

**CHAPTER 84****MANAGEMENT AND OPERATIONS****§841. Management in general**

The management and operations of a credit union must be conducted in accordance with the provisions of Title 13-C, except as provided in this chapter and elsewhere in this Part. [RR 2001, c. 2, Pt. B, §16 (COR); RR 2001, c. 2, Pt. B, §58 (AFF).]

**SECTION HISTORY**

PL 1975, c. 500, §1 (NEW). RR 2001, c. 2, §B16 (COR). RR 2001, c. 2, §B58 (AFF).

**§842. Board of directors**

The management and control of the affairs of a credit union shall be vested in a board of directors, whose powers shall be exercised in accordance with the provisions of this section. [PL 1975, c. 500, §1 (NEW).]

**1. Number, election and qualifications.**

A. The number of directors of a credit union may not be less than 5, all of whom must be members of the credit union. [PL 1997, c. 566, §1 (AMD).]

B. The initial board of directors shall be elected at the first meeting of the members of the credit union, and by a vote of the members at each annual meeting thereafter. [PL 1975, c. 500, §1 (NEW).]

C. The term of a director shall not be less than one year nor more than 3 years; provided that if the term is more than one year, the bylaws shall establish terms of office so that an equal number of directors, so far as possible, shall be elected each year. [PL 1975, c. 500, §1 (NEW).]

D. Directors shall be sworn annually to the proper discharge and faithful performance of their duties. Such oaths shall be taken within 60 days of election to office, or such office shall become vacant. A record of every such qualification shall be preserved with the records of the credit union. [PL 1975, c. 500, §1 (NEW).]

E. A director shall serve until a successor is elected and qualified. [PL 1975, c. 500, §1 (NEW).]

F. If a director ceases to be a member of the credit union, his office shall thereupon become vacant. [PL 1975, c. 500, §1 (NEW).]

[PL 1997, c. 566, §1 (AMD).]

**2. Powers and duties.** The board of directors shall manage the affairs, funds and records of the credit union and shall meet as often as necessary, but not less than once a month, notice of the meeting to be made in the manner prescribed in the bylaws. The superintendent may approve fewer meetings upon a credit union's demonstration of good cause. As set forth below, the special duties of the board of directors are:

A. To act upon applications for membership, or to appoint a membership committee of one or more membership officers from among the members of the credit union, other than the treasurer, an assistant treasurer or loan officer, who may be authorized by the board to approve applications for membership under such conditions as the board may prescribe, as long as that committee or membership officer submits to the board at each meeting a list of approved or pending applications for membership received since the previous meeting, together with other related information as the bylaws or board may require; [PL 2023, c. 539, §2 (AMD).]

- B. To fix from time to time the maximum amount, both secured and unsecured, that may be loaned to any one member, except as limited by chapter 85, and to establish a written loan policy pursuant to section 851, which must be reviewed and ratified at least annually; [PL 2023, c. 539, §2 (AMD).]
- C. To authorize the employment of a person or persons as may be necessary to carry on the business of the credit union and to fix the compensation of those employees, including the treasurer; [PL 2023, c. 539, §2 (AMD).]
- D. To borrow money to carry on the functions of the credit union, subject to the limitation set forth in section 822; [PL 1975, c. 500, §1 (NEW).]
- E. To authorize the conveyance of property; [PL 1975, c. 500, §1 (NEW).]
- F. To purchase a blanket bond in an amount that is not less than an amount recommended by the superintendent, which must be required of the treasurer and of each other officer and other employee having custody of funds or property; [PL 2023, c. 539, §2 (AMD).]
- G. To limit the number of shares that may be owned by one member or nonmember as provided in section 817, and that limitation must be applied uniformly; [PL 2023, c. 539, §2 (AMD).]
- H. To have charge of the investment of funds and to establish a written investment policy pursuant to section 861, which must be reviewed and ratified at least annually; [PL 2003, c. 322, §30 (AMD).]
- I. To perform such other duties as the members may from time to time require; [PL 1975, c. 500, §1 (NEW).]
- J. To appoint a supervisory committee of not fewer than 3 members, not more than one member of which may be a director. If the duties of the supervisory committee are conducted by an independent public accountant and the board has contracted for an annual audit by an independent public accountant pursuant to section 844, a supervisory committee need not be appointed; [PL 2023, c. 539, §2 (AMD).]
- K. To appoint a credit committee of not fewer than 3 members or to establish a written loan policy that provides for the designation of one or more loan officers in lieu of a credit committee and provides that all loans are subject to ratification by the full board; [PL 2023, c. 539, §2 (AMD).]
- L. To appoint an executive committee, when the bylaws so provide, consisting of not fewer than 3 members of the board with authority to invest funds or borrow in the name of the credit union, except that the board may establish a written investment policy that provides for the designation of a qualified individual to have charge of making investments, subject to ratification by the full board; [PL 2023, c. 539, §2 (AMD).]
- M. To suspend any or all members of the credit and supervisory committees for failure to perform their duties; [PL 1975, c. 500, §1 (NEW).]
- N. To fill vacancies occurring between annual meetings in the board of directors and in the credit committee and supervisory committee until the election or appointment and qualification of their successors; [PL 1975, c. 500, §1 (NEW).]
- O. To establish and provide for compensation of loan officers appointed by the credit committee and for auditing assistance requested by the supervisory committee; [PL 2023, c. 539, §2 (AMD).]
- P. To designate a depository or depositories for the funds of the credit union; [PL 1975, c. 500, §1 (NEW).]
- Q. To declare dividends in the way and manner provided in the bylaws and in accordance with this Part; [PL 1975, c. 500, §1 (NEW).]

