

Editorial Notes**AMENDMENTS**

1959—Pub. L. 86-354 reen acted section without change.

Statutory Notes and Related Subsidiaries**SHORT TITLE OF 2022 AMENDMENT**

Pub. L. 117-103, div. T, §101, Mar. 15, 2022, 136 Stat. 823, provided that: “This division [amending section 1764 of this title] may be cited as the ‘Credit Union Governance Modernization Act of 2022’.”

SHORT TITLE OF 2014 AMENDMENT

Pub. L. 113-252, §1, Dec. 18, 2014, 128 Stat. 2893, provided that: “This Act [amending section 1787 of this title] may be cited as the ‘Credit Union Share Insurance Fund Parity Act’.”

SHORT TITLE OF 1998 AMENDMENT

Pub. L. 105-219, §1(a), Aug. 7, 1998, 112 Stat. 913, provided that: “This Act [enacting sections 1752a, 1759, 1782, and 1784 to 1787 of this title, repealing section 1762 of this title, and enacting provisions set out as notes under this section and sections 1752a, 1757a, 1759, 1790d, 4801, and 4803 of this title] may be cited as the ‘Credit Union Membership Access Act’.”

SHORT TITLE OF 1987 AMENDMENT

Pub. L. 100-86, title VII, §701, Aug. 10, 1987, 101 Stat. 652, provided that: “This title [enacting section 1772c of this title and amending sections 1757, 1761a, 1761b, 1764, 1766, 1767, and 1786 to 1788 of this title and sections 45, 46, and 57a of Title 15, Commerce and Trade] may be cited as the ‘Credit Union Amendments of 1987’.”

SHORT TITLE OF 1978 AMENDMENT

Pub. L. 95-630, title XVIII, §1801, Nov. 10, 1978, 92 Stat. 3719, provided that: “This title [enacting subchapter III of this chapter and amending section 1757 of this title, section 709 of Title 18, Crimes and Criminal Procedure, and section 856 of former Title 31, Money and Finance] may be cited as the ‘National Credit Union Central Liquidity Facility Act’.”

CONGRESSIONAL FINDINGS

Pub. L. 105-219, §2, Aug. 7, 1998, 112 Stat. 913, provided that: “The Congress finds the following:

“(1) The American credit union movement began as a cooperative effort to serve the productive and provident credit needs of individuals of modest means.

“(2) Credit unions continue to fulfill this public purpose, and current members and membership groups should not face divestiture from the financial services institution of their choice as a result of recent court action.

“(3) To promote thrift and credit extension, a meaningful affinity and bond among members, manifested by a commonality of routine interaction, shared and related work experiences, interests, or activities, or the maintenance of an otherwise well-understood sense of cohesion or identity is essential to the fulfillment of the public mission of credit unions.

“(4) Credit unions, unlike many other participants in the financial services market, are exempt from Federal and most State taxes because they are member-owned, democratically operated, not-for-profit organizations generally managed by volunteer boards of directors and because they have the specified mission of meeting the credit and savings needs of consumers, especially persons of modest means.

“(5) Improved credit union safety and soundness provisions will enhance the public benefit that citizens receive from these cooperative financial services institutions.”

TRANSFER OF FUNCTIONS

Secretary and Department of Health, Education, and Welfare redesignated Secretary and Department of Health and Human Services by section 3508 of Title 20, Education.

Executive Documents**TRANSFER OF FUNCTIONS**

Transfer of functions of Farm Credit Administration and Governor thereof to Bureau of Farm Credit Unions and Director thereof under jurisdiction of Federal Security Agency by act June 29, 1948, ch. 711, §§1, 2, 62 Stat. 1091, and abolishment of Agency and transfer of its functions to Department of Health, Education, and Welfare by Reorg. Plan No. 1 of 1953, §5, eff. Apr. 11, 1953, 18 F.R. 2053, 67 Stat. 632, see section 1752a of this title, and notes thereunder.

Functions of Farm Credit Administration and Governor thereof under this chapter, together with functions of Secretary of Agriculture with respect thereto, transferred to Federal Deposit Insurance Corporation by Reorg. Plan No. 1 of 1947, §401, eff. July 1, 1947, 12 F.R. 4534, 61 Stat. 952, set out in the Appendix to Title 5, Government Organization and Employees. A similar transfer of functions for duration of World War II was effected by Ex. Ord. No. 9148, Apr. 27, 1942, 7 F.R. 3145.

Farm Credit Administration transferred to Department of Agriculture by Reorg. Plan No. I of 1939, §401, eff. July 1, 1939, 4 F.R. 2730, 53 Stat. 1429, set out in the Appendix to Title 5.

§ 1751a. Omitted**Editorial Notes****CODIFICATION**

Section, act June 29, 1948, ch. 711, §2, 62 Stat. 1091, related to establishment of Bureau of Federal Credit Unions. See section 1752a of this title.

SUBCHAPTER I—GENERAL PROVISIONS**§ 1752. Definitions**

As used in this chapter—

(1) the term “Federal credit union” means a cooperative association organized in accordance with the provisions of this chapter for the purpose of promoting thrift among its members and creating a source of credit for provident or productive purposes;

(2) the term “Chairman” means the Chairman of the National Credit Union Administration Board;

(3) the term “Administration” means the National Credit Union Administration;

(4) the term “Board” means the National Credit Union Administration Board;

(5) The terms “member account” and “account” mean a share, share certificate, or share draft account of a member of a credit union of a type approved by the Board which evidences money or its equivalent received or held by a credit union in the usual course of business and for which it has given or is obligated to give credit to the account of the member, and, in the case of a credit union serving predominantly low-income members (as defined by the Board), such terms (when referring to the account of a nonmember served by such credit union) mean a share, share certificate, or share draft account of such nonmember which is of a type approved by the Board and evidences money or its

equivalent received or held by such credit union in the usual course of business and for which it has given or is obligated to give credit to the account of such nonmember, and such terms mean share, share certificate, or share draft account of nonmember credit unions and nonmember units of Federal, State, or local governments and political subdivisions thereof enumerated in section 1787 of this title, and such terms mean custodial accounts established for loans sold in whole or in part pursuant to section 1757(13) of this title: *Provided*, That for purposes of insured State credit unions, reference in this paragraph to “share”, “share certificate”, or “share draft”, accounts includes, as determined by the Board, the equivalent of such accounts under State law;

(6) The terms “State credit union” and “State-chartered credit union” mean a credit union organized and operated according to 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, which laws provide for the organization of credit unions similar in principle and objectives to Federal credit unions;

(7) The term “insured credit union” means any credit union the member accounts of which are insured in accordance with the provisions of subchapter II of this chapter, and the term “noninsured credit union” means any credit union the member accounts of which are not so insured;

(8) The term “Fund” means the National Credit Union Share Insurance Fund; and

(9) The term “branch” includes any branch credit union, branch office, branch agency, additional office, or any branch place of business located in any State of the United States, the District of Columbia, the several territories, including the trust territories, and possessions of the United States, the Panama Canal Zone, or the Commonwealth of Puerto Rico, at which member accounts are established or money lent. The term “branch” also includes a suboffice, operated by a Federal credit union or by a credit union authorized by the Department of Defense, located on an American military installation in a foreign country or in the trust territories of the United States.

(June 26, 1934, ch. 750, title I, §101, formerly §2, 48 Stat. 1216; 1947 Reorg. Plan No. 1, §401, eff. July 1, 1947, 12 F.R. 4534, 61 Stat. 952; June 29, 1948, ch. 711, §§1, 2, 62 Stat. 1091; Pub. L. 86-354, §1, Sept. 22, 1959, 73 Stat. 628; Pub. L. 91-206, §1, Mar. 10, 1970, 84 Stat. 49, renumbered title I, §101, and amended Pub. L. 91-468, §§1(2), 2, Oct. 19, 1970, 84 Stat. 994, 1015; Pub. L. 95-22, title III, §308, Apr. 19, 1977, 91 Stat. 52; Pub. L. 95-630, title V, §§502(a), (b), 503, Nov. 10, 1978, 92 Stat. 3681; Pub. L. 96-161, title I, §103(a), Dec. 28, 1979, 93 Stat. 1233; Pub. L. 96-221, title III, §§305(a), 307, Mar. 31, 1980, 94 Stat. 146, 147; Pub. L. 97-320, title V, §501, Oct. 15, 1982, 96 Stat. 1528; Pub. L. 109-351, title VII, §726(1), (2), Oct. 13, 2006, 120 Stat. 2002.)

Editorial Notes

REFERENCES IN TEXT

For definition of Canal Zone, referred to in text, see section 3602(b) of Title 22, Foreign Relations and Intercourse.

AMENDMENTS

2006—Par. (3). Pub. L. 109-351, §726(1), struck out “and” after semicolon.

Par. (5). Pub. L. 109-351, §726(2), substituted “share draft account” for “share draft account account” in two places and for “share draft account accounts” before “of nonmember”.

1982—Par. (5). Pub. L. 97-320 inserted “, and such terms mean custodial accounts established for loans sold in whole or in part pursuant to section 1757(13) of this title” after “section 1787 of this title”.

1980—Par. (5). Pub. L. 96-221, §§305(a), 307, inserted provisions respecting applicability to share draft accounts substantially similar to provisions added by Pub. L. 96-161, and repealed the amendment made by Pub. L. 96-161. See Repeals and Effective Date of 1980 Amendment notes below.

Par. (10). Pub. L. 96-221, §307, struck out par. (10) which defined “share draft account”. See Repeals and Effective Date of 1980 Amendment notes below.

1979—Par. (5). Pub. L. 96-161, §103(a)(1), inserted “, and such term also includes a share draft account” after “the equivalent of such accounts under State law”.

Par. (10). Pub. L. 96-161, §103(a)(2)-(4), added par. (10). 1978—Par. (2). Pub. L. 95-630, §502(a)(1), substituted provisions defining “Chairman” for provisions defining “Administrator”.

Par. (4). Pub. L. 95-630, §502(a)(2), inserted “Administration” after “National Credit Union”.

Par. (5). Pub. L. 95-630, §§502(b), 503(a), (b), redesignated par. (4), defining “member account” and “account”, as (5) and substituted “share or share certificate” for “share, share certificate, or share deposit” in two places; “Board” for “Administrator” wherever appearing; “share or share certificate accounts” for “those accounts”; and “enumerated in section 1787 of this title: *Provided*, That for purposes of State credit unions, reference in this paragraph to ‘share’ or ‘share certificate’ accounts includes, as determined by the Board, the equivalent of such accounts under State law;” for “in which payments are received by a credit union pursuant to section 1757(6) of this title;”.

Pars. (6) to (8). Pub. L. 95-630, §503(a), redesignated former pars. (5) to (7) as (6) to (8). Former par. (8) redesignated (9).

Par. (9). Pub. L. 95-630, §503(a), (c), redesignated former par. (8) as (9), inserted “, including the trust territories,” after “several territories”, and inserted provision that term “branch” also includes a suboffice, operated by a Federal credit union or by a credit union authorized by the Department of Defense, located on an American military installation in a foreign country or in the trust territories of the United States.

1977—Par. (4). Pub. L. 95-22 inserted provision that such terms mean those accounts of nonmember credit unions and nonmember units of Federal, State, or local governments and political subdivisions thereof in which payments are received by a credit union pursuant to section 1757(6) of this title.

1970—Par. (2). Pub. L. 91-206 substituting “Administrator” as meaning Administrator of the National Credit Union Administration for “Bureau” as meaning the Bureau of Federal Credit Unions.

Par. (3). Pub. L. 91-206 substituted “Administration” as meaning the National Credit Union Administration for “Director” as meaning Director of the Bureau of Federal Credit Unions.

Par. (4). Pub. L. 91-206 added par. (4).

Pars. (4) to (8). Pub. L. 91-468, §2, added pars. (4) to (8).

1959—Pub. L. 86-354 designated the terms defined as subssecs. (1) to (3).

Statutory Notes and Related Subsidiaries**EFFECTIVE DATE OF 1980 AMENDMENT**

Amendment by Pub. L. 96-221 effective at close of Mar. 31, 1980, see section 306 of Pub. L. 96-221, set out as a note under section 1464 of this title.

EFFECTIVE AND TERMINATION DATES OF 1979 AMENDMENT

Amendment by Pub. L. 96-161 effective Dec. 31, 1979, with that amendment to remain in effect until the close of Mar. 31, 1980, see section 104 of Pub. L. 96-161, formerly set out as a note under section 371a of this title.

EFFECTIVE DATE OF 1978 AMENDMENT

Pub. L. 95-630, title V, § 509, Nov. 10, 1978, 92 Stat. 3683, provided that: “The amendments made by this title [amending this section, sections 1753 to 1756, 1757 to 1759, 1761 to 1763, 1766, 1767, 1771, 1772a, and 1781 to 1789 of this title, and sections 5108, 5314, and 5315 of Title 5, Government Organization and Employees] take effect upon the effective date of this Act [see Effective Date note under section 375b of this title], except that the functions of the Administrator of the National Credit Union Administration under the provisions of the Federal Credit Union Act [this chapter], as in effect on the date preceding the date of enactment of this title [Nov. 10, 1978], shall continue to be performed by him in accordance with such provisions until such time as all the members of the National Credit Union Administration Board, established under the amendments made by this title, take office. All rules, regulations, policies, and procedures of the Administrator in effect on the date of enactment of this title shall remain in effect until amended, superseded, or repealed.”

REPEALS

Amendment by section 103 of Pub. L. 96-161, cited as a credit to this section, was repealed at the close of Mar. 31, 1980, by section 307 of Pub. L. 96-221, and substantially identical provisions were enacted by section 305 of Pub. L. 96-221, such amendments to take effect at the close of Mar. 31, 1980.

Executive Documents**EX. ORD. NO. 13816. REVISING THE SEAL FOR THE NATIONAL CREDIT UNION ADMINISTRATION**

Ex. Ord. No. 13816, Dec. 8, 2017, 82 F.R. 58701, provided: By the authority vested in me as President by the Constitution and the laws of the United States of America, it is hereby ordered as follows:

SECTION 1. *Revision.* (a) The National Credit Union Administration Board has caused to be made, and has recommended approval of, a new seal of office for the National Credit Union Administration (NCUA), the design of which accompanies and is hereby made a part of this order [not set out in the Code], and which is described as follows:

(i) The eagle overlaid by the shield conveys the NCUA's role as an agency of the Federal Government. The text, “NCUA,” in white on a blue background on the crest of the shield is the core of the sign that federally insured credit unions are required to display.

(ii) The three stars above the eagle represent the NCUA's three-member Board, appointed by the President of the United States by and with the advice and consent of the Senate.

(iii) The oak branch the eagle is holding in its left talon symbolizes the NCUA's strength, honor, and longevity in carrying out its mission of promoting confidence in the national system of cooperative credit.

(iv) The olive branch the eagle is holding in its right talon symbolizes the peace and prosperity facilitated by the economic growth and access to affordable financial services that the Nation's credit unions have long provided to millions of Americans.

(v) The upper portion of the circle that forms the border of the seal sets forth the agency's title, “National Credit Union Administration.” The date “1934” in the lower portion of the circle reflects the creation of the Federal credit union system by the Congress in 1934 and the long unbroken line of Federal credit union regulation that evolved into the NCUA.

(b) This seal is of suitable design and appropriate for adoption as the official seal of the NCUA.

(c) I hereby approve this seal as the official seal of the NCUA.

