the supervisory committee may be appointed by the board of directors. Where such committees are so appointed, any subsequent vacancies are to be filled by the board. (S. 8174; approved 6/19)

Tear Gas—Permits financial institutions, including credit unions, to use tear gas as a security device. (S. 7649; approved 6/19)

Share Certificates—Credit union may issue share certificates to members with varying dividend rates and maturities, subject to any regulations promulgated by the NCUA on such certificates and limitations on shareholdings and withdrawals in the New York Credit Union Act. (A. 10636; approved 6/19)

OHIO

Credit Union Division—Creates a division of credit unions within the Commerce Department, headed by a superintendent of credit unions. All monies collected from credit unions to be consigned to a special rotary fund for use by division.

Increases loan limit for corporate members to 10% of unimpaired capital and surplus or total value of pledged shares, whichever is greater. Also removes some limits on shareholdings by such members.

Repeals prohibition on Ohio Credit Union Guaranty Corp. guaranteeing shares or deposits owned by another credit union. Requires state to give corporation 30 days advance notice of suspension of a member credit union.

Also authorizes the Superintendent to issue regulations granting state credit unions any right, power, or privilege possessed by a federal credit union located in state. Such a rule expires within 30 months if legislature fails to enact it into law. (H. 356; approved 6/9)

OKLAHOMA

Executive Officers—Board of directors to elect an executive

continued

officer who may be designated chairman of the board or president, and a vice-chairman of the board or vice president. The board may also employ an officer in charge of operations who may be titled either president or general manager, or in lieu thereof, may designate the treasurer or assistant treasurer to act as general manager. (S. 543; approved 3/15)

PENNSYLVANIA

Central System—Authorizes: loans to other credit unions anywhere in the United States; deposits in legally chartered financial institutions, including centrals; and membership in central-type credit union organizations, state or federal.

Also revises credit union internal operations by allowing: 1) appointment of an executive committee to act on behalf of the board; 2) changing titles of officials; and 3) prohibiting directors and treasurer or assistant treasurer from serving on supervisory committee.

Repeals \$750 limit on approval authority of loan officers, and authorizes them to approve share withdrawals, releases and substitutions of security within limits specified by credit committee. Requires only an annual examination of affairs of the credit union by supervisory committee. Liberalizes officer borrowing privileges.

Allows credit union to act as issuing agent for Treasury savings bonds. Gives credit union right to refuse withdrawals pending a determination of the rights of all

parties involved. Provides penalties for anyone representing themselves unlawfully as a credit union. (H. 1659; approved 6/23)

Mandatory Share Insurance—Requires all credit unions to obtain share insurance through the National Credit Union Administration or some other approved insurance fund within two years. (S. 1457; approved 10/5)

RHODE ISLAND

Corporate Central—Excludes the RICUL Corporate Credit Union from the state tax on deposits and also from the mandatory share insurance provision. (S. 2157; approved 5/4)

SOUTH CAROLINA

Statewide Credit Union—Allows the name of the Statewide Credit Union to be changed with the approval of the State Board of Financial Institutions. (H. 3976; approved 6/9)

Share Certificates—Authorizes credit unions to issue share certificates subject to the same withdrawal penalty, maximum dividend rates and minimum dollar requirements as NCUA sets for federal credit unions. Also establishes federal regular reserve formula for state credit unions. (H. 3881; effective 7/25)

TENNESSEE

Conversion—In conversion of state credit union to a federal credit union, approval by the majority of

the entire membership of the state credit union is required in person or in writing. (S. 1971; approved 3/17)

Share Insurance Corporation—Removes prohibition against State Credit Union Share Insurance Corporation operating in states where the insurance regulatory laws apply to it. Gives SCUS-IC authority to adjust level of membership fees. (S. 1973; approved 3/6)

Central Credit Unions—Defines powers, organization, examination, loan and dividends of central credit unions. Authorizes state credit unions to accept deposits of U.S. Treasury Tax and Loan accounts. (S. 1975; approved 3/6)

VERMONT

Mandatory Share Insurance—Requires credit unions not insured by NCUA to apply for insurance coverage within one year of act's effective date. Bases regular reserve formula on gross income instead of net, and clarifies procedures for merger of credit unions. (H. 477; approved 4/5)

WISCONSIN

Dormant Accounts—Authorizes credit unions to make an annual maintenance charge, not to exceed 50¢ a month, against accounts of less than \$25 in which there has been no activity for 36 months, and mailings to the account holders are returned to the credit union marked "address unknown." (S. 322; approved 5/5)

Statutes Cited in Comparative Digest

MODEL CREDIT UNION ACT, 1973 edition, Credit Union National Association, Inc., Madison, Wisconsin.
FEDERAL CREDIT UNION ACT, United States Code Annotated, Title 12, Chapter 14.
CODE OF ALABAMA, 1958, Title 28, Chapter 10, Article 2.
ARIZONA REVISED STATUTES, 1956, Title 6, Chapter 4, Article 1.
ARKANSAS STATUTES, 1971, Title 67, Chapter 9.
CALIFORNIA CODES, Financial Code Division 5, Chapter 1.
COLORADO REVISED STATUTES, 1973, Title 11, Article 30.
GENERAL STATUTES OF CONNECTICUT, 1958, Title 36, Chapter 646.
FLORIDA STATUTES, 1975, Title 36, Chapter 657.
CODE OF GEORGIA, Title 41A, Chapter 41A-30, 41A-31.
HAWAII REVISED STATUTES, 1968, Title 22, Chapter 410.
IDAHO CODE, Title 26, Chapter 21.
ILLINOIS REVISED STATUTES, 1975, Chapter 32.
BURNS INDIANA STATUTES ANNOTATED, Code Edition, Title 28, Article 7, Chapter 1.
CODE OF IOWA, 1966, Title 21, Chapter 533.
KANSAS STATUTES ANNOTATED, 1974, Chapter 17, Article 22.
KENTUCKY REVISED STATUTES, Title 25, Chapter 290.
LOUISIANA REVISED STATUTES OF 1950, as amended, Title 6, Chapter 8.
MAINE REVISED STATUTES, 1964, Title 9-B, Part 8, Chapter 81.
ANNOTATED CODE OF MARYLAND, 1957, Article 11.
GENERAL LAWS OF MASSACHUSETTS, Title 22, Chapters 171, 216, 294 and 167.
COMPILED LAWS OF MICHIGAN, 1948, Chapter 490.
MINNESOTA STATUTES, 1965, Chapter 52.
MISSISSIPPI CODE OF 1972, Title 81, Chapter 13.
MISSOURI REVISED STATUTES, 1959, Title 24, Chapter 370.
REVISED CODES OF MONTANA, 1947, Title 14, Chapter 6.
REVISED STATUTES OF NEBRASKA, 1943, Chapter 21, Article 7.
NEVADA REVISED STATUTES, Title 56, Chapter 678.
NEW HAMPSHIRE REVISED STATUTES ANNOTATED, 1955, Title XXXV, Chapter 394.
NEW JERSEY REVISED STATUTES, Title 17, Chapter 13.
NEW MEXICO STATUTES, 1953, Chapter 48, Article 19.
CONSOLIDATED LAWS OF NEW YORK, (Banking Law, Article 11).
GENERAL STATUTES OF NORTH CAROLINA, Chapter 54, as amended, Sub-Chapter 3, Articles 9-15.