R. To determine from time to time the rate of interest consistent with the laws of this State that must be charged on loans and the amount of interest rebate and the interval on which such rebate, if any, is computed; and [PL 2023, c. 539, §2 (AMD).]

S. To perform or authorize any action consistent with this Part not specifically reserved by the bylaws for the members. [PL 1975, c. 500, §1 (NEW).]  
[PL 2023, c. 539, §2 (AMD).]

**3. Compensation.** No member of the board of directors shall receive any compensation for his services as a member of said board, or as a member of any committees of the credit union.  
[PL 1975, c. 500, §1 (NEW).]

**4. Director as a committee member.** No director of a credit union shall be a member of both the credit and the supervisory committees of the credit union, unless the number of members in the credit union is less than 11.  
[PL 1975, c. 500, §1 (NEW).]

**5. Comakers of loans.**  
[PL 2003, c. 322, §32 (RP).]

#### SECTION HISTORY

PL 1975, c. 500, §1 (NEW). PL 1983, c. 51, §4 (AMD). PL 1997, c. 108, §13 (AMD). PL 1997, c. 566, §1 (AMD). PL 2003, c. 322, §§29-32 (AMD). PL 2023, c. 539, §2 (AMD).

#### §843. Officers and employees

##### 1. Election.

A. The directors, at their first meeting after the annual meeting of the members, shall elect from their own number the board officers specified in the bylaws. [PL 1983, c. 51, §5 (AMD).]

B. Those persons elected in paragraph A shall be the officers of the corporation, and shall hold office until their successors are elected and qualified. [PL 1975, c. 500, §1 (NEW).]  
[PL 1983, c. 51, §5 (AMD).]

##### 2. Bond.

A. The treasurer and all other officers and employees of a credit union having access to the cash or negotiable securities in its possession shall each give bond, including faithful performance clause, to the credit union in such amount and with such surety or sureties and conditions as the superintendent may prescribe, and shall file with the superintendent an attested copy thereof. [PL 1975, c. 500, §1 (NEW).]

B. The treasurer and any other officers and employees required to give bond may be included in one or more blanket or schedule bonds. [PL 1975, c. 500, §1 (NEW).]  
[PL 1975, c. 500, §1 (NEW).]

**3. Compensation.** The treasurer, or any other officer serving in the capacity of general manager, may be compensated in such amount as the board of directors may from time to time determine.  
[PL 1975, c. 500, §1 (NEW).]

**4. Benefits.** A credit union may provide employee benefits, including retirement benefits, to its employees and officers. The kind and amount of these benefits must be reasonable given the credit union's size and financial condition and the duties of the employees and officers. A credit union investing to fund an employee benefit plan obligation is not subject to the investment limitations of section 862 and may purchase an investment that would otherwise be impermissible if the investment is directly related to the credit union's obligation or potential obligation under the employee benefit plan and the credit union holds the investment only for as long as it has an actual or potential obligation

under the employee benefit plan. The superintendent may adopt rules to implement this subsection. Rules adopted pursuant to this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

[PL 2005, c. 468, §1 (NEW).]

#### SECTION HISTORY

PL 1975, c. 500, §1 (NEW). PL 1983, c. 51, §5 (AMD). PL 2005, c. 468, §1 (AMD).

### **§844. Supervisory committee or independent public accountant**

**1. Duties of supervisory committee.** If a supervisory committee is appointed pursuant to section 842, subsection 2, the supervisory committee shall keep informed fully and at all times as to the financial condition of the credit union, shall examine or cause to be examined carefully the cash and accounts of the credit union annually, and shall report to the board of directors its findings, together with its recommendations. The supervisory committee shall hold meetings at least once each quarter and shall keep records of the meetings. The supervisory committee shall make an annual report at the annual meeting of members of the credit union.

[PL 2003, c. 322, §33 (AMD).]

