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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.

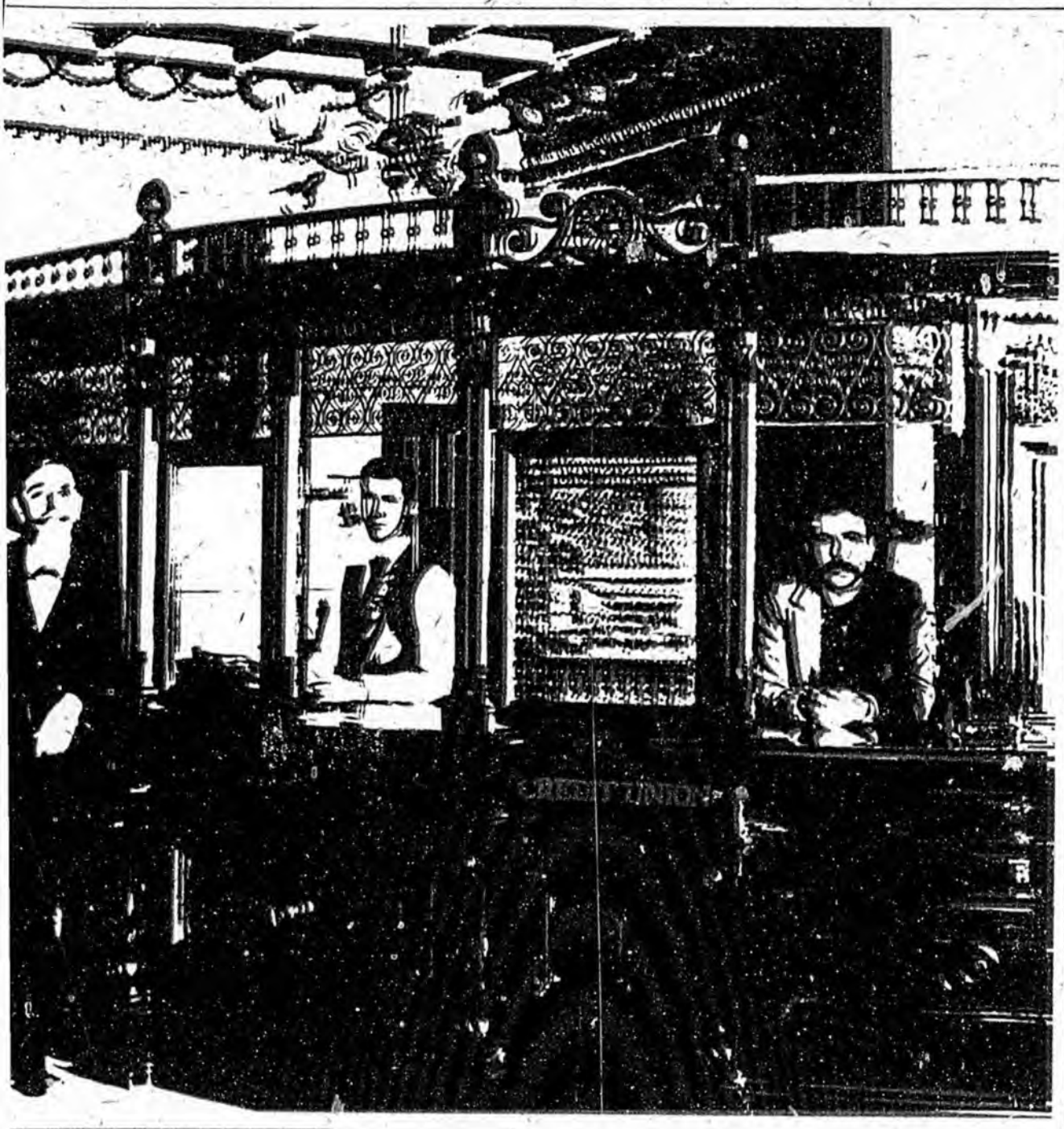
DIENER: My comments will be brief and basically a reaffirmation of the position of Alaska Pacific Bank of non-opposition to this bill. We feel that the question is not "shall there be credit unions" because there is, and obviously will continue to be, credit unions even if they are all federally chartered. 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.

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### 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.

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Art and Design: Roger Napiwocki

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# 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

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Compiled and researched by  
CUNA Governmental Affairs Division

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## 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)]
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**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]
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### 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	[§110-10]	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)]
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## 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)]
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## 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	[§6-06-06(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	[§2654(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	[§45-1806(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)]
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**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]
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**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]
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**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]
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**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]
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**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
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**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	[§36-217]	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]
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**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)]
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**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); 26-2108(e)]	Massachusetts	[Ch. 171, §7(j)]
Maine	[§813(2)(B)(9)]	Michigan	[§490.5]

\*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)]
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**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]
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\*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]
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**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
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**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]
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**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]
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#### 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
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**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]
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**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]
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**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)]
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\*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)]
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**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. [§842(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. [§842(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(O)]	Vermont	[§2061(10)(17)]

### ACT SIMILAR TO FEDERAL ACT:

Colorado	[§11-30-109(1)(i)]	New Hampshire	[§394:25-a,26]
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**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)]
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**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]
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\*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 \$1,000,000, \$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
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## 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)]
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**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]
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**WRITTEN NOTICE OF WITHDRAWAL** of shares may be required:

New York	[§463]	Oklahoma	[§2012]
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**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]
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**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]
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**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]
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**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)]
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**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]
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\*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]
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**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)]
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**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]
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**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)]
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**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]
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**DIVIDEND NOT TO EXCEED SPECIFIED RATE** without the approval of the supervisory department:

Arkansas—6%	[\$67-927(3)]	Georgia—7%	[\$41A-3111]
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**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]
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**5-DAYS DIVIDEND CREDIT:**

Maryland	[§155]	New Jersey	[§17:13-41(a)]
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**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]

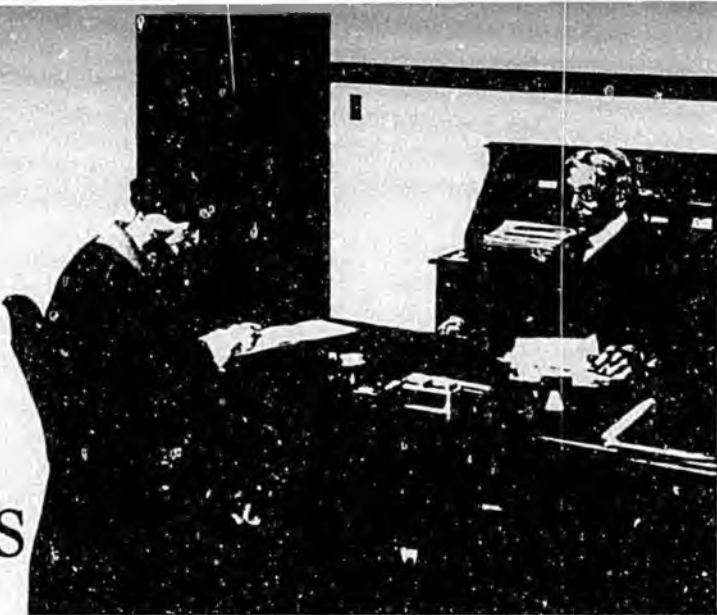
**VIRGINIA**—The bylaws shall provide for the manner of effecting the forfeiture of a member's shares when a balance of less than \$5 has been maintained for a period of two years. [§6.1-198(11)]

**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]
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### 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)]
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**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]
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**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)]
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**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 accounts, 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]
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**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)]
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### 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]
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**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
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## 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-

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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]
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**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]
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**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)]		

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