RESEARCH BASED ON CREDIT UNION GUIDE

The research in the *Comparative Digest of Credit Union Acts* is based on the texts of 46 state credit union laws and the Puerto Rico and Federal Credit Union Acts found in the *Credit Union Guide*, a law service published by Prentice-Hall, Inc. Those laws reflect amendments through December 1, 1978.

Except for the Model and Federal Credit Union Acts, all statutory provisions in the *Comparative Digest* are in summary form or are quoted in substance only. The statutes cited on this page should be consulted for the full law text.

There are no state credit union laws in Alaska, Delaware, South Dakota, Wyoming and the District of Columbia.

NORTH DAKOTA CENTURY CODE, Title 6, Chapter 6-06.
REVISED CODE OF OHIO, Title 6, Chapter 1733.
OKLAHOMA STATUTES, 1971, Title 6, Chapter 2.
OREGON REVISED STATUTES, Chapter 723.
PURDON'S PENNSYLVANIA STATUTES, Title 15, Chapter 32.
PUERTO RICO BANKING LAWS, Title 7, Chapter 75.
GENERAL LAWS OF RHODE ISLAND, 1968, Title 19, Chapter 21.
CODE OF LAWS OF SOUTH CAROLINA, Title 34, Chapter 27.
TENNESSEE CODE ANNOTATED, Title 45, Chapter 18.
VERNON'S CIVIL STATUTES OF TEXAS, Title 46, Chapters 1-11.
UTAH CODE ANNOTATED, Title 7, Chapter 9.
VERMONT STATUTES ANNOTATED, Title 8, Chapter 71.
CODE OF VIRGINIA, 1950, Title 6, Chapter 4.
REVISED CODE OF WASHINGTON Annotated, Title 31, Chapter 12.
WEST VIRGINIA CODE, Chapter 31, Article 10.
WISCONSIN STATUTES, 1977, Chapter 186.

Index

- Absentee voting, 25
- Acquisition of property, 11
- Advisory council, 81,82
- Agent for government, 14
- Allotments for credit unions, 108
- Amending bylaws, 16
- Annual meeting —
 - absentee voting, 25
 - minimum age to vote, 26
 - multiple share voting, 26
 - time and place, 24
- Application -
 - loan, 60
 - membership, 23
- Assets, sale or purchase of, 104
- Association membership, 108

- Banks, 9,96
- Board of directors -
 - accepting members, 23
 - compensation of, 35
 - composition of, 27
 - crimes and offenses of, 91
 - declaring dividend, 46
 - delegating duties, 34
 - election of, 28
 - electing officers, 29
 - general authority, 27
 - loans to, 64
 - meetings of, 28
 - removal of, 37
 - term of, 29
- Bond, surety, 75
- Borrowing power, 10
- Branch offices, 13
- Building, credit union, 11
- Bylaws, amending, 16

- Capital, share, 39
- Central credit unions -
 - deposits in, 9
 - formation of, 110
 - investment in, 114
 - membership in, 22,111
 - powers of, 113
- Central liquidity facility, 110,111,113,114
- Chairman of board, 29
- Charter -
 - approval, 80
 - conversion, 18
 - revocation, 91
- Checking accounts — *see Transaction accounts*
- Classes of shares, 41,47
- Club accounts, 42
- Collection costs - *see Incidental charges*
- Common bond, 20,21,22,24
- Compensation -
 - of employees, 37
 - of officials, 35
- Contract, power to, 7
- Contributions, charitable, civic, 14
- Conversion of charter, 18
- Cooperative societies, 100
- Corporate central - *see Central credit union*
- Corporate members - *see Member other than natural person*
- Corporate powers - *see Incidental powers, General powers*
- Corporate securities, 101
- Credit cards - *see Line of credit*
- Credit committee -
 - appointing loan officer, 32
 - approving loans, 61
 - compensating, 35
 - selection, 31
- Credit manager - *see Employees, Loan officers*
- Credit union -
 - definition of, 5
 - general powers, 7
 - name restricted, 6
- Crimes and offenses, 91

- Definition of credit union, 5
- Deposit of funds, 9,96,114
- Deposits -
 - jointly held, 43
 - receipt of, 41
 - thrift club, 42
 - transfer of, 42
 - withdrawal notice, 42
- Directors - *see Board of directors*
- Discounting notes, 104
- Dividend -
 - frequency of, 46
 - grace period, 48
 - on dormant accounts, 48
 - rate ceiling, 47
- Doing business in another state, 8
- Dormant accounts, 48

- Electronic funds transfer, 107
- Employees, 37
- Entrance fee, 23
- Examinations, 84,85
- Executive committee, 34
- Executive officers - *see Officers*
- Exemption from taxation, 14

- False statements, 93
- Family members, 21
- Federal powers, exercise of, 8
- Fees -
 - charter, 6
 - entrance, 23
 - examination, 85
 - organization, 6
 - supervision, 87
- FHA Title I loans - *see Guaranteed loan programs*
- Filing and recording fees - *see Incidental charges*
- Fines for late payments, 68
- Fiscal agent - *see Agent for government*
- Fiscal year, 16

- General powers, credit union, 7
- Government agent, 14
- Government supervisor - *see Supervisory Agency*
- Government guaranteed loans, 59
- Group life insurance, 106
- Guaranteed loan programs, 59

- Incidental charges, 51
- Incidental powers, 7
- Individual retirement accounts, 45
- Insurance -
 - as compensation, 35
 - group life, 106
 - on shares and deposits, 76,77,79
 - surety bond, 75
- Interest rate, 51
- Interest refund, 52
- Interstate activity - *see Out-of-State credit unions*
- Investment committee, 34
- Investment -
 - in central credit union, 114
 - in cooperative societies, 100
 - in corporate securities, 101
 - in financial institutions, 9,96,98,114
 - in other credit unions, 98,114
 - in service corporations, 100
 - in state obligations, 95
 - in U. S. obligations, 94
 - miscellaneous, 102
- Joint accounts, 43
- Keogh plan accounts - *see Individual Retirement Accounts*