**1-A. Duties of independent public accountant.** If the board of directors employs an independent public accountant, the annual audits must be conducted pursuant to section 453. Verification of share, deposit and loan accounts must be conducted pursuant to this section.

[PL 2003, c. 322, §33 (NEW).]

#### **2. Verification of share, deposit and loan accounts.**

A. At least once in every 2 years, the supervisory committee or the independent public accountant shall verify or cause to be verified the share, deposit and loan accounts of members of the credit union and a report of the verification must be kept on file and available to be reviewed at the time of the next examination or upon request by the superintendent.

(1) If the verification is performed by the supervisory committee, a controlled verification of 100% of the members' share, deposit and loan accounts must be made.

(2) If the verification is performed by a certified public accountant, the auditor may choose the verification method set forth in subsection 1 or a sampling method sufficient in both number and scope on which to base conclusions concerning the validity of such records. [PL 2003, c. 322, §33 (AMD).]

B. If the superintendent determines such verification inadequate, the superintendent may cause the bureau to verify such accounts; and the bureau must have full access to every aspect of the credit union's activities and to all books, papers, vouchers, resources and all other records and property belonging to said credit union, whether in its immediate possession or otherwise, for the purpose of facilitating such verification. [PL 2001, c. 211, §19 (AMD).]

C. Expenses incurred by the superintendent in any such verification must be paid by the credit union, to be credited and used as provided in section 214. [PL 2001, c. 211, §19 (AMD).]

[PL 2003, c. 322, §33 (AMD).]

#### **3. Meetings.**

[PL 2003, c. 322, §33 (RP).]

#### **4. Annual report.**

[PL 2003, c. 322, §33 (RP).]

**5. Exception.** Notwithstanding the provisions of subsections 1 and 1-A, any credit union that has total assets in excess of \$100,000,000 must employ an independent public accountant to conduct an annual audit of the credit union in accordance with section 453.

[PL 2009, c. 228, §8 (AMD).]

**6. Rulemaking.** The superintendent may adopt rules to further define the duties of the supervisory committee. Rules adopted pursuant to this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

[PL 2003, c. 322, §33 (NEW).]

#### SECTION HISTORY

PL 1975, c. 500, §1 (NEW). PL 1979, c. 429, §12 (AMD). PL 2001, c. 211, §19 (AMD). PL 2003, c. 322, §33 (AMD). PL 2009, c. 228, §8 (AMD).

#### §845. Credit committee

**1. Powers and duties.** If a credit committee is appointed pursuant to section 842, subsection 2, the credit committee shall:

A. Hold meetings at least once in each month; [PL 1975, c. 500, §1 (NEW).]

B. Act on all applications for loans to members; [PL 1975, c. 500, §1 (NEW).]

C. Approve in writing all personal loans granted and the security, if any, pledged for personal loans; and [PL 2003, c. 322, §34 (AMD).]

D. Submit to the board of directors all applications for loans to be secured by mortgages of real estate, with its recommendations on the applications, which must include a signed appraisal as to its best judgment of the value of the real estate involved. [PL 2003, c. 322, §34 (AMD).]

[PL 2003, c. 322, §34 (AMD).]

#### **2. Loan officers.**

A. The board of directors may appoint one or more loan officers. [PL 1991, c. 386, §23 (AMD).]

B. The board of directors may delegate to the loan officer or officers the authority that is within the limits established under a written loan policy. The authority granted to any loan officer must be included in the minutes of the meetings of the board of directors. [PL 1991, c. 386, §23 (AMD).]

C. Each loan officer shall furnish to the board of directors or credit committee a record of each application acted upon by that loan officer at the next meeting of the board of directors or committee after the date of filing of the application. If there is a credit committee, all applications not approved by the loan officer must be reviewed by the credit committee. The approval of a majority of the members who are present at the meeting when such review is undertaken is required to reverse the loan officer's decision, provided a majority of the full committee is present. If there is no credit committee, a member, upon written request, has the right of review by the board of directors of a loan application that has been denied. A loan officer may not disburse funds of the credit union for any loan approved by that loan officer in the capacity as loan officer. [PL 1991, c. 649 (AMD).]

[PL 1991, c. 649 (AMD).]

**3. Personal loans.** No personal loan, other than those approved by loan officers, shall be made unless a majority of the members of the credit committee who are present at a meeting when the loan application is considered vote to approve said loan. A quorum of the credit committee at such meeting shall be at least 2/3 of the members of the committee.

[PL 1975, c. 500, §1 (NEW).]

#### SECTION HISTORY

PL 1975, c. 500, §1 (NEW). PL 1991, c. 386, §23 (AMD). PL 1991, c. 649 (AMD). PL 2003, c. 322, §34 (AMD).