SEC. 2. *Revocation.* Executive Order 11580 of January 20, 1971 (Establishing a Seal for the National Credit Union Administration), as amended, is hereby revoked.

SEC. 3. *General Provisions.* (a) Nothing in this order shall be construed to impair or otherwise affect:

(i) the authority granted by law to an executive department or agency, or the head thereof; or

(ii) the functions of the Director of the Office of Management and Budget relating to budgetary, administrative, or legislative proposals.

(b) This order shall be implemented consistent with applicable law and subject to the availability of appropriations.

(c) This order is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.

DONALD J. TRUMP.

§ 1752a. National Credit Union Administration**(a) Establishment; management under National Credit Union Administration Board**

There is established in the executive branch of the Government an independent agency to be known as the National Credit Union Administration. The Administration shall be under the management of a National Credit Union Administration Board.

(b) Membership and appointment of Board**(1) In general**

The Board shall consist of three members, who are broadly representative of the public interest, appointed by the President, by and with the advice and consent of the Senate. In appointing the members of the Board, the President shall designate the Chairman. Not more than two members of the Board shall be members of the same political party.

(2) Appointment criteria**(A) Experience in financial services**

In considering appointments to the Board under paragraph (1), the President shall give consideration to individuals who, by virtue of their education, training, or experience relating to a broad range of financial services, financial services regulation, or financial policy, are especially qualified to serve on the Board.

(B) Limit on appointment of credit union officers

Not more than one member of the Board may be appointed to the Board from among individuals who, at the time of the appointment, are, or have recently been, involved with any insured credit union as a committee member, director, officer, employee, or other institution-affiliated party.

(c) Term of office

The term of office of each member of the Board shall be six years, except that the terms

of the two members, other than the Chairman, initially appointed shall expire one upon the expiration of two years after the date of appointment, and the other upon the expiration of four years after the date of appointment. Board members shall not be appointed to succeed themselves except the initial members appointed for less than a six-year term may be reappointed for a full six-year term and future members appointed to fill unexpired terms may be reappointed for a full six-year term. Any Board member may continue to serve as such after the expiration of said member's term until a successor has qualified.

(d) Management of Administration vested in Board; adoption of rules; quorum; report to President and Congress

The management of the Administration shall be vested in the Board. The Board shall adopt such rules as it sees fit for the transaction of its business and shall keep permanent and complete records and minutes of its acts and proceedings. A majority of the Board shall constitute a quorum. Not later than April 1 of each calendar year, and at such other times as the Congress shall determine, the Board shall make a report to the President and to the Congress. Such a report shall summarize the operations of the Administration and set forth such information as is necessary for the Congress to review the financial program approved by the Board.

(e) Functions of Chairman

The Chairman of the Board shall be the spokesman for the Board and shall represent the Board and the National Credit Union Administration in its official relations with other branches of the Government. The Chairman shall determine each Board member's area of responsibility and shall review such assignments biennially. It shall be the Chairman's responsibility to direct the implementation of the adopted policies and regulations of the Board.

(f) Audit by Government Accountability Office

The financial transactions of the Administration shall be subject to audit by the Government Accountability Office in accordance with the principles and procedures applicable to commercial corporate transactions and under such rules and regulations as may be prescribed by the Comptroller General of the United States. The audit shall be conducted at the place or places where the accounts of the Administration are kept.

(June 26, 1934, ch. 750, title I, §102, formerly §3, as added Pub. L. 86-354, §1, Sept. 22, 1959, 73 Stat. 628; amended Pub. L. 91-206, §3, Mar. 10, 1970, 84 Stat. 49; renumbered title I, §102, Pub. L. 91-468, §1(2), Oct. 19, 1970, 84 Stat. 994; amended Pub. L. 95-630, title V, §501, Nov. 10, 1978, 92 Stat. 3680; Pub. L. 97-320, title V, §502, Oct. 15, 1982, 96 Stat. 1528; Pub. L. 105-219, title II, §204, Aug. 7, 1998, 112 Stat. 922; Pub. L. 108-271, §8(b), July 7, 2004, 118 Stat. 814.)

Editorial Notes

PRIOR PROVISIONS

Section 2 of act June 29, 1948, ch. 711, 62 Stat. 1091, which was formerly classified to section 1751a of this

title, provided for the establishment in the Federal Security Agency of a Bureau of Federal Credit Unions, which were under the supervision of a Director appointed by the Federal Security Administrator. The Bureau of Federal Credit Unions and the Director thereof were under the general direction and supervision of the Federal Security Administrator. The functions, powers, and duties of the Farm Credit Administration under the Federal Credit Union Act, as amended [this chapter], were exercised by the Bureau of Federal Credit Unions. The functions, powers, and duties of the Governor of the Farm Credit Administration under the Federal Credit Union Act, as amended [this chapter], were exercised by the Director of the Bureau of Federal Credit Unions.

Section 1 of act June 29, 1948 transferred to the Federal Security Agency all functions, powers, and duties of the Farm Credit Administration and of the Governor thereof under the Federal Credit Union Act, as amended [this chapter], together with the functions of the Secretary of Agriculture with respect thereto, which were transferred to the Federal Deposit Insurance Corporation by Reorganization Plan Numbered 1 of 1947, part IV, section 401 [set out in the Appendix to Title 5, Government Organization and Employees].

Section 3 of act June 29, 1948 transferred to the Federal Security Agency, to be used in the administration of the functions, transferred, (a) all property, including office equipment, transferred to the Federal Deposit Insurance Corporation pursuant to Executive Order 9148 of April 27, 1942 [see note under section 1751 of this title], and in use on the effective date of this Act [see section 5 of act June 29, 1948, set out as a note below]; (b) all property, including office equipment, purchased by the Corporation for use exclusively in connection with the administration of the Federal Credit Union Act, as amended [this chapter], the cost of which had been charged to such functions and which were in use on the effective date of this Act; (c) all records and files pertaining exclusively to the supervision of Federal Credit Unions; and (d) all personnel employed primarily in the administration of the Federal Credit Union Act, as amended [this chapter], on the effective date of this Act.

Section 4 of act June 29, 1948 transferred all funds allocated, specifically or otherwise, in the budget of the Federal Deposit Insurance Corporation for the administration of the Federal Credit Union Act, as amended [this chapter], during the fiscal year ending June 30, 1949, which were unexpended on the effective date of this Act [see section 5 of act June 29, 1948, set out as a note below], to the Federal Security Agency for use in the administration of the Federal Credit Union Act, as amended [this chapter]. The Corporation was to be reimbursed for the funds so transferred and for all other funds expended by it prior to the effective date of this Act in the administration of the Federal Credit Union Act, as amended [this chapter], in excess of fees from Federal Credit unions received by the Corporation, by deducting such amounts from the first moneys payable to the Secretary of the Treasury on account of the retirement of the stock of the Federal Deposit Insurance Corporation owned by the United States, and the Corporation was to have a charge on such stock for such amounts.

Section 5 of act June 29, 1948 provided that the Act was to become effective on the thirtieth day following the date of enactment.

AMENDMENTS

2004—Subsec. (f). Pub. L. 108-271 substituted “Government Accountability Office” for “General Accounting Office”.

1998—Subsec. (b). Pub. L. 105-219 inserted heading, designated existing provisions as par. (1), and added par. (2).

1982—Subsec. (f). Pub. L. 97-320 struck out “on a calendar year basis” after “subject to audit”.

1978—Pub. L. 95-630 generally revised section to eliminate the position of Administrator and to vest the

management of the National Credit Union Administration in the National Credit Union Administration Board.

1970—Pub. L. 91-206 designated existing provisions as subsec. (a), substituted provisions establishing an independent agency known as the National Credit Union Administration and an Administrator of such National Credit Union Administration for provisions establishing a Bureau of Federal Credit Unions under the supervision of a Director, which Director was appointed by, and, under the general direction and supervision of, the Secretary of Health, Education, and Welfare, and added subsecs. (b) to (f).

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.

TRANSFER OF FUNCTIONS

Pub. L. 91-206, § 6, Mar. 10, 1970, 84 Stat. 51, provided that:

“(a) All functions, property, records, and personnel of the Bureau of Federal Credit Unions are transferred to the National Credit Union Administration created by this Act [which generally amended this chapter].

“(b) The Director of the Bureau of Federal Credit Unions in office on the date of enactment of this Act [Mar. 10, 1970] shall serve as acting Administrator of the National Credit Union Administration pending the appointment of an Administrator in accordance with section 3 of the Federal Credit Union Act as amended by this Act [this section].”

STUDY AND REPORT ON DIFFERING REGULATORY TREATMENT

Pub. L. 105-219, title IV, § 401, Aug. 7, 1998, 112 Stat. 934, required the Secretary to conduct a study of the differences between credit unions and other federally insured financial institutions, and the potential effects of the application of Federal laws, including Federal tax laws, on credit unions in the same manner as those laws are applied to other federally insured financial institutions, and to report to Congress on the results of the study by 1 year after Aug. 7, 1998.

STUDY OF CORPORATE CREDIT UNIONS

Pub. L. 104-208, div. A, title II, § 2606, Sept. 30, 1996, 110 Stat. 3009-473, directed the Secretary of the Treasury to conduct a study and evaluation of the oversight and supervisory practices of the National Credit Union Administration concerning the National Credit Union Share Insurance Fund, including analysis of expenses, Fund administration, the 10 largest U.S. corporate credit unions, and Administration supervision and regulations, and required the Secretary, not later than 12 months after Sept. 30, 1996, to submit to Congress a report that includes the results of the study and recommendations.

STUDY OF CREDIT UNION SYSTEM BY GAO

Pub. L. 101-73, title XII, § 1201, Aug. 9, 1989, 103 Stat. 519, directed Comptroller General of the United States to conduct a comprehensive study of Nation's credit union system and before the close of the 18-month period beginning on Aug. 9, 1989, to submit to Committee on Banking, Finance and Urban Affairs of House of Representatives and Committee on Banking, Housing, and Urban Affairs of Senate a final report containing a detailed statement of findings and conclusions, including recommendations for such administrative and legislative action as Comptroller General deemed advisable.

FEDERALLY CHARTERED CENTRAL CREDIT UNIONS; REPORT TO CONGRESS

Pub. L. 86-354, § 3, Sept. 22, 1959, 73 Stat. 639, directed Director of Bureau of Federal Credit Unions to make a

study of desirability of providing for federally chartered central credit unions and to submit to Secretary of Health, Education, and Welfare, for transmission to Congress on or before Apr. 15, 1960, a report of results thereof and such recommendations for legislation thereon as Director deemed appropriate.

§ 1753. Federal credit union organization

Any seven or more natural persons who desire to form a Federal credit union shall each subscribe either individually or collectively before some officer competent to administer oaths an organization certificate in duplicate which shall specifically state:

- (1) the name of the association;
- (2) the location of the proposed Federal credit union and the territory in which it will operate;
- (3) the names and addresses of the subscribers to the certificate and the number of shares subscribed by each;
- (4) the initial par value of the shares;
- (5) the proposed field of membership, specified in detail;
- (6) the term of the existence of the corporation, which may be perpetual; and
- (7) the fact that the certificate is made to enable such persons to avail themselves of the advantages of this chapter.

Such organization certificate may also contain any provisions approved by the Board for the management of the business of the association and for the conduct of its affairs and relative to the powers of its directors, officers, or stockholders.

(June 26, 1934, ch. 750, title I, § 103, formerly § 3, 48 Stat. 1217; 1947 Reorg. Plan No. 1, § 401, eff. July 1, 1947, 12 F.R. 4534, 61 Stat. 952; June 29, 1948, ch. 711, §§ 1, 2, 62 Stat. 1091; renumbered § 4 and amended Pub. L. 86-354, § 1, Sept. 22, 1959, 73 Stat. 628; Pub. L. 91-206, § 2(1), Mar. 10, 1970, 84 Stat. 49; renumbered title I, § 103, Pub. L. 91-468, § 1(2), Oct. 19, 1970, 84 Stat. 994; amended Pub. L. 95-630, title V, § 502(b), Nov. 10, 1978, 92 Stat. 3681; Pub. L. 97-320, title V, §§ 503, 504, Oct. 15, 1982, 96 Stat. 1528.)

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1982—Pub. L. 97-320, § 503, substituted “each subscribe either individually or collectively” for “subscribe”.

Par. (4). Pub. L. 97-320, § 504, substituted “the initial par value of the shares” for “the par value of the shares, which shall be \$5 each”.

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

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

1959—Pub. L. 86-354 changed “The” to “the” in subsecs. (1) to (7) and the period to a semicolon in subsecs. (1) to (6) and inserted “and” at end of subsec. (6).

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.

Executive Documents**TRANSFER OF FUNCTIONS**

Transfer of functions of Farm Credit Administration and Governor thereof, generally, see notes set out under section 1751 of this title.

Functions of Governor of Farm Credit Administration under this section transferred to Federal Deposit Insurance Corporation by Reorg. Plan No. 1 of 1947.

§ 1754. Approval of organization certificate

The organization certificate shall be presented to the Board for approval. Before any organization certificate is approved, an appropriate investigation shall be made for the purpose of determining (1) whether the organization certificate conforms to the provisions of this chapter; (2) the general character and fitness of the subscribers thereto; and (3) the economic advisability of establishing the proposed Federal credit union. Upon approval of such organization certificate by the Board it shall be the charter of the corporation, and one of the originals thereof shall be delivered to the corporation after the payment of the fee required therefor. Upon such approval the Federal credit union shall be a body corporate and as such, subject to the limitations herein contained, shall be vested with all of the powers and charged with all of the liabilities conferred and imposed by this chapter upon corporations organized hereunder.

(June 26, 1934, ch. 750, title I, §104, formerly §4, 48 Stat. 1217; 1947 Reorg. Plan No. 1, §401, eff. July 1, 1947, 12 F.R. 4534, 61 Stat. 952; June 29, 1948, ch. 711, §§1, 2, 62 Stat. 1091; renumbered §5 and amended Pub. L. 86-354, §1, Sept. 22, 1959, 73 Stat. 629; Pub. L. 91-206, §2(1), Mar. 10, 1970, 84 Stat. 49; renumbered title I, §104, Pub. L. 91-468, §1(2), Oct. 19, 1970, 84 Stat. 994; amended Pub. L. 95-630, title V, §502(b), Nov. 10, 1978, 92 Stat. 3681.)

Editorial Notes**AMENDMENTS**

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

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

1959—Pub. L. 86-354 substituted “The” for “Any such” in first sentence and transferred second sentence to make it last 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.

Executive Documents**TRANSFER OF FUNCTIONS**

Transfer of functions of Farm Credit Administration and Governor thereof, generally, see notes set out under section 1751 of this title.

Functions of Governor of Farm Credit Administration under this section transferred to Federal Deposit Insurance Corporation by Reorg. Plan No. 1 of 1947.

§ 1755. Fees**(a) Payment by Federal credit union to Administration**

In accordance with rules prescribed by the Board, each Federal credit union shall pay to the Administration an annual operating fee which may be composed of one or more charges identified as to the function or functions for which assessed.

(b) Determinations of amount, assessment periods, and payment dates

The fee assessed under this section shall be determined according to a schedule, or schedules, or other method determined by the Board to be appropriate, which gives due consideration to the expenses of the Administration in carrying out its responsibilities under this chapter and to the ability of Federal credit unions to pay the fee. The Board shall, among other things, determine the periods for which the fee shall be assessed and the date or dates for the payment of the fee or increments thereof.