- Late charges, 66
- League -
 - loans to, 102
 - membership in, 108
- Leasing property - *see Acquisition of property*
- Leeway investment authority, 100
- Legislation enacted in 1978, 117
- Lien on accounts, 109
- Line of credit, 61
- Liquidation of credit union -
 - involuntary, 91
 - voluntary, 89
- Loan officer -
 - appointment of, 32
 - approving loans, 61,62
- Loans -
 - application for, 60
 - approval of, 61,62,64
 - conditions of, 50
 - guaranteed by government, 59
 - incidental charges on, 51
 - interest rate, 51
 - interest refund, 52
 - late payments, 68
 - line of credit, 61
 - maturity limit, 53,58
 - participation, 66
 - purpose of, 50
 - real estate, 57,58
 - secured limit, 55,58
 - security on, 56,57
 - to credit unions, 98
 - to officials, 64
 - unsecured limit, 53

- Maturity limit, 53,58
- Meetings -
 - of board of directors, 28
 - of members, 24,25,26
- Membership in credit union -
 - acceptance into, 23
 - common bond, 20
 - entrance fee, 23
 - immediate family, 21
 - leaving field, 24
 - other than natural person, 22
 - potential, 6
 - small employee groups, 22
- Merger of credit unions, 17
- Minors -
 - accounts of, 45
 - trust accounts, 44
 - voting by, 26
- Money orders - *see Third party payments*

- Name "credit union" restricted, 6
- National Credit Union Liquidity Facility, 110,111,113,114
- Notice of withdrawal, 42

- Officers -
 - compensating, 35
 - crimes and offenses of, 91
 - election of, 29
 - loans to, 64
 - suspension or removal of, 37
- Open end credit, 61
- Organizing credit union -
 - charter approval, 80
 - common bond, 20,21,22
 - costs, 6
 - potential members, 6
- Out-of-State credit unions, 8

- Participation loans, 66
- Passbook audit - *see Verification of accounts*
- Payroll deductions, 108
- Potential members, 6

Index—continued

- Powers of credit union -
 - general, 7
 - incidental, 7
 - prohibited, 108
 - to acquire property, 11
 - to borrow, 10
 - to contract, 7
 - to exercise federal, 8
 - to sue, 7
- Preservation of records, 19
- President, 29
- Prohibited activities, 110
- Property -
 - acquisition of, 11,104
 - sale of, 11,104
 - taxation of, 14
- Proxy voting - *see Absentee voting*
- Public funds deposits, 14
- Purchase of assets, 104
- Purpose -
 - of credit unions, 5
 - of loans, 50

- Rate ceilings -
 - on loans, 51
 - on savings, 47
- Real estate loans -
 - security on, 57
 - terms, 58
- Records, preservation, 19
- Removal of officials, 37
- Reports -
 - false, 93
 - to supervisory agency, 83
- Reserves -
 - allocations to, 69
 - regular, 69
 - risk assets, 74
 - special, 72
 - use of, 74
- Risk assets, 74
- Rules and regulations, 83

- Sale of assets, 104
- Savings and loan associations, 9,96
- Savings instruments -
 - classes of, 41
 - deposits, 41
 - individual retirement accounts, 45
 - return on, 46,47
 - shares, 39,40
 - thrift club accounts, 42
- Secretary, 29
- Secured loan limit, 55,58
- Security on loans, 56,57
- Service corporations, 100
- Service facilities, 13
- Share and deposit insurance -
 - establishing program, 77
 - required, 76
 - supervision of, 79
- Share certificates, 41
- Share drafts - *see Transaction accounts*
- Shares -
 - as capital, 39
 - certificates, 41
 - classes of, 41
 - dividends, 46,47,48
 - dormant, 48
 - drafts on, 105
 - insurance on, 76,77,79
 - joint accounts, 43
 - lien on, 109
 - limit on, 40
 - thrift club, 42
 - transfer of, 42
 - voting, 26
 - withdrawal notice, 42
- Small employee groups, 22
- State and municipal obligations, 95
- Statutes cited, 116
- Student loans - *see Guaranteed loan programs*
- Subsidiary offices, 13
- Sue, power to, 7
- Supervision fees, 87
- Supervisory agency -
 - advisory council, 81,82
 - agency designated, 80
 - bylaw approval, 16
 - charter approval, 80
 - examinations by, 84,85
 - fees of, 85,87
 - liquidating credit union, 91
 - on insurance program, 79
 - reporting to, 83
 - rules and regulations of, 83
 - suspending credit union, 90
- Supervisory committee -
 - audits by, 67
 - compensation of, 35
 - composition of, 33
 - selection of, 33
 - suspending officials, 39
 - use of auditor, 68
 - verifying accounts, 69
- Surety bond, 75
- Suspension -
 - of credit union, 90
 - of officials, 37

- Taxation, 14
- Third party payments, 104
- Thrift club accounts, 42
- Transaction accounts, 105
- Transfer of savings, 42
- Travelers checks - *see Third party payments*
- Treasurer, 29
- Trust accounts, 44

- United States securities, 94
- Unsecured loan limit, 53

- Verification of accounts, 69
- Vice-chairman of board, 29
- Voting at meetings -
 - absentee, 25
 - minimum age for, 26
 - share voting, 26

- Wild card provisions - *see Federal powers*
- Withdrawal notice, 42

The only course . . .

"The credit union is consistent with the evolutionary development of economic democracy, and while we may have a battle here and there and a setback occasionally, we are a part of a better tomorrow and will go forward as inevitably as the human race goes forward. The only course of action for us to take is to persistently seek the laws, regulations and rulings we need . . ."

ROY F. BERGENGREN

(1879-1955)



Credit Union National Association, Inc.

1617 Sherman Ave. • Box 431 • Madison, WI 53701 • 608-241-1211
1730 Rhode Island Ave. N.W. • Washington, D.C. 20036 • 202-659-2360

Latest copy as of
5/5/79

STATE OF ALASKA THE LEGISLATURE

POUCH Y - STATE CAPIT. JL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

May 4, 1979

SUBJECT: Changes Incorporated in the Draft Commerce Committee Substitute for SB 225

TO: The Honorable Brad Bradley

FROM: Ken Humphreys, Senior Policy Analyst *J.K.H.*

As you requested, the following section-by-section analysis will address changes to SB 225 contained in the attached draft Commerce Committee Substitute. The draft which is analyzed here incorporates the changes suggested in letter of April 23, 1979, to Senator Bradley from David Chatfield.

This analysis is indexed by section numbers in the draft committee substitute; however, when a page and line is referenced without any qualification, it refers to SB 225 as originally introduced. If the only changes in a given section are clearly of a technical nature or only affect drafting style or organization, the section is not mentioned.

Sec. 06.45.010 FORMATION OF CREDIT UNION. The reference to "common bond" (p. 1, line 13) has been deleted and the incorporators now must simply "...meet the requirements of AS 06.45.060 and the requirements of this section..." All membership requirements are now found under AS 06.45.060.

