

by the board of directors in compliance with regulations prescribed from time to time by the Board conditioned upon the faithful performance of the officer's trust."

1982—Pub. L. 97-320 substituted provisions relating to the officers of the board for provisions which read: "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. No executive officer, except the treasurer, shall be compensated as such. The offices of secretary and treasurer may be held by the same person. The duties of the officers shall be as determined by the bylaws. Before the treasurer shall enter upon his duties he shall 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, conditioned upon the faithful performance of his trust."

1978—Pub. L. 95-630 substituted "Board" for "Administrator".

1970—Pub. L. 91-206 substituted "Administrator" for "Director".

1963—Pub. L. 88-150 struck out ", except that the treasurer shall be the general manager of the corporation" after "bylaws" in fourth sentence.

#### Statutory Notes and Related Subsidiaries

##### EFFECTIVE DATE OF 1978 AMENDMENT

Amendment by Pub. L. 95-630 effective on expiration of 120 days after Nov. 10, 1978, and transitional provisions, see section 509 of Pub. L. 95-630, set out as a note under section 1752 of this title.

#### § 1761b. Board of directors; meetings; powers and duties; executive committee; membership officers; membership application

The board of directors shall meet at least once a month and shall have the general direction and control of the affairs of the Federal credit union. Minutes of all meetings shall be kept. Among other things, the board of directors shall—

(1) act upon applications for membership or appoint membership officers from among the members of the credit union, other than the board member paid as an officer, the financial board officer, any assistant to the paid officer of the board or to the financial officer, or any loan officer;

(2) provide adequate fidelity coverage for officers and employees having custody of or handling funds according to regulations issued by the Board;

(3) fill vacancies on the board of directors until successors elected at the next annual meeting have qualified;

(4) if the bylaws provide for an elected credit committee, fill vacancies on the credit committee until successors elected at the next annual meeting have qualified;

(5) appoint the members of the supervisory committee and, if the bylaws so provide, appoint the members of the credit committee;

(6) have charge of investments including the right to designate an investment committee of not less than two to act on its behalf;

(7) determine the maximum number of shares, share certificates, and share draft accounts, and the classes of shares, share certificates, and share draft accounts;

(8) subject to any limitations of this subchapter,<sup>1</sup> determine the interest rates on loans, the security, and the maximum amount which may be loaned and provided in lines of credit;

(9) authorize interest refunds to members of record at the close of business on the last day of any dividend period from income earned and received in proportion to the interest paid by them during that dividend period;

(10) if the bylaws so provide, appoint one or more loan officers and delegate to these officers the power to approve or disapprove loans, lines of credit, or advances from lines of credit;

(11) establish the par value of the share;

(12) subject to the limitations of this subchapter and the bylaws of the credit union, provide for the hiring and compensation of officers and employees;

(13) if the bylaws so provide, appoint an executive committee of not less than three directors to act on its behalf and any other committees to which it can delegate specific functions;

(14) prescribe conditions and limitations for any committee which it appoints;

(15) review at each monthly meeting a list of approved or pending applications for membership received since the previous monthly meeting together with such other related information as it or the bylaws require;

(16) provide for the furnishing of the written reasons for any denial of a membership application to the applicant upon the written request of the applicant;

(17) in the absence of a credit committee, and upon the written request of a member, review a loan application denied by a loan officer;

(18) declare the dividend rate to be paid on shares, share certificates, and share draft accounts pursuant to the terms and conditions of section 1763 of this title;

(19) establish and maintain a system of internal controls consistent with the regulations of the Board;

(20) establish lending policies; and

(21) do all other things that are necessary and proper to carry out all the purposes and powers of the Federal credit union, subject to regulations issued by the Board.

(June 26, 1934, ch. 750, title I, §113, formerly §14, as added Pub. L. 86-354, §1, Sept. 22, 1959, 73 Stat. 632; amended Pub. L. 88-353, §3, July 2, 1964, 78 Stat. 269; Pub. L. 90-375, §1(4), July 5, 1968, 82 Stat. 284; Pub. L. 91-206, §2(1), Mar. 10, 1970, 84 Stat. 49; renumbered title I, §113, Pub. L. 91-468, §1(2), Oct. 19, 1970, 84 Stat. 994; amended Pub. L. 93-383, title VII, §723, Aug. 22, 1974, 88 Stat. 719; Pub. L. 95-22, title III, §309, Apr. 19, 1977, 91 Stat. 53; Pub. L. 95-630, title V, §502(b), Nov. 10, 1978, 92 Stat. 3681; Pub. L. 97-320, title V, §522, Oct. 15, 1982, 96 Stat. 1532; Pub. L. 97-457, §28, Jan. 12, 1983, 96 Stat. 2510; Pub. L. 100-86, title VII, §§704(b), 705, Aug. 10, 1987, 101 Stat. 652.)

<sup>1</sup> See References in Text note below.