(c) Supervision charge exception; waiver of payment

If the annual operating fee is composed of separate charges, no supervision charge shall be payable by a Federal credit union, and the Board may waive payment of any or all other charges comprising the fee, with respect to the year in which its charter is issued, or in which final distribution is made in its liquidation or the charter is canceled.

(d) Payment into Treasury of United States

All operating fees shall be deposited with the Treasurer of the United States for the account of the Administration and may be expended by the Board to defray the expenses incurred in carrying out the provisions of this chapter including the examination and supervision of Federal credit unions.

(e) Investment of annual operating fees not needed for current operations

(1) Upon request of the Board, the Secretary of the Treasury shall invest and reinvest such portions of the annual operating fees deposited under subsection (d) as the Board determines are not needed for current operations.

(2) Such investments may be made only in interest bearing securities of the United States with maturities requested by the Board bearing interest at rates determined by the Secretary of the Treasury, taking into consideration current market yields on outstanding marketable obligations of the United States of comparable maturities.

(3) All income derived from such investments and reinvestments shall be deposited to the account of the Administration described in subsection (d).

(June 26, 1934, ch. 750, title I, §105, formerly §5, 48 Stat. 1217; 1947 Reorg. Plan No. 1, §401, eff. July 1, 1947, 12 F.R. 4534, 61 Stat. 952; June 29, 1948, ch. 711, §§1, 2, 62 Stat. 1091; Apr. 17, 1952, ch. 214, §1, 66 Stat. 63; renumbered §6 and amended Pub. L. 86-354, §1, Sept. 22, 1959, 73 Stat. 629; Pub. L. 91-206, §2(1), (3), Mar. 10, 1970, 84 Stat. 49; renumbered title I, §105, Pub. L. 91-468, §1(2),

Oct. 19, 1970, 84 Stat. 994; amended Pub. L. 95-630, title V, § 507, Nov. 10, 1978, 92 Stat. 3682; Pub. L. 97-320, title V, § 505, Oct. 15, 1982, 96 Stat. 1528.)

Editorial Notes

AMENDMENTS

1982—Subsec. (e). Pub. L. 97-320 added subsec. (e).

1978—Pub. L. 95-630 substituted provisions relating to the payment of an operating fee by each Federal credit union to the Board for provisions relating to the payment of costs incident to the ascertainment of whether an organization certificate should be approved and costs upon approval by the subscriber of such certificate to the Administration and payment of a supervisory fee by each Federal credit union to the Administration.

1970—Pub. L. 91-206 substituted “Administrator” for “Director” and “Administration” for “Bureau”, wherever appearing.

1959—Pub. L. 86-354 incorporated in last sentence subject matter formerly contained in a proviso clause following table and authorized fees to be expended for supervisory expenses.

1952—Act Apr. 17, 1952, amended section, substituting a graduated scale of supervisory fees for the \$10 a year supervisory fee.

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.

EFFECTIVE DATE OF 1952 AMENDMENT

Act Apr. 17, 1952, ch. 214, § 2, 66 Stat. 63, provided that: “The amendment by section 1 of this Act [amending this section] shall apply to supervision fees payable with respect to the calendar year 1952 and subsequent calendar years.”

Executive Documents

TRANSFER OF FUNCTIONS

Transfer of functions of Farm Credit Administration and Governor thereof, generally, see notes set out under section 1751 of this title.

Functions of Governor of Farm Credit Administration under this section transferred to Federal Deposit Insurance Corporation by Reorg. Plan No. 1 of 1947.

§ 1756. Reports and examinations

Federal credit unions shall be under the supervision of the Board, and shall make financial reports to it as and when it may require, but at least annually. Each Federal credit union shall be subject to examination by, and for this purpose shall make its books and records accessible to, any person designated by the Board.

(June 26, 1934, ch. 750, title I, § 106, formerly § 6, 48 Stat. 1218; Dec. 6, 1937, ch. 3, § 1, 51 Stat. 4; 1947 Reorg. Plan No. 1, § 401, eff. July 1, 1947, 12 F.R. 4534, 61 Stat. 952; June 29, 1948, ch. 711, §§ 1, 2, 62 Stat. 1091; renumbered § 7 and amended Pub. L. 86-354, § 1, Sept. 22, 1959, 73 Stat. 629; Pub. L. 91-206, § 2(1), Mar. 10, 1970, 84 Stat. 49; renumbered title I, § 106, Pub. L. 91-468, § 1(2), Oct. 19, 1970, 84 Stat. 994; amended Pub. L. 95-630, title V, § 508, Nov. 10, 1978, 92 Stat. 3683.)

Editorial Notes

AMENDMENTS

1978—Pub. L. 95-630 substituted “Board” for “Administrator” in two places and “reports to it as and when

it” for “reports to him as and when he” and struck out provisions relating to the payment of an examination fee by Federal credit unions and the deposit of such fee to the credit of the special fund created by section 1755 of this title.

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

1959—Pub. L. 86-354 provided for the making of reports to the Director as and when he may require.

1937—Act Dec. 6, 1937, inserted “giving due consideration to the time and expense incident to such examinations, and to the ability of Federal credit unions to pay such fees” and struck out proviso relating to conditions relieving certain unions from payment of examination fee.

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.

Executive Documents

TRANSFER OF FUNCTIONS

Transfer of functions of Farm Credit Administration and Governor thereof, generally, see notes set out under section 1751 of this title.

Functions of Governor of Farm Credit Administration under this section transferred to Federal Deposit Insurance Corporation by Reorg. Plan No. 1 of 1947.

§ 1756a. Omitted

Editorial Notes

CODIFICATION

Section, act July 22, 1942, ch. 516, 56 Stat. 700, which authorized reimbursement of Farm Credit Administration personnel for use of private automobiles for examining, supervising, and servicing Federal credit unions, was from the Department of Agriculture Appropriation Act, 1943, and was not repeated in subsequent appropriation acts. Similar provisions were contained in act July 1, 1941, ch. 267, 55 Stat. 444, the Department of Agriculture Appropriation Act, 1942.

§ 1757. Powers

A Federal credit union shall have succession in its corporate name during its existence and shall have power—

- (1) to make contracts;
- (2) to sue and be sued;
- (3) to adopt and use a common seal and alter the same at pleasure;
- (4) to purchase, hold, and dispose of property necessary or incidental to its operations;
- (5) to make loans, the maturities of which shall not exceed 15 years, except as otherwise provided herein, and extend lines of credit to its members, to other credit unions, and to credit union organizations and to participate with other credit unions, credit union organizations, or financial organizations in making loans to credit union members in accordance with the following:

(A) Loans to members shall be made in conformity with criteria established by the board of directors: *Provided*, That—

- (i) a residential real estate loan on a one-to-four-family dwelling, including an individual cooperative unit, that is or will be the principal residence of a credit union

member, and which is secured by a first lien upon such dwelling, may have a maturity not exceeding thirty years or such other limits as shall be set by the National Credit Union Administration Board (except that a loan on an individual cooperative unit shall be adequately secured as defined by the Board), subject to the rules and regulations of the Board;

(ii) a loan to finance the purchase of a mobile home, which shall be secured by a first lien on such mobile home, to be used by the credit union member as his residence, a loan for the repair, alteration, or improvement of a residential dwelling which is the residence of a credit union member, or a second mortgage loan secured by a residential dwelling which is the residence of a credit union member, shall have a maturity not to exceed 15 years or any longer term which the Board may allow;

(iii) a loan secured by the insurance or guarantee of, or with advance commitment to purchase the loan by, the Federal Government, a State government, or any agency of either may be made for the maturity and under the terms and conditions specified in the law under which such insurance, guarantee, or commitment is provided;

(iv) a loan or aggregate of loans to a director or member of the supervisory or credit committee of the credit union making the loan which exceeds \$20,000 plus pledged shares, be approved by the board of directors;

(v) loans to other members for which directors or members of the supervisory or credit committee act as guarantor or endorser be approved by the board of directors when such loans standing alone or when added to any outstanding loan or loans of the guarantor or endorser exceeds \$20,000;

(vi) the rate of interest may not exceed 15 per centum per annum on the unpaid balance inclusive of all finance charges, except that the Board may establish—

(I) after consultation with the appropriate committees of the Congress, the Department of Treasury, and the Federal financial institution regulatory agencies, an interest rate ceiling exceeding such 15 per centum per annum rate, for periods not to exceed 18 months, if it determines that money market interest rates have risen over the preceding six-month period and that prevailing interest rate levels threaten the safety and soundness of individual credit unions as evidenced by adverse trends in liquidity, capital, earnings, and growth; and

(II) a higher interest rate ceiling for Agent members of the Central Liquidity Facility in carrying out the provisions of subchapter III for such periods as the Board may authorize;

(vii) the taking, receiving, reserving, or charging of a rate of interest greater than is allowed by this paragraph, when know-

ingly done, shall be deemed a forfeiture of the entire interest which the note, bill, or other evidence of debt carries with it, or which has been agreed to be paid thereon. If such greater rate of interest has been paid, the person by whom it has been paid, or his legal representatives, may recover back from the credit union taking or receiving the same, in an action in the nature of an action of debt, the entire amount of interest paid; but such action must be commenced within two years from the time the usurious collection was made;

(viii) a borrower may repay his loan, prior to maturity in whole or in part on any business day without penalty, except that on a first or second mortgage loan a Federal credit union may require that any partial prepayments (I) be made on the date monthly installments are due, and (II) be in the amount of that part of one or more monthly installments which would be applicable to principal;

(ix) loans shall be paid or amortized in accordance with rules and regulations prescribed by the Board after taking into account the needs or conditions of the borrowers, the amounts and duration of the loans, the interests of the members and the credit unions, and such other factors as the Board deems relevant;¹

(x) loans must be approved by the credit committee or a loan officer, but no loan may be made to any member if, upon the making of that loan, the member would be indebted to the Federal credit union upon loans made to him in an aggregate amount which would exceed 10 per centum of the credit union's unimpaired capital and surplus.

(B) A self-replenishing line of credit to a borrower may be established to a stated maximum amount on certain terms and conditions which may be different from the terms and conditions established for another borrower.

(C) Loans to other credit unions shall be approved by the board of directors.

(D) Loans to credit union organizations shall be approved by the board of directors and shall not exceed 1 per centum of the paid-in and unimpaired capital and surplus of the credit union. A credit union organization means any organization as determined by the Board, which is established primarily to serve the needs of its member credit unions, and whose business relates to the daily operations of the credit unions they serve.

(E) Participation loans with other credit unions, credit union organizations, or financial organizations shall be in accordance with written policies of the board of directors: *Provided*, That a credit union which originates a loan for which participation arrangements are made in accordance with this subsection shall retain an interest of at least 10 per centum of the face amount of the loan;

¹ So in original. Probably should be followed by "and".

(6) to receive from its members, from other credit unions, from an officer, employee, or agent of those nonmember units of Federal, Indian tribal, State, or local governments and political subdivisions thereof enumerated in section 1787 of this title and in the manner so prescribed, from the Central Liquidity Facility, and from nonmembers in the case of credit unions serving predominately low-income members (as defined by the Board) payments, representing equity, on—

(A) shares which may be issued at varying dividend rates;

(B) share certificates which may be issued at varying dividend rates and maturities; and

(C) share draft accounts authorized under section 1785(f) of this title;

subject to such terms, rates, and conditions as may be established by the board of directors, within limitations prescribed by the Board;

(7) to invest its funds (A) in loans exclusively to members; (B) in obligations of the United States of America, or securities fully guaranteed as to principal and interest thereby; (C) in accordance with rules and regulations prescribed by the Board, in loans to other credit unions in the total amount not exceeding 25 per centum of its paid-in and unimpaired capital and surplus; (D) in shares or accounts of savings and loan associations or mutual savings banks, the accounts of which are insured by the Federal Deposit Insurance Corporation; (E) in obligations issued by banks for cooperatives, Federal land banks, Federal intermediate credit banks, Federal home loan banks, the Federal Housing Finance Board, or any corporation designated in section 9101(3) of title 31 as a wholly owned Government corporation; or in obligations, participations, or other instruments of or issued by, or fully guaranteed as to principal and interest by, the Federal National Mortgage Association or the Government National Mortgage Association; or in mortgages, obligations, or other securities which are or ever have been sold by the Federal Home Loan Mortgage Corporation pursuant to section 1454 or 1455 of this title; or in obligations or other instruments or securities of the Student Loan Marketing Association; or in obligations, participations, securities, or other instruments of, or issued by, or fully guaranteed as to principal and interest by any other agency of the United States and a Federal credit union may issue and sell securities which are guaranteed pursuant to section 1721(g) of this title; (F) in participation certificates evidencing beneficial interests in obligations, or in the right to receive interest and principal collections therefrom, which obligations have been subjected by one or more Government agencies to a trust or trusts for which any executive department, agency, or instrumentality of the United States (or the head thereof) has been named to act as trustee; (G) in shares or deposits of any central credit union in which such investments are specifically authorized by the board of directors of the Federal credit union making the investment; (H) in shares, share certificates, or share deposits of feder-

ally insured credit unions; (I) in the shares, stocks, or obligations of any other organization, providing services which are associated with the routine operations of credit unions, up to 1 per centum of the total paid in and unimpaired capital and surplus of the credit union with the approval of the Board: *Provided, however,* That such authority does not include the power to acquire control directly or indirectly, of another financial institution, nor invest in shares, stocks or obligations of an insurance company, trade association, liquidity facility or any other similar organization, corporation, or association, except as otherwise expressly provided by this chapter; (J) in the capital stock of the National Credit Union Central Liquidity Facility; (K) investments in obligations of, or issued by, any State or political subdivision thereof (including any agency, corporation, or instrumentality of a State or political subdivision), except that no credit union may invest more than 10 per centum of its unimpaired capital and surplus in the obligations of any one issuer (exclusive of general obligations of the issuer);

(8) to 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, or in banks or institutions the accounts of which are insured by the Federal Deposit Insurance Corporation, and for Federal credit unions or credit unions authorized by the Department of Defense operating suboffices on American military installations in foreign countries or trust territories of the United States to maintain demand deposit accounts in banks located in those countries or trust territories, subject to such regulations as may be issued by the Board and provided such banks are correspondents of banks described in this paragraph;

(9) 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, except as authorized by the Board in carrying out the provisions of subchapter III, 50 per centum of its paid-in and unimpaired capital and surplus: *Provided,* That any Federal credit union may discount with or sell to any Federal intermediate credit bank any eligible obligations up to the amount of its paid-in and unimpaired capital;

(10) to levy late charges, in accordance with the bylaws, for failure of members to meet promptly their obligations to the Federal credit union;

(11) to impress and enforce a lien upon the shares and dividends of any member, to the extent of any loan made to him and any dues or charges payable by him;

(12) in accordance with regulations prescribed by the Board—

(A) to sell, to persons in the field of membership, negotiable checks (including travelers checks), money orders, and other similar money transfer instruments (including international and domestic electronic fund transfers and remittance transfers, as defined in section 1693o-1 of title 15); and

(B) to cash checks and money orders for persons in the field of membership for a fee;

(13) in accordance with rules and regulations prescribed by the Board, to purchase, sell, pledge, or discount or otherwise receive or dispose of, in whole or in part, any eligible obligations (as defined by the Board) of its members and to purchase from any liquidating credit union notes made by individual members of the liquidating credit union at such prices as may be agreed upon by the board of directors of the liquidating credit union and the board of directors of the purchasing credit union, but no purchase may be made under authority of this paragraph if, upon the making of that purchase, the aggregate of the unpaid balances of notes purchased under authority of this paragraph would exceed 5 per centum of the unimpaired capital and surplus of the credit union;

(14) to sell all or a part of its assets to another credit union, to purchase all or part of the assets of another credit union and to assume the liabilities of the selling credit union and those of its members subject to regulations of the Board;

(15) to invest in securities that—

(A) are offered and sold pursuant to section 77d(5) of title 15;²

(B) are mortgage related securities (as that term is defined in section 78c(a)(41) of title 15), subject to such regulations as the Board may prescribe, including regulations prescribing minimum size of the issue (at the time of initial distribution) or minimum aggregate sales prices, or both; or

(C) are small business related securities (as defined in section 78c(a)(53) of title 15), subject to such regulations as the Board may prescribe, including regulations prescribing the minimum size of the issue (at the time of the initial distribution), the minimum aggregate sales price, or both;

(16) subject to such regulations as the Board may prescribe, to provide technical assistance to credit unions in Poland and Hungary; and

(17) to exercise such incidental powers as shall be necessary or requisite to enable it to carry on effectively the business for which it is incorporated.