In subsection (b) (p. 1, line 24), the commissioner was required to determine that the "incorporators are fit and of good general character" before he approved the application. The fitness requirement has been removed.

Subparagraph (d) permits credit unions to share office space and to contract for the provision of personnel and facilities. In the original bill, this power was found on p.34, lines 11-13).

Sec. 06.45.020. ARTICLES OF INCORPORATION. Instead of requiring that the "proposed field of membership be specified in detail (p. 2, lines 16-17), the requirements of AS 06.45.060 are referenced (CS, p. 2, lines 27-28) and "specified in detail" is deleted.

Sec. 06.45.030. BYLAWS. Again, conditions relating to the field of membership as set out in the bylaws have been removed and AS 06.45.-060 which now contains all membership requirements is referenced.

Paragraph (6) requires that "the manner in which bylaws may be adopted, amended or repealed" be prescribed in the bylaws. Originally, it was simply stated that "The members of the credit union may alter, amend or repeal the bylaws or adopt new bylaws." (p. 2, lines 23-24)

It is no longer required that "the method of receipting for money paid on accounts" (p. 3, line 18) be specified in the bylaws.

Sec. 06.45.040. NAME. Prohibits adopting the same name as that of another "credit union doing business in the state" rather than "of any other existing credit union."

Sec. 06.45.070 POWERS. In paragraph (4), property transactions are limited to those "necessary to its operation"; previously it was only "...in part, necessary" (p.4, line 25).

In paragraph (6), the forms in which savings may be received are: share accounts, deposit accounts, share certificate accounts, or special purpose thrift accounts. Formerly it was: shares, deposits, time certificates or special purpose thrift accounts. The new language is consistent and the terms are defined in sec. 06.45.090. There is no clear substantive difference.

In paragraph (8), borrowing is permitted "...to meet operational needs..." rather than just for "share withdrawals" (p.5, line 5).

Paragraph (9) permits the discounting and sale of eligible obligations; formerly this power was found in sec. 06.40.070(8).

Paragraph (11) permits membership in any central credit union, not just one "...organized under this chapter..." (p.5, line 17).

Paragraphs (16) and (17) which permit acting as a servicing agent for credit union loans and as fiscal agent for any corporation, trust, or similar entity, are new.

Sales and purchases of assets under paragraph (19) are no longer "subject to the approval of the commissioner" (p.6, line 4).

In paragraph (20) "deposits" has been changed to "savings" and the types of accounts are as "authorized by this chapter" rather than as "approved by the administrator of the National Credit Union Administration for federally chartered credit unions...." (p.6, lines 6-8).

Paragraph (22) has been reworked by inserting language from sec. 06.40.-440 of the original bill to provide for facilitating the "voluntary" purchase of goods and services "...in the interest of improving economic and social conditions of the members" rather than "...which promotes the purposes of the credit union" (p.6, lines 16-17). Sec. 440, Group Purchasing, was apparently superfluous and was deleted.

Sec. 06.45.080. MEMBERS' MEETINGS. Members are no longer allowed to vote by proxy and a majority is no longer required to conduct the annual meeting. Formerly at least a simple majority had to be present or represented by proxies, although proxies would be divided equally among those present (p.6, lines 24-27).

Sec. 06.45.120. SUPERVISORY COMMITTEE. In subsection (a), the supervisory committee is required to make an annual, rather than semi-annual, audit. The committee is no longer required to verify passbooks, only accounts.

Sec. 06.45.140. SUPERVISION AND FEES. Generally, this section has been changed to more closely approximate the requirements for banks set out in AS 06.01.010. Under subsections (d) and (e), actual expenses of investigations and examinations are charged in accordance with AS 06.01.010. Formerly, investigation expenses charged for the issuance of a certificate of approval were limited to \$100 (p.11, line 23). Supervision fees were to be charged on the basis of assets rather than expenses and a credit union was not liable for a supervision fee for the first year in which it operated if the charter was issued after June 30 (p.11, line 19; p.12, line 15).

Sec. 06.45.150. EXAMINATIONS. Subsection (a) no longer requires that the board of directors make a copy of the annual examination report available to all members (p.13, lines 1 & 2). This change probably reflects the fact that confidential material relating to the character and personal finances of members may be contained in the report.

Sec. 06.45.180. CENTRAL CREDIT UNION. In subsection (a), membership in the central credit union is limited to credit unions chartered in this state, another state or under the federal credit union act. In the original version, membership was also open to a broad category of individuals associated with credit unions as well as "employees of a common employer with insufficient numbers to form or conduct the affairs of a separate credit union..." (p.15, lines 5-6).

Sec. 06.45.190. SHARES. Subsection (a) no longer contains a prohibition against issuing a certificate to denote the ownership of shares (p.16, lines 3-4). This is apparently consistent with the definition of "share certificate account" in sec. 06.45.490(5).

In (c), a credit union whose total assets amount to less than 90 percent of the amount due shareholders is required to immediately notify the department. In the original version, if assets fell below 100 percent of the amount due shareholders, the credit union was required to immediately advise the department, but, in addition, this condition constituted grounds for proportionately reducing the value of shares to cover the loss (p.16, lines 13-19).

Sec. 06.45.200. MULTIPLE PARTY ACCOUNTS. Subsections (a) and (b) are similar to those in sec. 06.40.200 of the original bill; however, subsections (c)-(f) and the next three sections, sec. 06.40.210-230, from the original bill have been deleted. These were procedural provisions relating to multiple party accounts. These were protective provisions designed to free the credit union from having to examine the factual relationship between the multiple parties.

Sec. 06.45.240. LOANS. In subsection (a) loan maturities of up to 15 years, instead of 10 (p.21, line 11), are permitted when the loan is secured by something other than improved real estate. Permits loans to "other credit unions and credit union organizations," not just to members.

In (b), financial information about the guarantor of every loan is required; in the original, this applied only to loans in amounts over \$2000 (p.21, line 16).

In (d), the "disclosure of terms" is expressly required.

There are several changes in subsection (e) on real estate loans. In the original bill, real estate loans were, generally, "...under rules and regulations that apply to federally chartered credit unions..." with certain additional provisions. In (e)(1), a residential loan is no longer required to be for the "principal" (p.22, line 24) residence of a member. In (e)(1)(B), loans are permitted for up to 80 percent of the appraised value instead of up to "150 percent of the median sales price of residential real property situated in the geographical area..." (p.22, lines 26-27). Subparagraph (B) allows the 80 percent limit to be relaxed if the loan is insured.

In (e)(2), the limit placed on the total dollar amount of real estate loans outstanding is 25 percent of the assets of the credit union. In the original bill, the limit was "...50 per cent of the paid-in capital of the credit union" (p.23, lines 12-13).