#### §846. Meetings of the members

**1. Time and notice.** The annual meeting of the members of a credit union must be held at such time and place as the board of directors may determine, but not later than 180 days after the close of the fiscal year. Special meetings may be called at any time by a majority of the directors, and must be called by the clerk upon written request of 25 members or 5% of the total members entitled to vote as of the date of request, whichever number is greater. Notwithstanding this section, the maximum number of members required to call a special meeting may not exceed 500. Notice of all meetings of the members must be given in the manner prescribed in the bylaws. A credit union may adopt bylaws that allow annual and special meetings to be conducted by means of remote communication or authorize members to participate in a meeting by means of remote communication as described in section 325, subsection 3, paragraph F or Title 13-C, section 709.

[PL 2021, c. 188, §3 (AMD).]

**2. Voting.** A member may not be entitled to vote by proxy, except in a vote for dissolution or merger, or have more than one vote; and a member under the age of 18 may be entitled to vote, subject to conditions prescribed in the bylaws. A fraternal organization, voluntary association, partnership or corporation having membership in a credit union may cast one vote at any of the meetings of the credit union by a duly delegated agent.

[PL 2007, c. 79, §10 (AMD).]

**3. Lending limitations; dividends.** The members at each annual meeting may fix the maximum amount to be loaned to any one member and, upon recommendation of the board of directors, may declare dividends in accordance with section 833.

[PL 1975, c. 500, §1 (NEW).]

#### SECTION HISTORY

PL 1975, c. 500, §1 (NEW). PL 1983, c. 51, §6 (AMD). PL 1995, c. 512, §2 (AMD). PL 2003, c. 322, §35 (AMD). PL 2007, c. 79, §10 (AMD). PL 2021, c. 188, §3 (AMD).

#### §847. Expulsion of members

**1. Grounds for expulsion.** A manager or chief executive officer of a credit union may expel from the credit union any member who:

A. Has not carried out the member's engagement with the credit union; [PL 2023, c. 539, §3 (NEW).]

B. Has been convicted of a criminal offense; [PL 2023, c. 539, §3 (NEW).]

C. Neglects or refuses to comply with the provisions of this Part or the bylaws of the credit union; [PL 2023, c. 539, §3 (NEW).]

D. Has deceived the credit union or a committee of the credit union with regard to the use of borrowed money; [PL 2023, c. 539, §3 (NEW).]

E. Has substantially and repeatedly violated the official policies of the credit union; [PL 2023, c. 539, §3 (NEW).]

F. Has demonstrated dangerous, threatening or abusive behavior, as defined in rules adopted by the National Credit Union Administration, in such a way as to disrupt the operations of the credit union; or [PL 2023, c. 539, §3 (NEW).]

G. Has been convicted of fraud, attempted fraud, conspiracy to commit fraud or other illegal conduct in relation to the credit union, including illegal conduct in which an employee of the credit union was conducting business on behalf of the credit union. [PL 2023, c. 539, §3 (NEW).]

[PL 2023, c. 539, §3 (RPR).]

**2. Return of paid-in shares.** The amounts paid in on shares by members who have withdrawn or have been expelled shall be paid to them in the order of withdrawal or expulsion, but only as funds therefor become available and after deducting any amounts due from such members to the credit union.  
[PL 1975, c. 500, §1 (NEW).]

**3. Liability unaffected by expulsion.** Such expulsion shall not operate to relieve a member from any outstanding liability to the credit union.  
[PL 1975, c. 500, §1 (NEW).]

**4. Expulsion policy; appealing an expulsion.** The manager or chief executive officer of a credit union shall inform an expelled member of the grounds for the expulsion, and the expelled member may appeal the expulsion to the board of directors. A decision by the board regarding an expulsion is final. By January 1, 2025, the board of directors of a credit union shall establish a written expulsion policy and expulsion appeals process that clearly informs members of a member's right to appeal an expulsion decision. The credit union shall annually provide the expulsion policy and expulsion appeals process to members of the credit union.  
[PL 2023, c. 539, §4 (NEW).]

#### SECTION HISTORY

PL 1975, c. 500, §1 (NEW). PL 2017, c. 143, §9 (AMD). PL 2023, c. 539, §§3, 4 (AMD).

#### §848. Amendment of bylaws and charter

**1. Procedure.** Amendments of the bylaws may be adopted, and amendments of the charter requested, by the affirmative vote of 2/3 of the members of the board of directors at any duly held meeting thereof, if the members of the board have been given at least 7 days' notice of said meeting and the notice has contained a copy of the proposed amendment or amendments.  
[PL 1975, c. 500, §1 (NEW).]

**2. Superintendent's approval.** No amendments to the bylaws or charter of a credit union shall become effective without the written approval of the superintendent.  
[PL 1975, c. 500, §1 (NEW).]

#### SECTION HISTORY

PL 1975, c. 500, §1 (NEW).

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