(June 26, 1934, ch. 750, title I, §107, formerly §7, 48 Stat. 1218; Dec. 6, 1937, ch. 3, §2, 51 Stat. 4; July 31, 1946, ch. 711, §1, 60 Stat. 744; 1947 Reorg. Plan No. 1, §401, eff. July 1, 1947, 12 F.R. 4534, 61 Stat. 952; June 29, 1948, ch. 711, §§1, 2, 62 Stat. 1091; Oct. 25, 1949, ch. 713, §1, 63 Stat. 890; May 13, 1952, ch. 264, 66 Stat. 70; renumbered §8 and amended Pub. L. 86-354, §1, Sept. 22, 1959, 73 Stat. 630; Pub. L. 88-353, §1, July 2, 1964, 78 Stat. 269; Pub. L. 89-429, §7, May 24, 1966, 80 Stat. 167; Pub. L. 90-44, §§2, 3, July 3, 1967, 81 Stat. 110, 111; Pub. L. 90-375, §1(1)-(3), July 5, 1968, 82 Stat. 284; Pub. L. 90-448, title VIII, §807(n), Aug. 1, 1968, 82 Stat. 545; Pub. L. 91-206, §2(1), Mar. 10, 1970, 84 Stat. 49; renumbered title I, §107, and amended Pub. L. 91-468, §§1(2), 10, Oct. 19, 1970, 84 Stat. 994, 1017; Pub. L. 92-318, title I, §133(c)(4), June 23, 1972, 86 Stat. 270; Pub. L. 93-383, title VII,

§721, title VIII, §805(c)(5), Aug. 22, 1974, 88 Stat. 719, 727; Pub. L. 93-495, title I, §101(d), Oct. 28, 1974, 88 Stat. 1502; Pub. L. 93-569, §6, Dec. 31, 1974, 88 Stat. 1866; Pub. L. 95-22, title III, §§302, 303, Apr. 19, 1977, 91 Stat. 49, 51; Pub. L. 95-630, title V, §502(b), title XVIII, §1803, Nov. 10, 1978, 92 Stat. 3681, 3723; Pub. L. 96-153, title III, §323(d), Dec. 21, 1979, 93 Stat. 1120; Pub. L. 96-161, title I, §103(b), Dec. 28, 1979, 93 Stat. 1234; Pub. L. 96-221, title III, §§305(b), 307, 309(a)(1), 310, Mar. 31, 1980, 94 Stat. 146-149; Pub. L. 97-320, title V, §§506-514, 516-518, Oct. 15, 1982, 96 Stat. 1528-1530; Pub. L. 97-457, §§25, 26, Jan. 12, 1983, 96 Stat. 2510; Pub. L. 98-440, title I, §105(b), Oct. 3, 1984, 98 Stat. 1691; Pub. L. 98-479, title II, §206, Oct. 17, 1984, 98 Stat. 2234; Pub. L. 100-86, title VII, §§702, 703, Aug. 10, 1987, 101 Stat. 652; Pub. L. 101-179, title II, §206(b), Nov. 28, 1989, 103 Stat. 1311; Pub. L. 103-325, title II, §206(b), Sept. 23, 1994, 108 Stat. 2199; Pub. L. 104-208, div. A, title II, §2306, Sept. 30, 1996, 110 Stat. 3009-426; Pub. L. 109-351, title V, §§502, 503, title VII, §726(3)-(8), Oct. 13, 2006, 120 Stat. 1975, 2002; Pub. L. 111-203, title III, §362(1), title X, §1073(d), July 21, 2010, 124 Stat. 1549, 2066.)

Editorial Notes

REFERENCES IN TEXT

Section 77d(5) of title 15, referred to in par. (15)(A), was redesignated section 77d(a)(5) of Title 15, Commerce and Trade, by Pub. L. 112-106, title II, §201(b)(1), (c)(1), Apr. 5, 2012, 126 Stat. 314.

CODIFICATION

In par. (7), “section 9101(3) of title 31” substituted for “section 101 of the Government Corporation Control Act [31 U.S.C. 846]” on authority of Pub. L. 97-258, §4(b), Sept. 13, 1982, 96 Stat. 1067, the first section of which enacted Title 31, Money and Finance.

AMENDMENTS

2010—Par. (8). Pub. L. 111-203, §362(1), struck out “or the Federal Savings and Loan Insurance Corporation” after “Federal Deposit Insurance Corporation”.

Par. (12). Pub. L. 111-203, §1073(d), amended par. (12) generally. Prior to amendment, par. (12) read as follows: “in accordance with regulations prescribed by the Board—

“(A) to sell, to persons in the field of membership, negotiable checks (including travelers checks), money orders, and other similar money transfer instruments (including international and domestic electronic fund transfers); and

“(B) to cash checks and money orders and receive international and domestic electronic fund transfers for persons in the field of membership for a fee;”.

2006—Par. (5). Pub. L. 109-351, §502, substituted “to make loans, the maturities of which shall not exceed 15 years,” for “to make loans, the maturities of which shall not exceed twelve years” in introductory provisions.

Par. (5)(E). Pub. L. 109-351, §726(3), substituted semicolon for period at end.

Par. (6). Pub. L. 109-351, §726(4), substituted semicolon for period at end.

Par. (7). Pub. L. 109-351, §726(4), substituted semicolon for period at end.

Par. (7)(D). Pub. L. 109-351, §726(5), struck out “the Federal Savings and Loan Insurance Corporation or” before “the Federal Deposit Insurance Corporation”.

Par. (7)(E). Pub. L. 109-351, §726(6), substituted “the Federal Housing Finance Board,” for “the Federal Home Loan Bank Board.”.

Par. (9). Pub. L. 109-351, §726(7), made technical amendment to reference in original act which appears in text as reference to subchapter III.

² See References in Text note below.

Par. (12). Pub. L. 109-351, § 503, amended par. (12) generally. Prior to amendment, par. (12) read as follows: "in accordance with rules and regulations prescribed by the Board, to sell to members negotiable checks (including travelers checks), money orders, and other similar money transfer instruments, and to cash checks and money orders for members, for a fee;".

Par. (13). Pub. L. 109-351, § 726(8), struck out "and" after semicolon at end.

1996—Par. (5)(A)(iv), (v). Pub. L. 104-208 substituted "\$20,000" for "\$10,000".

1994—Par. (15)(C). Pub. L. 103-325 added subpar. (C).

1989—Pars. (16), (17). Pub. L. 101-179 added par. (16) and redesignated former par. (16) as (17).

1987—Par. (5)(A)(ii). Pub. L. 100-86, § 702, substituted "15 years or any longer term which the Board may allow" for "fifteen years unless such loan is insured or guaranteed as provided in subparagraph (iii)".

Par. (6). Pub. L. 100-86, § 703, inserted ", representing equity," after "payments".

1984—Par. (5)(A)(ii). Pub. L. 98-479 inserted "a loan for the repair, alteration, or improvement of a residential dwelling which is the residence of a credit union member,".

Pars. (15), (16). Pub. L. 98-440, § 105(b), added par. (15) and redesignated former par. (15) as (16).

1983—Par. (5)(A)(i). Pub. L. 97-457, § 25, substituted "Administration" for "Association" after "National Credit Union".

Par. (7)(K). Pub. L. 97-457, § 26, redesignated cl. (L) as (K) and substituted a period for "; and" at end.

1982—Par. (5)(A)(i). Pub. L. 97-320, §§ 507-509, substituted "on" for "which is made to finance the acquisition of" after "real estate loan" and "that is or will be" for "for" after "cooperative unit,". Struck out "the sales price of which is not more than 150 per centum 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," after "credit union member", and inserted "or such other limits as shall be set by the National Credit Union Association Board" after "not exceeding thirty years".

Par. (5)(A)(ii). Pub. L. 97-320, § 510, substituted "or a second mortgage loan secured by a residential dwelling" for "or for the repair, alteration, or improvement of a residential dwelling".

Par. (5)(A)(iii). Pub. L. 97-320, § 511, inserted ", or with advance commitment to purchase the loan by," and substituted "insurance, guarantee, or commitment" for "insurance or guarantee".

Par. (5)(A)(iv), (v). Pub. L. 97-320, § 512, substituted "\$10,000" for "\$5,000".

Par. (5)(A)(viii). Pub. L. 97-320, § 513, inserted condition relating to partial prepayments of first or second mortgage loans.

Par. (5)(A)(x). Pub. L. 97-320, § 506, added cl. (x).

Par. (7)(E). Pub. L. 97-320, § 516, inserted provisions relating to instruments issued or guaranteed by any other agency of the United States, and that a Federal Credit Union may issue and sell securities which are guaranteed pursuant to section 1721(g) of this title.

Par. (7)(L). Pub. L. 97-320, § 514, added cl. (L).

Par. (8). Pub. L. 97-320, § 517, inserted "or in banks or institutions the accounts of which are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation," after "in which the Federal Credit Union does business,".

Par. (12). Pub. L. 97-320, § 518, substituted ", money orders, and other similar money transfer instruments" for "and money orders", and struck out "which does not exceed the direct and indirect costs incident to providing such service" after "for a fee".

1980—Par. (5)(A)(i). Pub. L. 96-221, § 309(a)(1), inserted provisions relating to an individual cooperative unit.

Par. (5)(A)(vi). Pub. L. 96-221, § 310, substituted provisions setting forth maximum interest rate of 15 per centum per annum, subject to specified exceptions, for provisions setting forth a maximum interest rate of 1 per centum per month.

Par. (6). Pub. L. 96-221, §§ 305(b), 307, revised existing provisions respecting credit unions serving predominantly low-income members including provisions added by Pub. L. 96-161, and repealed the amendment made by Pub. L. 96-161. See Repeals and Effective Date of 1980 Amendment notes below.

1979—Par. (6). Pub. L. 96-161 inserted ", and to issue, deal in, and accept share drafts as orders of withdrawal against shares, subject to such terms, rates, and conditions as may be prescribed by the Board" after "within limitations prescribed by the Board".

Pub. L. 96-153 substituted "Federal, Indian tribal, State" for "Federal, State".

1978—Par. (5). Pub. L. 95-630, § 502(b), substituted "Board" for "Administrator" wherever appearing.

Par. (6). Pub. L. 95-630, § 502(b), 1803(a), inserted "from the Central Liquidity Facility," after "in the manner so prescribed," and substituted "Board" for "Administrator" in two places.

Par. (7). Pub. L. 95-630, §§ 502(b), 1803(b), substituted "Board" for "Administrator" wherever appearing and added cl. (J).

Par. (8). Pub. L. 95-630, § 502(b), substituted "Board" for "Administrator".

Par. (9). Pub. L. 95-630, §§ 502(b), 1803(c), substituted "Board" for "Administrator" and inserted ", except as authorized by the Board in carrying out the provisions of subchapter III," after "amount not exceeding".

Pars. (12) to (14). Pub. L. 95-630, § 502(b), substituted "Board" for "Administrator" wherever appearing.

1977—Par. (5). Pub. L. 95-22, § 302(a), among other changes, inserted provisions permitting Federal credit unions to establish lines of credit for their members, to raise the maximum loan maturity for most loans to twelve years, and to make loans secured by a first lien and made for the purchase of a one-to-four-family dwelling for the principal residence of a credit union member.

Par. (6). Pub. L. 95-22, §§ 302(b), 303(a), redesignated par. (7) as (6) and substituted reference to payments on shares which may be issued at varying dividend rates and payments on share certificates which may be issued at varying dividend rates and maturities, subject to such terms, rates, and conditions as may be established by the board of directors, within limitations prescribed by the Administrator for reference to payments on shares, share certificates, or share deposits. Former par. (6), relating to the power of Federal credit unions to make loans to its own directors and to its own supervisory credit committee, was struck out.

Par. (7). Pub. L. 95-22, § 303(b), redesignated par. (8) as (7) and added subpar. (I). Former par. (7) redesignated (6).

Pars. (8) to (12). Pub. L. 95-22, § 303(c), redesignated pars. (9) to (13) as (8) to (12), respectively. Former par. (8) redesignated (7).

Par. (13). Pub. L. 95-22, § 303(c), (d), redesignated par. (14) as (13) and inserted reference to purchase, sell, pledge, or discount or otherwise receive or dispose of, in whole or in part, any eligible obligations (as defined by the Administrator) of its members. Former par. (13) redesignated (12).

Par. (14). Pub. L. 95-22, § 303(e), added par. (14).

1974—Par. (5). Pub. L. 93-569 inserted "except that loans made in accordance with section 1703(b) of this title and section 1819 of title 38, may be for the maturities specified therein," after "ten years".

Par. (6). Pub. L. 93-383, § 721(a), substituted provisions relating to approval of loans by the board of directors for provisions requiring annual reports to the Administrator with respect to loans and setting forth conditions for the making of loans.

Par. (7). Pub. L. 93-495 inserted provisions relating to receipt of payments of shares, etc., from officers, employees, or agents of nonmember units of Federal, State, or local governments and political subdivisions enumerated in section 1787 of this title.

Par. (8)(E). Pub. L. 93-383, § 805(c)(5), inserted reference to mortgages, obligations, or other securities sold by the Federal Home Loan Mortgage Corporation pursuant to section 1454 or 1455 of this title.

Par. (9). Pub. L. 93-383, §721(b), inserted provisions relating to Federal credit unions or credit unions authorized by the Department of Defense.

1972—Par. (8)(E). Pub. L. 92-318 authorized investments in obligations or other instruments or securities of the Student Loan Marketing Association.

1970—Pars. (5), (6), (8), (10), (13), (14), Pub. L. 91-206 substituted “Administrator” for “Director” wherever appearing.

Par. (7). Pub. L. 91-468, §10(1), permitted a Federal credit union to not only receive from members but also from other federally insured credit unions, payments on shares as well as share certificates or share deposits and, in the case of credit unions serving predominantly low-income members, to receive payments on shares, share certificates or share deposits from nonmembers.

Par. (8). Pub. L. 91-468, §10(2), authorized a Federal credit union to invest in shares, share certificates or share deposits of federally insured credit unions.