Paragraph (e)(3) is new and requires that a credit union with assets of less than \$3,000,000 secure the prior written consent of the commissioner to make real estate loans.

Subsection (f) applies the maximum interest rate under AS 45.45.010(b) (the general usury statute) to all loans, not just when "...applicable for real estate loans..." (p.21, lines 3-4); the rate in other cases was "...one per cent per month on the unpaid balance..." (p.21, line 1).

In (h), loans to directors or committee members which exceed \$5,000 plus pledged shares must be approved by the board of directors; the limit was formerly \$2,500 (p.22, lines 8-9).

Subsection (i) added trusts and political subdivisions to the list of those who may participate with a credit union in making loans to its members.

Sec. 06.45.280. INSURANCE. In subsection (b), the commissioner no longer establishes the amounts of loss to be protected or guaranteed (p.24, lines 26-28).

Sec. 06.45.290. INVESTMENTS. In (4), the limit on the total amount of loans to or shares or deposits of other credit unions is increased from 10 to 25 per cent of the paid-in capital (p.25, lines 20-21).

In (6), deposits in the National Credit Union Central Liquidity Facility have been added. The U. S. Central Credit Union is correct, not United States Central Credit Union (p.25, line 26).

Sec. 06.45.300. RESERVE ALLOCATIONS. In (a)(1), the less stringent reserve schedule formerly applicable to all credit unions with assets of more than \$500,000 would now be applied to those larger credit unions only with the written approval of the commissioner.

Subsection (c) is new. In the original there was no provision to allow the commissioner to decrease a reserve requirement.

In (d)(9), the commissioner's approval of an investment as a non-risk investment is required in order for the accrued interest on that investment to be considered a nonrisk asset.

Sec. 06.45.320. MERGER. In subsection (a), the fees required for a merger are "in accordance with AS 06.01.010," rather than as established by regulation (p.28, lines 4-5). This change is consistent with others which align the supervision of credit unions with that of banks.

Sec. 06.45.340. SUSPENSION. When the commissioner issues an order to take possession of an insolvent credit union, the provisions in AS 06.01.030(a) are referenced: further alignment with the banking code.

Sec. 06.45.350. DISSOLUTION AND LIQUIDATION. In subsection (a), a member not present at a meeting held to consider dissolution is granted 90 days, rather than 20 (p.30, line 9), to vote by signing a form.

Subsection (c) gives the order in which obligations are to be discharged by a liquidating credit union. "Corporate liabilities" have been substituted for "any liability due nonmembers" (p.31, line 2) in third place. In (4), "share certificate accounts as provided in this chapter" has been substituted for "deposits and savings club accounts as provided in this chapter."

***Sec. 06.40.375. SLANDER AND LIBEL OF CREDIT UNION. This section, from the original bill (p.32, line 21 - p.33, line 1), has been deleted.

Sec. 06.45.450. BRANCH OFFICE FACILITIES. Consistent with other changes, subsection (a) refers to AS 06.01.010 for the payment of costs of investigation associated with an application to establish a branch office.

Sec. 06.85.490. DEFINITIONS. Paragraphs (3) - (6) define the types of accounts. In the original, the terminology was somewhat different and definitions were not provided, but there is no clear substantive difference.

KH:jm

STATE OF ARIZONA

WALTER C. MADSEN, Superintendent of Banks, State Banking Department, 1601 West Jefferson, Phoenix, Arizona 85007.

Walter Madsen is currently serving a four-year term as Arizona Superintendent of Banks. Prior to this appointment, Madsen served for three years as senior vice president of Great Western Bank and Trust in Phoenix, where he supervised 14 banking officers with primary emphasis on loan functions, operations and personnel. Prior to 1973, Madsen worked with the FDIC for ten years. He began as a trainee bank examiner in San Francisco and advanced through various positions, spending eight years in the Salt Lake City field office examining banks in Utah, Idaho and Nevada. In 1971, Madsen came to Phoenix with the FDIC as examiner in charge of the Arizona field office. In this position, he supervised examination of all state insured non-member banks in Arizona.

With a staff of 26, Madsen's agency supervises 64 financial institutions, including credit unions, savings and loans, banks, mortgage brokers, and debt management. Total assets have risen from \$145,570,684 in January, 1977, to \$193,527,659 in January, 1978.

Madsen's department was instrumental in the recent passage of mandatory insurance legislation. All new credit unions now have insurance through the National Credit Union Administration. Existing credit unions have one year to secure insurance through the National Credit Union Administration.

STATE OF CALIFORNIA

EDWARD J. DOLAN, Assistant Commissioner, Department of Corporations, 600 South Commonwealth Avenue, Suite 1600, Los Angeles, California 90005.

Edward Dolan has worked for the State of California for 32 years, including 11 years in his present position of Assistant Commissioner in the Department of Corporations. The department has 376 employees, and administers all activities dealing with the following statutes: credit union law, small loan law, check sellers and cashiers law, and other credit union/banking - related laws.

Dolan and his staff of 101 in the Lender-Fiduciary Division supervise 556 credit unions. Under his direction, total assets rose from \$2,332,994,000 in January, 1977, to over \$2,851,000,000 in January, 1978.

STATE OF ARKANSAS

HARVEY L. BELL, Securities Commissioner, Credit Union and Savings and Loan Association Supervisor, Secretary of Cemetery Board, Suite 1428, Donaghey Building, Seventh and Main Streets, Little Rock, Arkansas 72201.

Harvey Bell has been Securities Commissioner and State Credit Union and Savings and Loan Association Supervisor for the State of Arkansas since October, 1974. Prior to his appointment, he was associated with Davidson, Plastiras & Horne, Ltd., of Little Rock, whose law practice dealt predominately in corporate, tax and securities matters.

Bell's office supervises a variety of institutions: credit unions, savings and loan associations, securities, broker-dealers, mortgage loan companies, perpetual care cemeteries, loan brokers, prepaid funeral organizations, sale of checks companies. Bell's 23 employees supervise 61 financial institutions. Under Bell's guidance, total assets rose from \$35,828,138 in January, 1977, to \$39,737,907 in January, 1978.

JAN 9 1979

Alaska League Services, Inc.



Credit Union National Association, Inc.

1617 SHERMAN AVE. • BOX 131 • MADISON, WI 53701 • 608-241-1211

CUNA

January 5, 1979

Mr. David Chatfield
 Managing Director
 Alaska Credit Union League
 2509 Eide Street, Suite 4
 Anchorage, Alaska 99503

Re: Number of State Supervisory Personnel

Dear Dave:

Bill Drohan of the National Association of State Credit Union Supervisors informs me that his organization surveyed each supervisor last September relative to the number of personnel employed on credit union supervision. He also asked about the number of credit unions, their assets, etc. The findings were compiled and distributed at the NASCUS annual meeting in October, and I enclose a photocopy of the pertinent material.