**Editorial Notes****REFERENCES IN TEXT**

This subchapter, referred to in par. (8), probably should have been a reference to this title in the original, meaning title I of act June 26, 1934, ch. 750, which is classified generally to this subchapter.

**PRIOR PROVISIONS**

Provisions similar to those comprising this section were contained in section 11(c) of act June 26, 1934, ch. 750, 48 Stat. 1219 (formerly classified to section 1761(c) of this title), prior to the amendment and renumbering of act June 26, 1934, by Pub. L. 86-354.

**AMENDMENTS**

1987—Par. (1). Pub. L. 100-86, §705, substituted “of the credit union” for “of the board of directors”.

Par. (2). Pub. L. 100-86, §704(b), amended par. (2) generally. Prior to amendment, par. (2) read as follows: “require any officer or employee having custody of or handling funds to give bond with good and sufficient surety in an amount and character in compliance with regulations of the Board, and authorize the payment of the premium or premiums therefor from the funds of the Federal credit union;”.

1983—Pub. L. 97-457, §28(1), substituted “direction” for “directions” after “shall have the general”.

Par. (2). Pub. L. 97-457, §28(2), substituted “union” for “unions” after “Federal credit”.

Par. (9). Pub. L. 97-457, §28(3), inserted “by” after “interest paid”.

Par. (15). Pub. L. 97-457, §28(4), substituted “meeting” for “meetings” after “previous monthly”.

1982—Pub. L. 97-320, §522, substituted provisions relating to the board of directors, its meetings, powers, and duties, membership officers and membership applications, for provisions which read as follows: “The board of directors shall meet at least once a month and shall have the general direction and control of the affairs of the corporation. Minutes of all such meetings shall be kept. Among other things they shall act upon applications for membership; 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, and authorize the payment of the premium or premiums therefor from the funds of the Federal credit union; fill vacancies in the board and in the credit committee until successors elected at the next annual meeting have qualified; have charge of investments other than loans to members, except that 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; 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; subject to the limitations of this chapter, determine the interest rates on loans, the security, and the maximum amount which may be loaned or provided in lines of credit; subject to such regulations as may be issued by the Board, authorized 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; and provide for compensation of necessary clerical and auditing assistance requested by the supervisory committee, and of loan officers appointed by the credit committee. 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. Such executive committee or one or more membership officers appointed by the board from among the members of the credit union, other than the treasurer, an assistant treasurer, or a loan officer, may be authorized by the

board to approve applications for membership under such conditions as the board may prescribe; except that such committee or membership officer so authorized shall submit to the board at each monthly meeting a list of approved or pending applications for membership received since the previous monthly meeting, together with such other related information as the bylaws or the board may require. If a membership application is denied, the reasons therefor shall be furnished in writing to the person whose application is denied, upon written request.”

1978—Pub. L. 95-630 substituted “Board” for “Administrator” in two places.

1977—Pub. L. 95-22 substituted “and share certificates and the classes of shares and share certificates that may be held” for “that may be held by an individual” and “, the security, and the maximum amount which may be loaned or provided in lines of credit” for “and the maximum amount which may be loaned with or without security to any member”.

1974—Pub. L. 93-383 inserted provisions authorizing designation of a committee of not less than two to act as an investment committee and provisions relating to denial of a membership application, substituted “one or more membership officers” for “a membership officer”, and substituted provisions relating to exercise of authority by the executive committee for provisions setting forth specified functions of the executive committee.

1970—Pub. L. 91-206 substituted “Administrator” for “Director” in two places.

1968—Pub. L. 90-375 substituted “the purchase and sale of securities, the borrowing of funds, and the making of loans to other credit unions” for “the purchase and sale of securities or the making of loans to other credit unions, or both”.

1964—Pub. L. 88-353 substituted “the last day of any dividend period in proportion to the interest paid by them during that dividend period” for “December 31 in proportion to the interest paid by them during that year”.

**Statutory Notes and Related Subsidiaries****EFFECTIVE DATE OF 1978 AMENDMENT**

Amendment by Pub. L. 95-630 effective on expiration of 120 days after Nov. 10, 1978, and transitional provisions, see section 509 of Pub. L. 95-630, set out as a note under section 1752 of this title.

**§ 1761c. Credit committee****(a) Members; meetings; lines of credit and approval of loans; delegation to loan officers**

If the bylaws provide for a credit committee, then pursuant to the provisions of the bylaws, the board of directors may appoint or the members may elect a credit committee which shall consist of an odd number of members of the credit union, but which shall not include more than one loan officer. The method used shall be set forth in the bylaws. The credit committee shall hold such meetings as the business of the Federal credit union may require, not less frequently than once a month, to consider applications for loans or lines of credit. Reasonable notice of such meetings shall be given to all members of the committee. Except for those loans or lines of credit required to be approved by the board of directors in section 1757(5) of this title, approval of an application shall be by majority of the committee who are present at the meeting at which it is considered provided that a majority of the full committee is present. The credit committee may appoint and delegate to loan officers the authority to approve applications.