1968—Par. (5). Pub. L. 90-375, §1(1), substituted provisions authorizing Federal credit unions to make unsecured loans with maturities not exceeding five years, and secured loans with maturities not exceeding ten years for provisions authorizing federal credit unions to make loans with maturities not exceeding five years.

Par. (8). Pub. L. 90-448 authorized investments in obligations, participations, or other instruments of or issued by, or guaranteed as to principal and interest by, the Government National Mortgage Association.

Pub. L. 90-375, §1(2), added cl. (G).

Pars. (14), (15). Pub. L. 90-375, §1(3), added par. (14) and redesignated former par. (14) as (15).

1967—Par. (5). Pub. L. 90-44, §2(1), substituted “may be made except as authorized under paragraph (6) of this section” for “shall exceed the amount of his holdings in the Federal Credit Union as represented by shares thereof plus the total unencumbered and unpledged shareholdings in the Federal Credit Union of any member pledged as security for the obligation of such director or committee member”.

Pars. (6), (7). Pub. L. 90-44, §2(3), added par. (6) and redesignated former pars. (6) and (7) as (7) and (8), respectively.

Pars. (8) to (14). Pub. L. 90-44, §§2(2), (3), redesignated former par. (7) as (8), authorized in cl. (D) investment of funds in shares or accounts of mutual savings banks, the accounts of which are insured by the Federal Deposit Insurance Corporation, and redesignated former pars. (8) to (13) as (9) to (14), respectively.

1966—Par. (7). Pub. L. 89-429 expanded list of possible areas of investment of funds by Federal credit unions to include obligations, participations, or other instruments of or issued by, or fully guaranteed as to principal and interest by, the Federal National Mortgage Association and participation certificates evidencing beneficial interests in obligations, or in the right to receive interest and principal collections therefrom, which obligations have been subjected by one or more Government agencies to a trust or trusts for which any executive department, agency, or instrumentality of the United States (or the head thereof) has been named to act as trustee.

1964—Par. (7)(E). Pub. L. 88-353 added cl. (E).

1959—Pub. L. 86-354 made numerous capitalization, punctuation and phraseological changes throughout text; increased maturities limits for loans from three to five years, authorized approval of loans by a loan officer and authorized loans in an amount which shall include total unencumbered and unpledged shareholdings in the Federal credit union of any member pledged as security for the obligation of the director or committee member, provided for payment and amortization of loans, redesignated provisions (a) to (d) as (A) to (D) in par. (7), substituted “levy late charges” for “fine members” and inserted “of members” in par. (10), substituted “charges” for “fines” in par. (11), added par. (12); and redesignated former par. (12) as par. (13).

1952—Par. (7)(d). Act May 13, 1952, authorized investment of funds in shares or accounts of any other insti-

tutions whose accounts are insured by the Federal Savings and Loan Insurance Corporation.

1949—Par. (5). Act Oct. 25, 1949, increased from 2 years to 3 years the limit for maturity of loans.

1946—Par. (5). Act July 31, 1946, inserted last two sentences to provide for the forfeiture of the entire amount of interest reserved and for the recovery of the entire amount of interest paid for the violation of the interest limitation.

1937—Par. (7)(c), (d). Act Dec. 6, 1937, added cls. (c) and (d).

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 2010 AMENDMENT

Amendment by section 362(1) of Pub. L. 111-203 effective on the transfer date, see section 351 of Pub. L. 111-203, set out as a note under section 906 of Title 2, The Congress.

Amendment by section 1073(d) of Pub. L. 111-203 effective 1 day after July 21, 2010, except as otherwise provided, see section 4 of Pub. L. 111-203, set out as an Effective Date note under section 5301 of this title.

EFFECTIVE DATE OF 1980 AMENDMENT

Amendment by section 305(b) of Pub. L. 96-221 effective at close of Mar. 31, 1980, see section 306 of Pub. L. 96-221, set out as a note under section 1464 of this title.

EFFECTIVE AND TERMINATION DATES OF 1979 AMENDMENTS

Amendment by Pub. L. 96-161 effective Dec. 31, 1979, with that amendment to remain in effect until the close of Mar. 31, 1980, see section 104 of Pub. L. 96-161, formerly set out as a note under section 371a of this title.

Pub. L. 96-153, title III, §323(e), Dec. 21, 1979, 93 Stat. 1120, provided that: “The amendments made by subsections (a) through (d) [amending this section and sections 1728, 1787, and 1821 of this title] are not applicable to any claim arising out of the closing of a bank, savings and loan association, or credit union prior to the date of enactment of this Act [Dec. 21, 1979], but shall be applicable to any such claim arising on or after such date.”

EFFECTIVE DATE OF 1978 AMENDMENT

Amendment by section 502(b) of 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.

Amendment by section 1803 of Pub. L. 95-630 effective Oct. 1, 1979, see section 1806 of Pub. L. 95-630, set out as an Effective Date note under section 1795 of this title.

EFFECTIVE DATE OF 1974 AMENDMENTS

Amendment by Pub. L. 93-569 effective Dec. 31, 1974, see section 10 of Pub. L. 93-569, set out as a note under section 3702 of Title 38, Veterans' Benefits.

Amendment by Pub. L. 93-495 effective on 30th day beginning after Oct. 28, 1974, see section 101(g) of Pub. L. 93-495, set out as a note under section 1813 of this title.

EFFECTIVE DATE OF 1968 AMENDMENT

For effective date of amendment by title VIII of Pub. L. 90-448, see section 808 of Pub. L. 90-448, set out as a note under section 1716b of this title.

REPEALS

Amendment by section 103 of Pub. L. 96-161, cited as a credit to this section, was repealed at the close of Mar. 31, 1980, by section 307 of Pub. L. 96-221, and substantially identical provisions were enacted by section 305 of Pub. L. 96-221, such amendments to take effect at the close of Mar. 31, 1980.

§ 1757a. Limitation on member business loans**(a) In general**

On and after August 7, 1998, no insured credit union may make any member business loan that would result in a total amount of such loans outstanding at that credit union at any one time equal to more than the lesser of—

- (1) 1.75 times the actual net worth of the credit union; or
- (2) 1.75 times the minimum net worth required under section 1790d(c)(1)(A) of this title for a credit union to be well capitalized.

(b) Exceptions

Subsection (a) does not apply in the case of—

- (1) an insured credit union chartered for the purpose of making, or that has a history of primarily making, member business loans to its members, as determined by the Board; or
- (2) an insured credit union that—
 - (A) serves predominantly low-income members, as defined by the Board; or
 - (B) is a community development financial institution, as defined in section 4702 of this title.

(c) Definitions

As used in this section—

- (1) the term “member business loan”—

(A) means any loan, line of credit, or letter of credit, the proceeds of which will be used for a commercial, corporate or other business investment property or venture, or agricultural purpose; and

(B) does not include an extension of credit—

(i) that is fully secured by a lien on a 1- to 4-family dwelling;

(ii) that is fully secured by shares in the credit union making the extension of credit or deposits in other financial institutions;

(iii) that is described in subparagraph (A), if it was made to a borrower or an associated member that has a total of all such extensions of credit in an amount equal to less than \$50,000;

(iv) the repayment of which is fully insured or fully guaranteed by, or where there is an advance commitment to purchase in full by, any agency of the Federal Government or of a State, or any political subdivision thereof; or

(v) that is granted by a corporate credit union (as that term is defined by the Board) to another credit union.

- (2) the term “net worth”—

(A) with respect to any insured credit union, means the credit union’s retained earnings balance, as determined under generally accepted accounting principles; and

(B) with respect to a credit union that serves predominantly low-income members, as defined by the Board, includes secondary capital accounts that are—

- (i) uninsured; and
- (ii) subordinate to all other claims against the credit union, including the claims of creditors, shareholders, and the Fund; and

(3) the term “associated member” means any member having a shared ownership, investment, or other pecuniary interest in a business or commercial endeavor with the borrower.

(d) Effect on existing loans

An insured credit union that has, on August 7, 1998, a total amount of outstanding member business loans that exceeds the amount permitted under subsection (a) shall, not later than 3 years after August 7, 1998, reduce the total amount of outstanding member business loans to an amount that is not greater than the amount permitted under subsection (a).

(e) Consultation and cooperation with State credit union supervisors

In implementing this section, the Board shall consult and seek to work cooperatively with State officials having jurisdiction over State-chartered insured credit unions.

(June 26, 1934, ch. 750, title I, §107A, as added Pub. L. 105-219, title II, §203(a), Aug. 7, 1998, 112 Stat. 920; amended Pub. L. 115-174, title I, §105(a), May 24, 2018, 132 Stat. 1301.)

Editorial Notes**AMENDMENTS**

2018—Subsec. (c)(1)(B)(i). Pub. L. 115-174 struck out “that is the primary residence of a member” after “dwelling”.

Statutory Notes and Related Subsidiaries**RULE OF CONSTRUCTION**

Pub. L. 115-174, title I, §105(b), May 24, 2018, 132 Stat. 1301, provided that: “Nothing in this section [amending this section] or the amendment made by this section shall preclude the National Credit Union Administration from treating an extension of credit that is fully secured by a lien on a 1- to 4-family dwelling that is not the primary residence of a member as a member business loan for purposes other than the member business loan limitation requirements under section 107A of the Federal Credit Union Act (12 U.S.C. 1757a).”

STUDY AND REPORT

Pub. L. 105-219, title II, §203(b), Aug. 7, 1998, 112 Stat. 922, required the Secretary to conduct a study of member business lending by insured credit unions, with a final report to be sent to Congress not later than 12 months after Aug. 7, 1998.

§ 1758. Bylaws

In order to simplify the organization of Federal credit unions the Board shall from time to time cause to be prepared a form of organization certificate and a form of bylaws, consistent with this chapter, which shall be used by Federal credit union incorporators, and shall be supplied to them on request. At the time of presenting the organization certificate the incorporators shall also submit proposed bylaws to the Board for its approval.

(June 26, 1934, ch. 750, title I, §108, formerly §8, 48 Stat. 1219; 1947 Reorg. Plan No. 1, §401, eff. July 1, 1947, 12 F.R. 4534, 61 Stat. 952; June 29, 1948, ch. 711, §§1, 2, 62 Stat. 1091; renumbered §9 and amended Pub. L. 86-354, §1, Sept. 22, 1959, 73 Stat. 631; Pub. L. 91-206, §2(1), Mar. 10, 1970, 84

Stat. 49; renumbered title I, §108, Pub. L. 91-468, §1(2), Oct. 19, 1970, 84 Stat. 994; amended Pub. L. 95-630, title V, §502(b), Nov. 10, 1978, 92 Stat. 3681.)

Editorial Notes

AMENDMENTS

1978—Pub. L. 95-630 substituted “Board” for “Administrator” in two places, and “its approval” for “his approval”.

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

1959—Pub. L. 86-354 substituted “from time to time” for “, upon the passage of this Act,”.

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.

Executive Documents

TRANSFER OF FUNCTIONS

Transfer of functions of Farm Credit Administration and Governor thereof, generally, see notes set out under section 1751 of this title.

Functions of Governor of Farm Credit Administration under this section transferred to Federal Deposit Insurance Corporation by Reorg. Plan No. 1 of 1947.

§ 1759. Membership

(a) In general

Subject to subsection (b), Federal credit union membership shall consist of the incorporators and such other persons and incorporated and unincorporated organizations, to the extent permitted by rules and regulations prescribed by the Board, as may be elected to membership and as such shall each, subscribe to at least one share of its stock and pay the initial installment thereon and a uniform entrance fee if required by the board of directors. Shares may be issued in joint tenancy with right of survivorship with any persons 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.

(b) Membership field

Subject to the other provisions of this section, the membership of any Federal credit union shall be limited to the membership described in one of the following categories:

(1) Single common-bond credit union

One group that has a common bond of occupation or association.

(2) Multiple common-bond credit union

More than one group—

(A) each of which has (within the group) a common bond of occupation or association; and

(B) the number of members, each of which (at the time the group is first included within the field of membership of a credit union described in this paragraph) does not exceed any numerical limitation applicable under subsection (d).

(3) Community credit union

Persons or organizations within a well-defined local community, neighborhood, or rural district.

(c) Exceptions

(1) Grandfathered members and groups

(A) In general

Notwithstanding subsection (b)—

(i) any person or organization that is a member of any Federal credit union as of August 7, 1998, may remain a member of the credit union after August 7, 1998; and

(ii) a member of any group whose members constituted a portion of the membership of any Federal credit union as of August 7, 1998, shall continue to be eligible to become a member of that credit union, by virtue of membership in that group, after August 7, 1998.

(B) Successors

If the common bond of any group referred to in subparagraph (A) is defined by any particular organization or business entity, subparagraph (A) shall continue to apply with respect to any successor to the organization or entity.

(2) Exception for underserved areas

Notwithstanding subsection (b), in the case of a Federal credit union, the field of membership category of which is described in subsection (b)(2), the Board may allow the membership of the credit union to include any person or organization within a local community, neighborhood, or rural district if—

(A) the Board determines that the local community, neighborhood, or rural district—

(i) is an “investment area”, as defined in section 4702(16) of this title, and meets such additional requirements as the Board may impose; and

(ii) is underserved, based on data of the Board and the Federal banking agencies (as defined in section 1813 of this title), by other depository institutions (as defined in section 461(b)(1)(A) of this title); and

(B) the credit union establishes and maintains an office or facility in the local community, neighborhood, or rural district at which credit union services are available.

(d) Multiple common-bond credit union group requirements

(1) Numerical limitation

Except as provided in paragraph (2), only a group with fewer than 3,000 members shall be eligible to be included in the field of membership category of a credit union described in subsection (b)(2).

(2) Exceptions

In the case of any Federal credit union, the field of membership category of which is described in subsection (b)(2), the numerical limitation in paragraph (1) of this subsection shall not apply with respect to—

(A) any group that the Board determines, in writing and in accordance with the guide-

lines and regulations issued under paragraph (3), could not feasibly or reasonably establish a new single common-bond credit union, the field of membership category of which is described in subsection (b)(1) because—

(i) the group lacks sufficient volunteer and other resources to support the efficient and effective operation of a credit union;

(ii) the group does not meet the criteria that the Board has determined to be important for the likelihood of success in establishing and managing a new credit union, including demographic characteristics such as geographical location of members, diversity of ages and income levels, and other factors that may affect the financial viability and stability of a credit union; or

(iii) the group would be unlikely to operate a safe and sound credit union;

(B) any group transferred from another credit union—

(i) in connection with a merger or consolidation recommended by the Board or any appropriate State credit union supervisor based on safety and soundness concerns with respect to that other credit union; or

(ii) by the Board in the Board's capacity as conservator or liquidating agent with respect to that other credit union; or

(C) any group transferred in connection with a voluntary merger, having received conditional approval by the Administration of the merger application prior to October 25, 1996, but not having consummated the merger prior to October 25, 1996, if the merger is consummated not later than 180 days after August 7, 1998.

(3) Regulations and guidelines

The Board shall issue guidelines or regulations, after notice and opportunity for comment, setting forth the criteria that the Board will apply in determining under this subsection whether or not an additional group may be included within the field of membership category of an existing credit union described in subsection (b)(2).

(e) Additional membership eligibility provisions

(1) Membership eligibility limited to immediate family or household members

No individual shall be eligible for membership in a credit union on the basis of the relationship of the individual to another person who is eligible for membership in the credit union, unless the individual is a member of the immediate family or household (as those terms are defined by the Board, by regulation) of the other person.