Drohan noted that each agency was asked to list only its personnel working exclusively on credit unions, but a few misunderstood or could not provide such a breakout. So in a few instances you will find that the employment figures reflect personnel who supervise other financial institutions in addition to credit unions.


Nonetheless, I think you will find the information helpful in your efforts to dispel misgivings about the number of employees needed to supervise state credit unions.

Another suggestion you may want to consider; contacting Glen Reese of the Nevada League and the new Commissioner of Credit Unions in Nevada, Norman Okada. As you know, the Nevada Act was enacted only three years ago, and they had to start from scratch. There are now ten credit unions chartered under the Nevada Act. The situation there is not too unlike what might obtain should Alaska pass a credit union law. Okada can be reached at:

Commissioner of Credit Unions
 State of Nevada
 Nye Building
 Carson City, Nevada 89710
 Tel: (702) 885-4251

Dave, I hope this information will be of some help to you in your work on behalf of the credit union bill. I will write you soon on the other matters mentioned in your telephone call on Wednesday.

Sincerely,


 Robert W. Davis, Director
 State Governmental Affairs

RWD:hjb
 Attachs

STATE OF ALABAMA

C. W. SAULS, JR., Supervisor, Bureau of Credit Unions,
750 Washington Avenue, Room 305, Montgomery, Alabama 36130.

First employed by the Alabama State Banking Department in 1959 as a Bank Examiner, Mr. Sauls was instrumental in organizing the Bureau of Credit Unions in 1972, and has served as the Bureau's Supervisor since its inception.

→ Mr. Sauls is presently responsible for the supervision of 127 unions ranging in size from under \$100,000 assets to \$60,000,000.

→ Mr. Sauls' office, which is a division of the State Banking Department also regulates finance companies and other lenders for compliance with consumer credit and usury laws. The Credit Union Bureau currently employs five persons, including three examiners.

RECEIVED

JAN 9 1979

Alaska League Services, Inc.

STATE OF COLORADO

MERLE E. ALBRECHT, Chief Deputy State Bank Commissioner, Division of Banking, 325 State Office Building, Denver, Colorado 80203.

Merle Albrecht has been associated with the Division of Banking since July, 1960. He served as Bank Examiner until September, 1973, when he was appointed to his present position as Chief Deputy State Bank Commissioner. Prior to 1960, he worked for eight years with commercial banks.

The Colorado State Bank Commission, a sub-department of the Division of Banking, employs 7 people, including four credit union examiners. Albrecht and his staff supervise 149 credit unions, as well as commercial banks, industrial banks, and trust companies. Total assets rose from \$389,215,463 in January, 1977, to \$438,234,237 in January, 1978.

STATE OF FLORIDA

GERALD A LEWIS, Comptroller of Florida and Head, Department of Banking and Finance, The Capitol, Tallahassee, Florida 32304.

Gerald Lewis led a varied career before entering the banking industry. Moving to Florida in 1960, he was chosen by the citizens of Dade County in 1966 to serve the county in the Florida House of Representatives. He was re-elected in the special reapportionment election of 1967, and again in 1968.

In 1970 Lewis was elected to the Florida Senate. There he served as Vice-Chairman of the Senate Judiciary Committee (Civil), and was a member of the Joint House-Senate Committee that drafted the new Judiciary Article of the 1968 State Constitution.

Lewis has held the position of Comptroller of Florida for three and a half years. During his first year in office, he generated a securities "strike force" to combat the massive land-securities-mortgage fraud, which resulted in criminal prosecution of perpetrators of "White Collar Crime." He also lifted the traditional shroud of secrecy from the bank chartering process and took immediate steps to strengthen the Comptrollers's responsibilities as watchdog of the public treasury.

Lewis and his staff of 14 regulate approximately 288 financial institutions, including credit unions, state chartered banks, savings and loan associations, and trust companies. Assets totaled \$647,733,000 in January, 1977, and \$766,517,000 in January, 1978.

STATE OF GEORGIA

CHARLES W. BURGE, Director, Thrift Institutions Division, Department of Banking and Finance, 148 International Boulevard, N.E., Suite 640, Atlanta, Georgia 30303.

Charles Burge recently assumed the position of Director of the Thrift Institutions Division. Prior to his appointment to this position, he served as Division Director for the Georgia Department of Banking and Finance. As Division Director, he supervised 60 banks and 10 examiners.

With a staff of 7, the Thrift Institutions Division supervises 189 financial institutions, including credit unions, savings and loan associations, and licensed money order companies. Total assets have increased in the past year from \$368,000,000 in January, 1977, to \$448,000,000 in January, 1978.

Burge reports that Georgia now requires that member accounts of all credit unions be insured for \$40,000 by either NCUA or GCUDIC.

STATE OF IDAHO

TOM D. McELDOWNEY, Director of Finance, Department of Finance, Statehouse Mail, Boise, Idaho 83720.

Tom McEldowney has been with the Idaho Department of Finance since 1958, when he joined the agency as chief clerk. He became assistant bank examiner in 1959, bank examiner in 1960, and two years later was appointed deputy commissioner and chief examiner. By 1971, he had assumed the Commissioner-ship temporarily, and this appointment was made permanent in August of that year.

McEldowney and his staff of 26 supervise 96 credit unions. The total assets of these credit unions in January, 1977 was \$76,219, 814. By January, 1978, total assets had risen to \$97,546,219.

McEldowney reports that during the past year Idaho credit unions obtained statutory authorization to allow their members to withdraw funds from share accounts by the use of negotiable instruments. At present, this authority has been used by credit unions to offer money order draft (MOD) accounts to their members.

STATE OF ILLINOIS

CHARLES W. FILSON, Supervisor, Credit Union Division, Department of Financial Institutions, 160 North La Salle Street, Chicago, Illinois 60601.

Charles Filson assumed the position of Supervisor of the Credit Union Division in August, 1977. Prior to his appointment, he worked in the International Department of the First National Bank of Chicago for four years. Before his involvement with the banking industry, Filson led interesting careers in the U.S. Navy and as an administrator at Harvard University.

Filson's Credit Union Division is one of four divisions in the Department of Financial Institutions. A staff of 33 oversees 1080 credit unions. Total assets have risen from \$1.5 billion in January, 1977, to \$1.8 billion in January, 1978.

In the past year, Filson's agency has dealt with such issues as legislation, investments, the continual problems of poorly run institutions, and personnel changes.

STATE OF INDIANA

JAMES M. DOYLE, Supervisor, Division of Credit Unions, Department of Financial Institutions, 1024 State Office Building, Indianapolis, Indiana 46204.