(2) Retention of membership

Except as provided in section 1764 of this title, once a person becomes a member of a credit union in accordance with this subchapter, that person or organization may remain a member of that credit union until the person or organization chooses to withdraw from the membership of the credit union.

(f) Criteria for approval of expansion of multiple common-bond credit unions

(1) In general

The Board shall—

(A) encourage the formation of separately chartered credit unions instead of approving an application to include an additional group within the field of membership of an existing credit union whenever practicable and consistent with reasonable standards for the safe and sound operation of the credit union; and

(B) if the formation of a separate credit union by the group is not practicable or consistent with the standards referred to in subparagraph (A), require the inclusion of the group in the field of membership of a credit union that is within reasonable proximity to the location of the group whenever practicable and consistent with reasonable standards for the safe and sound operation of the credit union.

(2) Approval criteria

The Board may not approve any application by a Federal credit union, the field of membership category of which is described in subsection (b)(2) to include any additional group within the field of membership of the credit union (or an application by a Federal credit union described in subsection (b)(1) to include an additional group and become a credit union described in subsection (b)(2)), unless the Board determines, in writing, that—

(A) the credit union has not engaged in any unsafe or unsound practice (as defined in section 1786(b) of this title) that is material during the 1-year period preceding the date of filing of the application;

(B) the credit union is adequately capitalized;

(C) the credit union has the administrative capability to serve the proposed membership group and the financial resources to meet the need for additional staff and assets to serve the new membership group;

(D) any potential harm that the expansion of the field of membership of the credit union may have on any other insured credit union and its members is clearly outweighed in the public interest by the probable beneficial effect of the expansion in meeting the convenience and needs of the members of the group proposed to be included in the field of membership; and

(E) the credit union has met such additional requirements as the Board may prescribe, by regulation.

(g) Regulations required for community credit unions

(1) Definition of well-defined local community, neighborhood, or rural district

The Board shall prescribe, by regulation, a definition for the term “well-defined local community, neighborhood, or rural district” for purposes of—

(A) making any determination with regard to the field of membership of a credit union described in subsection (b)(3); and

(B) establishing the criteria applicable with respect to any such determination.

(2) Scope of application

The definition prescribed by the Board under paragraph (1) shall apply with respect to any application to form a new credit union, or to alter or expand the field of membership of an existing credit union, that is filed with the Board after August 7, 1998.

(June 26, 1934, ch. 750, title I, §109, formerly §9, 48 Stat. 1219; July 31, 1946, ch. 711, §2, 60 Stat. 744; 1947 Reorg. Plan No. 1, §401, eff. July 1, 1947, 12 F.R. 4534, 61 Stat. 952; June 29, 1948, ch. 711, §§1, 2, 62 Stat. 1091; renumbered §10 and amended Pub. L. 86-354, §1, Sept. 22, 1959, 73 Stat. 631; Pub. L. 91-206, §2(1), Mar. 10, 1970, 84 Stat. 49; renumbered title I, §109, Pub. L. 91-468, §1(2), Oct. 19, 1970, 84 Stat. 994; amended Pub. L. 93-383, title VII, §722, Aug. 22, 1974, 88 Stat. 719; Pub. L. 95-630, title V, §502(b), Nov. 10, 1978, 92 Stat. 3681; Pub. L. 105-219, title I, §§101-103, Aug. 7, 1998, 112 Stat. 914-917; Pub. L. 109-351, title VII, §726(9), Oct. 13, 2006, 120 Stat. 2002.)

Editorial Notes**AMENDMENTS**

2006—Subsec. (c)(2)(A)(i). Pub. L. 109-351 made technical amendment to reference in original act which appears in text as reference to section 4702(16) of this title.

1998—Subsec. (a). Pub. L. 105-219, §101(1)(A), designated existing provisions as subsec. (a) and inserted heading and “Subject to subsection (b),” before “Federal credit union membership shall consist of”.

Pub. L. 105-219, §101(1)(B), which directed the amendment of subsec. (a) by striking out “, except that 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” after “directors”, was executed by striking out such language which began with a semicolon rather than a comma after “directors” to reflect the probable intent of Congress.

Subsecs. (b) to (e). Pub. L. 105-219, §101(2), added subsecs. (b) to (e).

Subsec. (f). Pub. L. 105-219, §102, added subsec. (f).

Subsec. (g). Pub. L. 105-219, §103, added subsec. (g).

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

1974—Pub. L. 93-383 substituted “a uniform entrance fee if required by the board of directors” for “the entrance fee”.

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

1959—Pub. L. 86-354 substituted “persons” for “person” before “designated”.

1946—Act July 31, 1946, inserted sentence at end permitting a Federal credit union to issue shares in joint tenancy with a right of survivorship.

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.

REPORT AND CONGRESSIONAL REVIEW REQUIREMENT FOR CERTAIN REGULATIONS

Pub. L. 105-219, title II, §205, Aug. 7, 1998, 112 Stat. 923, provided that: “A regulation prescribed by the Board [National Credit Union Administration Board] shall be treated as a major rule for purposes of chapter 8 of title 5, United States Code, if the regulation defines, or amends the definition of—

“(1) the term ‘immediate family or household’ for purposes of section 109(e)(1) of the Federal Credit Union Act [12 U.S.C. 1759(e)(1)] (as added by section 101 of this Act); or

“(2) the term ‘well-defined local community, neighborhood, or rural district’ for purposes of section 109(g) of the Federal Credit Union Act (as added by section 103 of this Act).”

§ 1760. Members’ meetings

The fiscal year of all Federal credit unions shall end December 31. The annual meeting of each Federal credit union shall be held at such place as its bylaws shall prescribe. Special meetings may be held in the manner indicated in the bylaws. No member shall be entitled to vote by proxy, but a member other than a natural person may vote through an agent designated for the purpose. Irrespective of the number of shares held, no member shall have more than one vote.

(June 26, 1934, ch. 750, title I, §110, formerly §10, 48 Stat. 1219; renumbered §11, Pub. L. 86-354, §1, Sept. 22, 1959, 73 Stat. 631; amended Pub. L. 88-150, §1, Oct. 17, 1963, 77 Stat. 270; renumbered title I, §110, Pub. L. 91-468, §1(2), Oct. 19, 1970, 84 Stat. 994; amended Pub. L. 97-320, title V, §519, Oct. 15, 1982, 96 Stat. 1531.)

Editorial Notes**AMENDMENTS**

1982—Pub. L. 97-320 struck out “at such time during the following January, February, or March and” after “shall be held”, and “by him” after “shares held”.

1963—Pub. L. 88-150 substituted “during the following January, February, or March” for “during the month of the following January”.

§ 1761. Management**(a) Board of directors, credit committee, and supervisory committee; election to board**

The management of a Federal credit union shall be by a board of directors, a supervisory committee, and where the bylaws so provide, a credit committee. The board shall consist of an odd number of directors, at least five in number, to be elected annually by and from the members as the bylaws provide. Any vacancy occurring on the board shall be filled until the next annual election by appointment by the remainder of the directors.

(b) Membership on supervisory committee; names and addresses of officers and committee members

The supervisory committee shall be appointed by the board of directors and shall consist of not less than three members nor more than five members, one of whom may be a director other than the compensated officer of the board. A record of the names and addresses of the executive officers, members of the supervisory committee, credit committee, and loan officers, shall be filed with the Administration within ten days after their election or appointment.

(c) Compensation

No member of the board or of any other committee shall, as such, be compensated, except that reasonable health, accident, similar insurance protection, and the reimbursement of rea-

sonable expenses incurred in the execution of the duties of the position shall not be considered compensation.

(June 26, 1934, ch. 750, title I, § 111, formerly § 11, 48 Stat. 1219; June 15, 1940, ch. 366, 54 Stat. 398; July 31, 1946, ch. 711, §§ 3-6, 60 Stat. 745; 1947 Reorg. Plan No. 1, § 401, eff. July 1, 1947, 12 F.R. 4534, 61 Stat. 952; June 29, 1948, ch. 711, §§ 1, 2, 62 Stat. 1091; Oct. 25, 1949, ch. 713, § 2, 63 Stat. 890; June 30, 1954, ch. 426, § 1, 68 Stat. 335; Aug. 24, 1954, ch. 905, §§ 1, 2, 68 Stat. 792; renumbered § 12 and amended Pub. L. 86-354, § 1, Sept. 22, 1959, 73 Stat. 632; Pub. L. 88-353, § 2, July 2, 1964, 78 Stat. 269; Pub. L. 91-206, § 2(3), Mar. 10, 1970, 84 Stat. 49; renumbered title I, § 111, Pub. L. 91-468, § 1(2), Oct. 19, 1970, 84 Stat. 994; amended Pub. L. 93-495, title I, § 116, Oct. 28, 1974, 88 Stat. 1507; Pub. L. 95-630, title V, § 502(b), Nov. 10, 1978, 92 Stat. 3681; Pub. L. 97-320, title V, § 520, Oct. 15, 1982, 96 Stat. 1531.)

Editorial Notes

AMENDMENTS

1982—Pub. L. 97-320 substituted provisions divided into subsecs. (a), (b), and (c) relating to the management of a Federal credit union, including the board of directors, credit and supervisory committees, and the matter of their compensation, for provisions which read as follows: “The business affairs of a Federal credit union shall be managed by a board of not less than five directors, and a credit committee of not less than three members, all to be elected at the annual members’ meeting by and from the members, and by a supervisory committee of not less than three members nor more than five members, one of whom may be a director other than the treasurer, to be appointed by the board. Any vacancy occurring in the supervisory committee shall be filled in the same manner as original appointments to such committee. All members of the board and of such committees shall hold office for such terms, respectively, as the bylaws may provide. A record of the names and addresses of the members of the board and such committees and of the officers of the credit union shall be filed with the Administration within ten days after their election or appointment. No member of the board or of either such committee shall, as such, be compensated: *Provided, however,* That reasonable health, accident, and similar insurance protection shall not be considered compensation under regulations promulgated by the Board.”

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

1974—Pub. L. 93-495 inserted proviso relating to compensation in the form of health, accident, and similar insurance protection.

1970—Pub. L. 91-206 substituted “Administration” for “Bureau”.

1964—Pub. L. 88-353 increased size of supervisory committee from three members to not less than three members nor more than five members.

1959—Pub. L. 86-354 provided for appointment instead of election of members of supervisory committee and for filling of vacancies in such committee, and struck out former subsecs. (b) to (e) relating to officers, directors, credit committee and supervisory committee. See sections 1761a to 1761d of this title, respectively.

1954—Subsecs. (b), (c). Act Aug. 24, 1954, provided express authority for the Director of the Bureau of Federal Credit Unions to regulate the minimum amount and character of surety bonds for officers and employees.

Subsec. (c). Act June 30, 1954, inserted provision with respect to interest refunds.

1949—Subsec. (d). Act Oct. 25, 1949, substituted “\$400” for “\$300” wherever appearing.

1946—Subsec. (c). Act July 31, 1946, struck out “fix the amount and character of the surety bond required of any officer having custody of funds” and inserted “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, 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”.

Subsec. (d). Act July 31, 1946, struck out requirement that notice of meeting of the credit committee must be given by the treasurer and increased the maximum amount of an unsecured loan to a member from \$100 to \$300.

Subsec. (e). Act July 31, 1946, inserted last sentence defining “passbook”.

1940—Subsec. (d). Act June 15, 1940, substituted “\$100” for “\$50” 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.

Executive Documents

TRANSFER OF FUNCTIONS

Transfer of functions of Farm Credit Administration and Governor thereof, generally, see notes set out under section 1751 of this title.

Functions of Governor of Farm Credit Administration under this section transferred to Federal Deposit Insurance Corporation by Reorg. Plan No. 1 of 1947.

§ 1761a. Officers of the board

At their first meeting after the annual meeting of the members, the directors shall elect from their number the board officers specified in the bylaws. Only one board officer may be compensated as an officer of the board and the bylaws shall specify such position as well as the specific duties of each of the board officers. The board shall elect from their number a financial officer who shall give adequate fidelity coverage in accordance with section 1761b(2) of this title.

(June 26, 1934, ch. 750, title I, § 112, formerly § 13, as added Pub. L. 86-354, § 1, Sept. 22, 1959, 73 Stat. 632; amended Pub. L. 88-150, § 2, Oct. 17, 1963, 77 Stat. 270; Pub. L. 91-206, § 2(1), Mar. 10, 1970, 84 Stat. 49; renumbered title I, § 112, Pub. L. 91-468, § 1(2), Oct. 19, 1970, 84 Stat. 994; amended Pub. L. 95-630, title V, § 502(b), Nov. 10, 1978, 92 Stat. 3681; Pub. L. 97-320, title V, § 521, Oct. 15, 1982, 96 Stat. 1531; Pub. L. 100-86, title VII, § 704(a), Aug. 10, 1987, 101 Stat. 652.)

Editorial Notes

PRIOR PROVISIONS

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

AMENDMENTS

1987—Pub. L. 100-86 inserted third sentence and struck out former third sentence which read as follows: “The board shall elect from their number a financial officer who 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 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,¹ 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.)

¹ 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.

(b) Review and reversal of loan refusals; review by board in lieu of committee; limitation on disbursements by loan officers

If the bylaws provide for a credit committee, all applications not approved by the loan officer shall be reviewed by the credit committee, and the approval of a majority of the members who are present at the meeting when such review is undertaken shall be required to reverse the loan officer's decision provided a majority of the full committee is present. If there is not a credit committee, a member shall have the right upon written request of review by the board of directors of a loan application which has been denied. 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.

(June 26, 1934, ch. 750, title I, § 114, formerly § 15, as added Pub. L. 86-354, § 1, Sept. 22, 1959, 73 Stat. 633; amended Pub. L. 88-353, § 4, July 2, 1964, 78 Stat. 269; Pub. L. 90-188, § 1, Dec. 13, 1967, 81 Stat. 567; Pub. L. 90-375, § 1(5), July 5, 1968, 82 Stat. 284; Pub. L. 91-206, § 2(1), Mar. 10, 1970, 84 Stat. 49; renumbered title I, § 114, Pub. L. 91-468, § 1(2), Oct. 19, 1970, 84 Stat. 994; amended Pub. L. 95-22, title III, § 304, Apr. 19, 1977, 91 Stat. 51; Pub. L. 95-630, title V, § 502(b), Nov. 10, 1978, 92 Stat. 3681; Pub. L. 97-320, title V, § 523, Oct. 15, 1982, 96 Stat. 1533.)

Editorial Notes

PRIOR PROVISIONS

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

AMENDMENTS

1982—Pub. L. 97-320 designated existing provisions as subsecs. (a) and (b), in subsec. (a) as so designated, inserted provisions relating to the membership of the committee and provisions requiring the majority of the full committee to be present for votes on lines of credit, struck out provision requiring each loan officer to report his action on an application in seven days of its filing, in subsec. (b) as so designated, inserted provisions relating to the number of members needed to reverse a loan officer's decision and provision for the case where there is no credit committee, and thereafter struck out provisions that not more than one member of the committee might be appointed as a loan officer, that applications for loans and lines of credit be made on forms prepared by such committee which set forth the security, if any, and such other data as required, that no loan may be made to any member if, upon the making of that loan, the member would have been indebted to the Federal credit union upon loans made to him in an aggregate amount which would exceed 10 per centum of the credit union's unimpaired capital and surplus, and that for the purposes of this section an assignment of shares or the endorsement of a note would be deemed security and, subject to such regulations as the Board prescribed, insurance obtained under title I of the National Housing Act [12 U.S.C. 1702 et seq.] would be deemed adequate security.

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

1977—Pub. L. 95-22 substituted "loans and lines of credit" for "loans" in three places, "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" for "No loan shall be made unless it is approved", "application approved" for "loan approved", "applications not approved" for "loans not approved", and "with respect to any loan or line of credit for which the application" for "for any loan which" and struck out "the purpose for which the loan is desired" after "which shall set forth", "\$200 or" after "amount which would exceed", "whichever is greater" after "capital and surplus", and provision relating to requirement that no unsecured loan be made to a member which would make the member indebted to the Federal credit union in excess of a specified amount.

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

1968—Pub. L. 90-375 substituted provisions which increased the unsecured loan limit, in the case of a credit union whose unimpaired capital and surplus is less than \$8,000 to \$200, and, in the case of any other credit union to \$2,500 or 2½% of the unimpaired capital and surplus, whichever is less, for provisions which authorized credit unions to make unsecured loans of \$750 or 10% of their unimpaired capital and surplus, whichever is smaller.

1967—Pub. L. 90-188 struck out "up to the unsecured limit, or in excess of such limit if such excess is fully secured by unpledged shares" from end of provision that credit committees may appoint one or more loan officers, and delegate to him or them the power to approve loans.

1964—Pub. L. 88-353 inserted "and, subject to such regulations as the Director may prescribe, insurance obtained under title I of the National Housing Act shall be deemed adequate security".

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.

§ 1761d. Supervisory committee; powers and duties; suspension of members; passbook

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; 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 seven or more than fourteen days after any such suspension, at which meeting any such suspension shall be acted upon by the members; and may call by a majority vote a special meeting of the members to consider any violations of this chapter, the charter, or the bylaws, or any practice of the credit union deemed by the supervisory committee to be unsafe or unauthorized. 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 held 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.

The supervisory committee shall cause the pass-books 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. As used in this section, the term “passbook” shall include any book, statement of account, or other record approved by the Board for use by Federal credit unions.

(June 26, 1934, ch. 750, title I, § 115, formerly § 16, as added Pub. L. 86-354, § 1, Sept. 22, 1959, 73 Stat. 633; amended Pub. L. 90-375, § 1(6), (7), July 5, 1968, 82 Stat. 284, 285; Pub. L. 91-206, § 2(1), Mar. 10, 1970, 84 Stat. 49; renumbered title I, § 115, Pub. L. 91-468, § 1(2), Oct. 19, 1970, 84 Stat. 994; amended Pub. L. 93-383, title VII, § 724, Aug. 22, 1974, 88 Stat. 719; Pub. L. 95-630, title V, § 502(b), Nov. 10, 1978, 92 Stat. 3681.)

Editorial Notes

PRIOR PROVISIONS

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

AMENDMENTS

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

1974—Pub. L. 93-383 substituted “an annual” for “a semiannual”.

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

1968—Pub. L. 90-375 substituted provisions which required a semiannual audit for provisions which required a quarterly examination of the affairs of a Federal credit union, including an audit of the books, authorized the making of such supplementary audits as deemed necessary by the supervisory committee or as ordered by the Director, eliminated the requirement of an annual audit, and provided that the suspension of any member of the supervisory committee be pursuant to a majority vote of the board of directors.

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.

§ 1762. Repealed. Pub. L. 105-219, title III, § 301(g)(3), Aug. 7, 1998, 112 Stat. 931

Section, acts June 26, 1934, ch. 750, title I, § 116, formerly § 12, 48 Stat. 1221; Oct. 25, 1949, ch. 713, § 3, 63 Stat. 890; renumbered § 17 and amended Pub. L. 86-354, § 1, Sept. 22, 1959, 73 Stat. 634; Pub. L. 91-206, § 2(1), Mar. 10, 1970, 84 Stat. 49; renumbered title I, § 116, and amended Pub. L. 91-468, § 1(2), 9, Oct. 19, 1970, 84 Stat. 994, 1017; Pub. L. 95-22, title III, § 305, Apr. 19, 1977, 91 Stat. 52; Pub. L. 95-630, title V, § 502(b), Nov. 10, 1978, 92 Stat. 3681, related to requirement of reserves against losses and authorization of Board to decrease reserve requirement or to require special reserves. See section 1790d(e) of this title.

§ 1763. Dividends

At such intervals as the board of directors may authorize, and after provision for required reserves, the board of directors may declare a dividend to be paid at different rates on different types of shares, at different rates and ma-

turity dates in the case of share certificates, and at different rates on different types of share draft accounts. Dividends credited may be accrued on various types of shares, share certificates, and share draft accounts as authorized by the board of directors. If the par value of a share exceeds \$5, dividends shall be paid on all funds in the regular share account once a full share has been purchased.

(June 26, 1934, ch. 750, title I, § 117, formerly § 13, 48 Stat. 1221; renumbered § 18 and amended Pub. L. 86-354, § 1, Sept. 22, 1959, 73 Stat. 634; Pub. L. 90-188, § 2, Dec. 13, 1967, 81 Stat. 567; renumbered title I, § 117, Pub. L. 91-468, § 1(2), Oct. 19, 1970, 84 Stat. 994; amended Pub. L. 93-383, title VII, § 725, Aug. 22, 1974, 88 Stat. 720; Pub. L. 95-22, title III, § 310, Apr. 19, 1977, 91 Stat. 53; Pub. L. 95-630, title V, § 502(b), Nov. 10, 1978, 92 Stat. 3681; Pub. L. 96-221, title II, § 207(b)(10), title III, § 305(c), Mar. 31, 1980, 94 Stat. 144, 147; Pub. L. 97-320, title V, § 524, Oct. 15, 1982, 96 Stat. 1534.)

Editorial Notes

AMENDMENTS

1982—Pub. L. 97-320 substituted “the board of directors may declare” for “the board may declare” and “Dividends credited” for “Dividend credit”, and inserted provision that if the par value of a share exceeds \$5, dividends shall be paid on all funds in the regular share account once a full share has been published.

1980—Pub. L. 96-221, § 207(b)(10), struck out “, pursuant to such regulations as may be issued by the Board,” after “declare”.

Pub. L. 96-221, § 305(c), inserted provisions relating to share draft accounts.

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

1977—Pub. L. 95-22 substituted “the board may declare, pursuant to such regulations as may be issued by the Administrator, 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” for “the board of directors may declare a dividend to be paid from the remaining net earnings” and “accrued on various types of shares and share certificates” for “accrued on shares” and struck out provision that such dividends shall be paid on all paid-up shares outstanding at the end of the period for which the dividend is declared and provision that shares which become fully paid up during such dividend period and are outstanding at the close of the period shall be entitled to a proportional part of such dividend.

1974—Pub. L. 93-383 substituted “At such intervals as the board of directors may authorize” for “Annually, semiannually, or quarterly, as the bylaws may provide”, and “Dividend credit may be accrued on shares as authorized by the board of directors” for “Dividend credit for a month may be accrued on shares which are or become fully paid up during the first ten days of that month”.

1967—Pub. L. 90-188 inserted “or quarterly” after “semiannually” and substituted “ten” for “five”.

1959—Pub. L. 86-354 authorized semiannual dividends, empowered the board of directors to declare them instead of only recommend them, and provided for dividend credit.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 1980 AMENDMENT

Pub. L. 96-221, title II, § 207(b), Mar. 31, 1980, 94 Stat. 144, provided in part that the amendment made by that section is effective 6 years after Mar. 31, 1980.

Amendment by section 305(c) of Pub. L. 96-221 effective at close of Mar. 31, 1980, see section 306 of Pub. L. 96-221, set out as a note under section 1464 of this title.

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.

§ 1764. Expulsion and withdrawal**(a) Expulsion by two-thirds vote**

Except as provided in subsections (b) and (c) of this section, a member may be expelled by a two-thirds vote of the members of a Federal credit union present at a special meeting called for the purpose, but only after opportunity has been given to the member to be heard.

(b) Expulsion based on nonparticipation

The board of directors of a Federal credit union may, by majority vote of a quorum of directors, adopt and enforce a policy with respect to expulsion from membership based on nonparticipation by a member in the affairs of the credit union. In establishing its policy, the board should consider a member's failure to vote in annual credit union elections or failure to purchase shares from, obtain a loan from, or lend to the Federal credit union. If such a policy is adopted, written notice of the policy as adopted and the effective date of such policy shall be mailed to each member of the credit union at the member's current address appearing on the records of the credit union not less than thirty days prior to the effective date of such policy. In addition, each new member shall be provided written notice of any such policy prior to or upon applying for membership.

(c) Expulsion for cause**(1) In general**

Except as provided in subsections (a) and (b) of this section, a member may be expelled for cause by a two-thirds vote of a quorum of the directors of the Federal credit union pursuant to a policy which the National Credit Union Administration Board shall adopt, pursuant to a rulemaking, not later than the end of the 18-month period following March 15, 2022.

(2) Distribution of policy to members

A Federal credit union may not expel a member pursuant to this subsection unless the Federal credit union has provided, in written or electronic form, a copy of the policy adopted by the National Credit Union Administration Board under paragraph (1) to each member of the Federal credit union.

(3) Procedures**(A) Notification of pending expulsion**

If a member will, subject to the policy adopted under paragraph (1), be subject to expulsion, the member shall be notified in advance of the expulsion, along with the reason for such expulsion. Such notice shall be provided in person, by mail to the member's address, or, if the member has elected to receive electronic communications from the Federal credit union, may be provided electronically.

(B) Right to a hearing**(i) In general**

A member shall have 60 days from the date of receipt of a notification under sub-

paragraph (A) to request a hearing from the board of directors of the Federal credit union.

(ii) Expulsion if no hearing

If a member does not request a hearing during the 60-day period described under clause (i), the member shall be expelled after the end of the 60-day period.

(C) Hearing; vote on expulsion

If a member requests a hearing during the 60-day period described under subparagraph (B)(i)—

(i) the board of directors of the Federal credit union shall provide the member with a hearing; and

(ii) after such hearing, the board of directors of the Federal credit union shall hold a vote in a timely manner on expelling the member.

(D) Notice of expulsion

If a member is expelled under subparagraph (B)(ii) or (C)(ii), notice of the expulsion of the member shall be provided to the member in person, by mail to the member's address, in written form or, if the member has elected to receive electronic communications from the Federal credit union, may be provided electronically.

(4) Reinstatement**(A) In general**

A member expelled under this subsection—

(i) shall be given an opportunity to request reinstatement of membership; and

(ii) may be reinstated by either—

(I) a majority vote of a quorum of the directors of the Federal credit union; or

(II) a majority vote of the members of the Federal credit union present at a meeting.

(B) Rule of construction

Nothing in this paragraph may be construed to require that an expelled member be allowed to attend the meeting described in subparagraph (A)(ii) in person.

(5) Cause defined

In this subsection, the term "cause" means—

(A) a substantial or repeated violation of the membership agreement of the Federal credit union;

(B) a substantial or repeated disruption, including dangerous or abusive behavior (as defined by the National Credit Union Administration Board pursuant to a rulemaking), to the operations of a Federal credit union; or

(C) fraud, attempted fraud, or other illegal conduct that a member has been convicted of in relation to the Federal credit union, including the Federal credit union's employees conducting business on behalf of the Federal credit union.

(d) Liability to credit union

Withdrawal or expulsion of a member pursuant to subsection (a), (b), or (c) of this section shall not operate to relieve the member from li-

ability to the Federal credit union. The amount to be paid a withdrawing or expelled member by a Federal credit union shall be determined and paid in a manner specified in the bylaws.

(e) No authority to expel classes of members

An expulsion of a member pursuant to this section shall be done individually, on a case-by-case basis, and neither the Board nor any Federal credit union may expel a class of members.

(June 26, 1934, ch. 750, title I, § 118, formerly § 14, 48 Stat. 1221; renumbered § 19, Pub. L. 86-354, § 1, Sept. 22, 1959, 73 Stat. 634; renumbered title I, § 118, Pub. L. 91-468, § 1(2), Oct. 19, 1970, 84 Stat. 994; amended Pub. L. 97-320, title V, § 525, Oct. 15, 1982, 96 Stat. 1534; Pub. L. 100-86, title VII, § 706, Aug. 10, 1987, 101 Stat. 653; Pub. L. 117-103, div. T, § 102, Mar. 15, 2022, 136 Stat. 824.)

Editorial Notes

AMENDMENTS

2022—Subsec. (a). Pub. L. 117-103, § 102(1), substituted “subsections (b) and (c)” for “subsection (b)” and “to the member” for “him”.

Subsec. (c). Pub. L. 117-103, § 102(3), added subsec. (c). Former subsec. (c) redesignated (d).

Subsec. (d). Pub. L. 117-103, § 102(2), (4), redesignated subsec. (c) as (d) and substituted “subsection (a), (b), or (c)” for “either subsection (a) or (b)” and “the member” for “him”.

Subsec. (e). Pub. L. 117-103, § 102(5), added subsec. (e). 1987—Subsec. (a). Pub. L. 100-86, § 706(1), substituted “Except as provided in” for “Subject to”.

Subsec. (b). Pub. L. 100-86, § 706(2), inserted “and enforce” after “adopt”.

1982—Pub. L. 97-320 designated existing provisions as subsecs. (a) and (c) and added subsec. (b).

§ 1765. Minors

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.

(June 26, 1934, ch. 750, title I, § 119, formerly § 15, 48 Stat. 1221; renumbered § 20, and amended Pub. L. 86-354, § 1, Sept. 22, 1959, 73 Stat. 634; renumbered title I, § 119, Pub. L. 91-468, § 1(2), Oct. 19, 1970, 84 Stat. 994.)

Editorial Notes

AMENDMENTS

1959—Pub. L. 86-354 substituted “When shares are issued in trust, the” for “The” in second sentence.

§ 1766. Powers of Board

(a) The Board may prescribe rules and regulations for the administration of this chapter (including, but not by way of limitation, the merger, consolidation, and dissolution of corporations organized under this chapter). Any central credit union chartered by the Board shall be subject to such rules, regulations, and orders as the Board deems appropriate and, except as otherwise specifically provided in such rules, regulations, or orders, shall be vested with or subject to the same rights, privileges, duties, restrictions, penalties, liabilities, conditions, and limitations that would apply to all Federal credit unions under this chapter.

(b)(1) The Board may suspend or revoke the charter of any Federal credit union, or place the same in involuntary liquidation and appoint a liquidating agent therefor, upon its finding that the organization is bankrupt or insolvent, or has violated any of the provisions of its charter, its bylaws, this chapter, or any regulations issued thereunder.

(2) The Board, through such persons as it shall designate, may examine any Federal credit union in voluntary liquidation and, upon its finding that such voluntary liquidation is not being conducted in an orderly or efficient manner or in the best interests of its members, may terminate such voluntary liquidation and place such organization in involuntary liquidation and appoint a liquidating agent therefor.

(3) Such liquidating agent shall have power and authority, subject to the control and supervision of the Board and under such rules and regulations as the Board may prescribe, (A) to receive and take possession of the books, records, assets, and property of every description of the Federal credit union in liquidation, to sell, enforce collection of, and liquidate all such assets and property, to compound all bad or doubtful debts, and to sue in his own name or in the name of the Federal credit union in liquidation, and defend such actions as may be brought against him as liquidating agent or against the Federal credit union; (B) to receive, examine, and pass upon all claims against the Federal credit union in liquidation, including claims of members on member accounts; (C) to make distribution and payment to creditors and members as their interests may appear; and (D) to execute such documents and papers and to do such other acts and things which he may deem necessary or desirable to discharge his duties hereunder.