James Doyle has been associated with the Department of Financial Institutions of the State of Indiana since September, 1970. During that time, he has held positions as Bank Examiner, Electronic Data Processing Supervisor, and Credit Union Supervisor. In October, 1973, he completed a six-week course in E.D.P. Evaluation Techniques, conducted by the national auditing firm of Peat, Marwick, Mitchell and Company, designed specifically for the Department. In May, 1974, he was requested to serve as a member of the E.D.P. Subcommittee of the Supervisory Procedures Committee of the Conference of State Bank Supervisors (CSBS). He was appointed to his present position four years ago. Prior to employment with the Department, he was employed for two years by the Gibson County Bank, Princeton, Indiana, where he served as general teller and later as loan teller in the installment loan program.

Doyle's Credit Union Division is one of six divisions of the Indiana Department of Financial Institutions. The Department's staff of 90 supervise 791 financial institutions, plus approximately 12,000 U.C.C.C. registrants. Total assets of these institutions rose from \$12,566,114,000 in January, 1977, to \$13,445,742,000 in January, 1978.

STATE OF KANSAS

LOVELLE FRAZIER, Administrator, Kansas Department of Credit Unions, 535 Kansas Avenue, Room 1003, Topeka, Kansas 66603.

Lovelle Frazier was appointed administrator of the Kansas State Department of Credit Unions in September, 1975. His credit union career began as treasurer of the newly organized Super Chief Credit Union in March, 1950. He has also served as a chapter president and vice president/director of the Kansas Credit Union League, and has been active on many of the committees of the League.

The Kansas State Department of Credit Unions was created by the 1968 legislative Session. There are several positions in the department: five financial examiners, one secretary, one clerk typist, and the administrator's position is 1/4 time. The principal duties of this department are to conduct thorough examinations of state chartered credit unions on an annual basis, approve certificated of organization, issue certificated of approval, make semi-annual reports of conditions, survey for each credit, collect fees for examination and other matters relating to the supervision of credit unions.

Frazier supervises 195 credit unions ranging in size from \$14,707 to \$430,060,386.

STATE OF KENTUCKY

JOHN L. WILLIAMS, JR., Commissioner, Kentucky Department of Banking and Securities, 911 Leawood Drive, Frankfort, Kentucky 40601.

John Williams began his banking career as a cashier with Citizens Bank in New Castle, Kentucky in 1946. Nine Years later he captured the office of Vice President of Farmers Bank and Trust Company in Princeton, moving up to President of that company in 1960. He has served in his present position ofr two years.

Williams works closely with the Cabinet for Public Protection and Regulation. Together they have a staff of 66 people. Other institutions supervised by his offic are state-chartered banks, savings and loan associations, industrial and consumer loans and various other institutions.

Williams supervises 126 credit unions. They range in size from \$20,000 assets to \$12,000,000. Total assets as of January, 1976 were listed as \$113,500,000. On June 30, 1978 the total assets were \$147,094,455.62.

STATE OF LOUISIANA

GERALD O. THOMPSON, Supervisor, Credit Union Division,
Office of Financial Institutions, P.O. Box 44095, Capitol
Station, Baton Rouge, Louisiana 70804.

Prior to assuming his current position as Supervisor of
the Credit Union Division, Gerald Thompson worked for seven
and a half years as a bank examiner and six years as a
commercial banker.

The Credit Union Division's staff of four supervise 102
credit unions. Under Thompson's guidance, total assets
have risen in the past year from \$91,931,022 in January,
1977, to \$103,770,958 in January, 1978.

STATE OF MAINE

JOHN A. DURHAM, Superintendent, Bureau of Banking, State Office Building, Augusta, Maine 04333.

John A. Durham was the first official to be confirmed by the Maine Legislature after the demise of the Executive Council in that state. He was sworn to office just this past March. Not long before taking his present position, Durham had been with the U. S. Marine Corps. His Last Assignment was with the First Marine Division was as Chief Finance Officer.

The Bureau of Banking is part of the Department of Business Regulation which also includes nine other bureaus. Durham's division supervises 29 credit unions in addition to 26 trust companies, 30 savings banks and 16 savings and loan associations supervision range in size from \$25,000 to \$15,000,000 in assets.

PROVINCE OF MANITOBA

ARTHUR BEARDMORE, Supervisor, 28 Farwell Bay, Winnipeg, Manitoba, Canada R3T057.

Arthur Beardmore formerly led a career as a peace officer. He turned accountant and joined the banking industry. He gained his present position through the Canadian Civil Service and has retained his post for the past 13 years.

Beardmore's present staff is 52 but only one is engaged in the inspection of credit unions. Most prominent is the Cooperative Section which employs four Northern Development Officers, three Southern Development Officers, three Housing Officers and one Day Care Officer. Additional Personnel are all administrative staff.

Beardmore supervises 130 credit unions ranging in size from \$80,000 to \$52,000,000.

STATE OF MISSISSIPPI

JAMES H. MEANS, State Comptroller, Department of Bank Supervision, 1206 Woolfolk State Office Building, P.O. Box 731, Jackson, Mississippi 39205.

James Means was appointed State Comptroller by Governor Waller of Mississippi, taking his oath of office on January 2, 1973. He began his banking career 30 years ago at the First National Bank of Jackson, Mississippi, and at the time of his present appointment was Vice President of that institution.

Means and his 34 staff members are responsible for the regulation and supervision of 72 credit unions in addition to 148 state chartered banks, 610 finance companies, and various other financial institutions. Total assets of these financial institutions was \$4,802,328,000 as of December 31, 1976, and \$4,940,624,100 as of December 31, 1977.

STATE OF MISSOURI

JOHN S. LEWIS, Director, Division of Credit Unions, P.O. Box 1235, Jefferson City, Missouri 65102.

John Lewis was a postal employee when he first became involved with credit unions. From 1953 until 1960 he was treasurer of the St. Joseph Postal Employees Credit Union. In 1960 he accepted the full-time position of manager of the Missouri Central Credit Union in Kansas City. He was appointed Director of the Credit Union Division for the State of Missouri in May, 1977.

The Credit Union Division's staff of thirteen, includes the Director and Deputy Director. Examiners work out of three different Missouri cities. Lewis supervises 375 credit unions. Total assets rose last year from \$600,000,000 in January, 1977, to \$700,000,000 in January, 1978.

Lewis reports that in the past year his agency has expanded credit union membership base by allowing credit unions to extend services to outside employee groups. He has also reduced reserve requirements for some credit unions to the Federal schedule as a minimum.

STATE OF MONTANA

L. W. ALKE, Administrator, Financial Division, 805 N. Main Street, Helena, Montana 59601.

Alke started his career in banking in 1936 with the Union Bank and Trust Co. of Helena, where he was employed until 1947, with time out for 3 1/2 years Army services. From until he accepted employment with the office of Superintendent of Banks. He became Chief Examiner in 1956, a position held until the reorganization of Montana's governmental agencies. When the Banking Department became the Financial Division of the Department of Business Regulation in November, 1971, he was appointed Administrator of that division, a position he still holds. In 1975 he qualified with the National Society of Financial Examiners as a certified Financial Examiner.

The Financial Division is one of four under the Department of Business Regulation and it charters and supervises banks, savings and loan associations, consumer loan licenses and sales finance companies in addition to credit unions. Alke's staff consists of four officer personnel plus 16 field examiners.

Alke and his staff supervise 25 credit unions ranging in size from \$20,000 to \$37,000,000.

STATE OF NEW HAMPSHIRE

ARLAN S. MacKNIGHT, Deputy Bank Commissioner, New Hampshire Banking Department, 97 North Main Street, Concord, New Hampshire 03301.

Arlan MacKnight has served as New Hampshire's Deputy Bank Commissioner since 1969. Prior to his appointment, he served as Assistant Bank Commissioner. In his earlier career, MacKnight served as bank examiner in both New Hampshire and Massachusetts. He is a graduate of Bentley College.

MacKnight's department is independent of any other state agency, and supervises 39 credit unions in addition to savings and loan and commercial banks, savings banks, and other financial institutions. He has a staff of 25, including 14 examiners. As of January, 1977, the credit unions under his supervision had assets of \$73,691,000. In January, 1978, their assets were \$84,486,000.

STATE OF NEW JERSEY

JOHN J. MINTON, Assistant Chief, Consumer Credit Bureau,
Department of Banking, 36 West State Street, Trenton, New
Jersey 08625.

John J. Minton joined the New Jersey Department of Banking
in 1941 and has been with it ever since except for a stint
in the Army from 1942 to 1946. He was appointed examiner
in December, 1955, and promoted to his current position of
Assistant Chief in October, 1963.

Minton has a variety of departments under his jurisdiction,
including the Consumer Credit Bureau. The Consumer Credit
Bureau has a staff of 13, including 7 field examiners.
The Consumer Credit Bureau supervises 58 credit unions, as
well as 575 other financial institutions. Total assets of
the credit unions rose from \$65,532,741 in January, 1977,
to \$79,682,876 in January, 1978.

STATE OF NEW MEXICO

SNIDER CAMPBELL, Savings and Loan Supervisor, Financial Institutions Division, Commerce and Industry Department, Santa Fe, New Mexico 87503.

Snider Campbell joined the state banking department in 1959, after working in private business for 10 years. During his tenure with the department, he held several supervisory posts until being appointed Savings and Loan Supervisor in 1971. Campbell is a graduate of Texas Tech.

Campbell and his staff of 21 employees supervise 53 credit unions and 25 savings and loans, as well as collection agencies, endowed care cemeteries and money order licensees. Total assets of the credit unions have risen from \$100,662,000 in January, 1977, to \$118,248,000 in January, 1978. Total assets of the savings and loans have risen from \$756,898,000 in January, 1977, to \$987,990,000 in January, 1978.

STATE OF NEW YORK

BERNARD GASSMAN, Deputy Superintendent of Banks, Thrift Institutions Division, New York State Banking Department, Two World Trade Center, New York, New York 10047.

Bernard Gassman's association with the banking industry has been a long one. Employment with a finance company and a commercial bank preceded almost four years as a bank examiner for the Federal Deposit Insurance Corporation. In 1956 Mr. Gassman left the FDIC to accept appointment as an examiner of the New York State Banking Department. He was promoted to Senior Bank Examiner in 1961, Principal Bank Examiner in 1965, Supervising Bank Examiner in 1967, and Deputy Superintendent in 1968, as a result of competitive civil service examinations. Mr. Gassman is a certified financial examiner. In 1977 he was put in charge of the Thrift Institutions Division.

Gassman has a staff of 547, including approximately 300 bank examiners, to help in the supervision of 493 financial institutions, including credit unions, savings banks, savings and loan associations, commercial banks, sale finance companies, and even several foreign banks. Five bank examiners are assigned to supervise credit unions, of which there are approximately 97. Total assets of these credit unions have risen from \$414,000,000 in January, 1977, to \$457,000,000 in January, 1978.

Gassman reports that in the past year legislation has been enacted in New York authorizing share certificates; loans to credit union organizations; and, if bylaws so provide, appointment of credit and supervisory committees by directors

STATE OF NORTH CAROLINA

ROY D. HIGH, Administrator, Credit Union Division, Dobbs Building, P.O. Box 25249, Raleigh, North Carolina 27611.

Roy High assumed his duties as administrator of the Credit Union Division in October, 1977. He has been employed with the State of North Carolina for over eighteen years, serving in a variety of positions and departments: Department of Administration, Personnel Analyst and Personnel Supervisor; Department of Agriculture, Accountant; and the Department of Revenue.

High's department is one of 17 divisions within the Department of Commerce. It consists primarily of regulatory agencies and has a staff of twelve. By North Carolina law, the Administrator has broad authority and responsibility for supervising and regulating the management, organization, business practices and operations of credit unions.

High supervises 215 credit unions. Total assets of these amounted to \$472,175,796 in December, 1976, and \$575,817,580 in December, 1977. By June, 1978, total assets had risen to \$630,775,000.

High reports that by the end of 1977, all credit unions had obtained mandatory insurance to cover members' shares and deposits. In addition, new rules and accounting procedures were adopted to strengthen the supervisory and examination process. High also reports that North Carolina has developed, tested, and implemented a modified automated examination system (AES) which will aid in the examination of credit unions with EDP systems.

STATE OF NORTH DAKOTA

LEROY GILBERTSON, Commissioner, 1301 State Capitol, Bismarck, North Dakota 58505.

Leroy Gilbertson would appear to some to be young for the position he holds. However, his experience shows him to be exceptionally qualified for the post. From 1964 to 1968 he worked for Idwest Federal Savings and Loan, where he held two positions as Assistant Appraiser and Assistant Accountant. From 1968 to 1969 he worked for the State of Wisconsin as Supervisor of Assessors. From 1969 through late 1975, he worked at the Bank of North Dakota, where he held a number of offices. From Loan Officer, he was promoted to Assistant Vice President and later to Vice President in charge of the Loan and Correspondent Departments. From late 1975 through June 1977, Gilbertson took a break from the banking industry and served as Finance Specialist for the Basin Electric Power Cooperative in Bismarck. In July, 1977 Gilbertson was appointed to his present position of Commissioner.

Gilbertson and his staff of 22 execute all laws relating to credit unions, state banks, trust companies, building and loan associations, and other financial corporations doing business under the laws of North Dakota. They supervise 75 credit unions, whose total assets rose from \$106,869,761 in December, 1976, to \$136,498,501 in December, 1977.

Gilbertson reports that during the past year, in order to meet code requirements, a majority of the credit unions in North Dakota have obtained NCUA insurance.