(4) Subject to the control and supervision of the Board and under such rules and regulations as the Board may prescribe, the liquidating agent of a Federal credit union in involuntary liquidation shall (A) cause notice to be given to creditors and members to present their claims and make legal proof thereof, which notice shall be published once a week in each of three successive weeks in a newspaper of general circulation in each county in which the Federal credit union in liquidation maintained an office or branch for the transaction of business on the date it ceased unrestricted operations; except that whenever the aggregate book value of the assets and property of a Federal credit union in involuntary liquidation is less than \$1,000, unless the Board shall find that its books and records do not contain a true and accurate record of its liabilities he shall declare such Federal credit union in liquidation to be a “no publication” liquidation, and publication of notice to creditors and members shall not be required in such case; (B) from time to time make a ratable dividend on all such claims as may have been proved to his satisfaction or adjudicated in a court of competent jurisdiction and, after the assets of such organization have been liquidated, make further dividends on all claims previously proved or adjudicated, and he may accept in lieu of a formal proof of claim on behalf of any creditor or member the statement of

any amount due to such creditor or member as shown on the books and records of the credit union; but all claims not filed before payment of the final dividend shall be barred and claims rejected or disallowed by the liquidating agent shall be likewise barred unless suit be instituted thereon within three months after notice of rejection or disallowance; and (C) in a "no publication" liquidation, determine from all sources available to him, and within the limits of available funds of the Federal credit union, the amounts due to creditors and members, and after sixty days shall have elapsed from the date of his appointment distribute the funds of the Federal credit union to creditors and members ratably and as their interests may appear.

(5) Upon certification by the liquidating agent in the case of an involuntary liquidation, and upon such proof as shall be satisfactory to the Board in the case of a voluntary liquidation, that distribution has been made and that liquidation has been completed, as provided herein, the Board shall cancel the charter of such Federal credit union; but the corporate existence of the Federal credit union shall continue for a period of three years from the date of such cancellation of its charter, during which period the liquidating agent, or his duly appointed successor, or such persons as the Board shall designate, may act on behalf of the Federal credit union for the purpose of paying, satisfying, and discharging any existing liabilities or obligations, collecting and distributing its assets, and doing all other acts required to adjust and wind up its business and affairs, and it may sue and be sued in its corporate name.

(c) 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 or under its control.

(d) The Board is authorized and empowered to execute any and all functions and perform any and all duties vested in it hereby, through such persons as it shall designate or employ; and it may delegate to any person or persons, including any institution operating under the general supervision of the Administration, the performance and discharge of any authority, power, or function vested in it by this chapter.

(e) All books and records of Federal credit unions shall be kept and reports shall be made in accordance with forms approved by the Board.

(f)(1) The Board is authorized to make investigations and to conduct researches and studies of the problems of persons of small means in obtaining credit at reasonable rates of interest, and of the methods and benefits of cooperative saving and lending among such persons. It is further authorized to make reports of such investigations and to publish and disseminate the same.

(2)(A) The Board is authorized to conduct directly, or to make grants to or contracts with colleges or universities, State or local educational agencies, or other appropriate public or private nonprofit organizations to conduct, programs for the training of persons engaged, or preparing to engage, in the operation of credit

unions, and in related consumer counseling programs, serving the poor. It is authorized to establish a program of experimental, developmental, demonstration, and pilot projects, either directly or by grants to public or private nonprofit organizations, including credit unions, or by contracts with such organizations or other private organizations, designed to promote more effective operation of credit unions, and related consumer counseling programs, serving the poor.

(B) In carrying out its authority under this paragraph, the Board shall consult with officials of the Office of Economic Opportunity and other appropriate Federal agencies responsible for the administration of projects or programs concerned with problems of the poor. The development and operation of programs and projects under this paragraph shall involve maximum feasible participation of residents of the areas and members of the groups served by such programs and projects, with community action agencies established under the provisions of the Economic Opportunity Act of 1964 [42 U.S.C. 2701 et seq.] serving, to the extent feasible, as the means through which such participation is achieved.

(C) In order to carry out the purposes of this paragraph, there is authorized to be appropriated, as a supplement to any funds that may be expended by the Board pursuant to sections 1755 and 1756 of this title for such purposes, not to exceed \$300,000 for the fiscal year ending June 30, 1970, and not to exceed \$1,000,000 for the fiscal year ending June 30, 1971.

(g) Any officer or employee of the Administration is authorized, when designated for the purpose by the Board, to administer oaths and affirmations and to take affidavits and depositions touching upon any matter within the jurisdiction of the Administration.

(h) The Board is authorized, empowered, and directed to require that every person appointed or elected by any Federal credit union to any position requiring the receipt, payment, or custody of money or other personal property owned by a Federal credit union, or in its custody or control as collateral or otherwise, give bond in a corporate surety company holding a certificate of authority from the Secretary of the Treasury under chapter 93 of title 31, as an acceptable surety on Federal bonds. Any such bond or bonds shall be in a form approved by the Board with a view to providing surety coverage to the Federal credit union with reference to loss by reason of acts of fraud or dishonesty including forgery, theft, embezzlement, wrongful abstraction, or misapplication on the part of the person, directly or through connivance with others, and such other surety coverages as the Board may determine to be reasonably appropriate or as elsewhere required by this chapter. Any such bond or bonds shall be in such an amount in relation to the money or other personal property involved or in relation to the assets of the Federal credit union as the Board may from time to time prescribe by regulation for the purpose of requiring reasonable coverage. In lieu of individual bonds the Board may approve the use of a form of schedule or blanket bond which covers all of the officers and employ-

ees of a Federal credit union whose duties include the receipt, payment, or custody of money or other personal property for or on behalf of the Federal credit union. The Board may also approve the use of a form of excess coverage bond whereby a Federal credit union may obtain an amount of coverage in excess of the basic surety coverage.

(i) In addition to the authority conferred upon it by other sections of this chapter, the Board is authorized in carrying out its functions under this chapter—

(1) to appoint such personnel as may be necessary to enable the Administration to carry out its functions;

(2) to expend such funds, enter into such contracts with public and private organizations and persons, make such payments in advance or by way of reimbursement, acquire and dispose of, by lease or purchase, real or personal property, without regard to the provisions of any other law applicable to executive or independent agencies of the United States, and perform such other functions or acts as it may deem necessary or appropriate to carry out the provisions of this chapter, in accordance with the rules and regulations or policies established by the Board not inconsistent with this chapter; and

(3) to pay stipends, including allowances for travel to and from the place of residence, to any individual to study in a program assisted under this chapter upon a determination by the Board that assistance to such individual in such studies will be in furtherance of the purposes of this chapter.

(j) STAFF.—

(1) APPOINTMENT AND COMPENSATION.—The Board shall fix the compensation and number of, and appoint and direct, employees of the Board. Rates of basic pay for employees of the Board may be set and adjusted by the Board without regard to the provisions of chapter 51 or subchapter III of chapter 53 of title 5.

(2) ADDITIONAL COMPENSATION AND BENEFITS.—The Board may provide additional compensation and benefits to employees of the Board if the same type of compensation or benefits are then being provided by any other Federal bank regulatory agency or, if not then being provided, could be provided by such an agency under applicable provisions of law, rule, or regulation. In setting and adjusting the total amount of compensation and benefits for employees of the Board, the Board shall seek to maintain comparability with other Federal bank regulatory agencies.

(3) FUNDING.—The salaries and expenses of the Board and employees of the Board shall be paid from fees and assessments (including income earned on insurance deposits) levied on insured credit unions under this chapter.

(June 26, 1934, ch. 750, title I, § 120, formerly § 16, 48 Stat. 1221; Dec. 6, 1937, ch. 3, § 3, 51 Stat. 4; July 31, 1946, ch. 711, § 8, 60 Stat. 745; 1947 Reorg. Plan No. 1, § 401, eff. July 1, 1947, 12 F.R. 4534, 61 Stat. 952; June 29, 1948, ch. 711, §§ 1, 2, 62 Stat. 1091; June 30, 1954, ch. 426, § 2, 68 Stat. 336; Aug. 24, 1954, ch. 905, § 3, 68 Stat. 792; renumbered § 21 and amended Pub. L. 86-354, § 1, Sept. 22, 1959, 73

Stat. 635; Pub. L. 90-375, § 2(a), July 5, 1968, 82 Stat. 285; Pub. L. 91-206, §§ 2(1), (3), 4, Mar. 10, 1970, 84 Stat. 49, 50; renumbered title I, § 120, Pub. L. 91-468, § 1(2), Oct. 19, 1970, 84 Stat. 994; amended Pub. L. 95-22, title III, § 306, Apr. 19, 1977, 91 Stat. 52; Pub. L. 95-630, title V, § 502(b), Nov. 10, 1978, 92 Stat. 3681; Pub. L. 97-320, title V, § 526, Oct. 15, 1982, 96 Stat. 1535; Pub. L. 100-86, title VII, § 707, Aug. 10, 1987, 101 Stat. 653; Pub. L. 101-73, title XII, § 1203, Aug. 9, 1989, 103 Stat. 520; Pub. L. 101-144, title III, Nov. 9, 1989, 103 Stat. 864; Pub. L. 103-325, title I, § 120(a), Sept. 23, 1994, 108 Stat. 2188; Pub. L. 109-351, title VII, § 726(10), Oct. 13, 2006, 120 Stat. 2002.)

Editorial Notes

REFERENCES IN TEXT

The Economic Opportunity Act of 1964, referred to in subsec. (f)(2)(B), is Pub. L. 88-452, Aug. 20, 1964, 78 Stat. 508, which was classified generally to chapter 34 (§ 2701 et seq.) of Title 42, The Public Health and Welfare, prior to repeal, except for titles VIII and X, by Pub. L. 97-35, title VI, § 683(a), Aug. 13, 1981, 95 Stat. 519. Titles VIII and X of the Act are classified generally to subchapters VIII (§ 2991 et seq.) and X (§ 2996 et seq.) of chapter 34 of Title 42. For complete classification of this Act to the Code, see Tables.

AMENDMENTS

2006—Subsec. (h). Pub. L. 109-351 substituted “chapter 93 of title 31” for “the Act approved July 30, 1947 (6 U.S.C., secs. 6-13)”.

1994—Subsec. (k). Pub. L. 103-325 struck out subsec. (k) which read as follows: “Notwithstanding any other provision of law, the Board may exercise the authority granted it by the Community Development Credit Union Revolving Loan Fund Transfer Act (Public Law 99-609, sec. 1, Nov. 6, 1986, 100 Stat. 3475) subject only to the rules and regulations prescribed by the Board.”

1989—Subsec. (j). Pub. L. 101-73 added subsec. (j).

Subsec. (k). Pub. L. 101-144 added subsec. (k).

1987—Subsec. (i)(2). Pub. L. 100-86 inserted “acquire and dispose of, by lease or purchase, real or personal property, without regard to the provisions of any other law applicable to executive or independent agencies of the United States,” after “reimbursement,” and “, in accordance with the rules and regulations or policies established by the Board not inconsistent with this chapter” after “this chapter”.

1982—Subsec. (a). Pub. L. 97-320 inserted provisions relating to the special authority of the Board over a central credit union, and such a union’s general prerogatives and liabilities.

1978—Pub. L. 95-630 substituted “Board” for “Administrator” wherever appearing; and “it”, “them”, and “its” for “he”, “him”, and “his”, respectively, where appropriate.

1977—Subsec. (b)(3)(B). Pub. L. 95-22 substituted “member accounts” for “shares”.

1970—Subsecs. (a) to (h). Pub. L. 91-206, § 2(1), (3), substituted “Administrator” for “Director” and “Administration” for “Bureau” wherever appearing.

Subsec. (i). Pub. L. 91-206, § 4, added subsec. (i).

1968—Subsec. (f). Pub. L. 90-375 redesignated existing provisions as par. (1) and added par. (2).

1959—Pub. L. 86-354 made capitalization, punctuation and phraseological changes throughout text; redesignated, in subsec. (b)(3), cls. (i) to (iv) as (A) to (D) and corrected in cl. (A) the final “credit” to read “creditor”; redesignated, in subsec. (b)(4), cls. (i) to (iii) as cls. (A) to (C); and redesignated the second subsec. (b) and subsecs. (c) to (g) as (c) to (h), respectively.

1954—Subsec. (f). Act June 30, 1954, added subsec. (f).

Subsec. (g). Act Aug. 24, 1954, added subsec. (g).

1946—Subsec. (b). Act July 31, 1946, provided a more adequate statutory procedure for the administration of

this chapter by expressly authorizing the liquidation of a Federal credit union and setting up a procedure which will achieve more orderly and complete liquidation.

1937—Subsec. (e). Act Dec. 6, 1937, added subsec. (e).

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.

EFFECTIVE DATE OF 1968 AMENDMENT

Pub. L. 90-375, §2(b), July 5, 1968, 82 Stat. 285, provided that: "The amendments made by subsection (a) [amending this section] shall become effective July 1, 1968."

§ 1767. Fiscal agents and depositories; authorization to secure deposits by governmental bodies

(a) Each Federal credit union organized under this chapter, when requested by the Secretary of the Treasury, shall act as fiscal agent of the United States and shall perform such services as the Secretary of the Treasury may require in connection with the collection of taxes and other obligations due the United States and the lending, borrowing, and repayment of money by the United States, including the issue, sale, redemption, or repurchase of bonds, notes, Treasury certificates of indebtedness, or other obligations of the United States; and to facilitate such purposes the Board shall furnish to the Secretary of the Treasury from time to time the names and addresses of all Federal credit unions with such other available information concerning them as may be requested by the Secretary of the Treasury. Any Federal credit union organized under this chapter, when designated for that purpose by the Secretary of the Treasury, shall be a depository of public money, except receipts from customs, under such regulations as may be prescribed by the Secretary of the Treasury.

(b) Any Federal credit union, upon the deposit with it of any funds by the Federal Government, an Indian tribe, or any State or local government or political subdivision thereof as otherwise authorized by this chapter, is authorized to pledge any of its assets securing the payment of the funds so deposited.

(June 26, 1934, ch. 750, title I, §121, formerly §17, 48 Stat. 1222; 1947, Reorg. Plan No. 1, §401, eff. July 1, 1947, 12 F.R. 4534, 61 Stat. 952; June 29, 1948, ch. 711, §§1, 2, 62 Stat. 1091; renumbered §22, Pub. L. 86-354, §1, Sept. 22, 1959, 73 Stat. 637; amended Pub. L. 91-206, §2(1), Mar. 10, 1970, 84 Stat. 49; renumbered title I, §121, Pub. L. 91-468, §1(2), Oct. 19, 1970, 84 Stat. 994; amended Pub. L. 95-630, title V, §502(b), Nov. 10, 1978, 92 Stat. 3681; Pub. L. 100-86, title VII, §716, Aug. 10, 1987, 101 Stat. 656.)

Editorial Notes

AMENDMENTS

1987—Pub. L. 100-86 designated existing provisions as subsec. (a) and added subsec. (b).

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

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

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.

Executive Documents

TRANSFER OF FUNCTIONS

Transfer of functions of Farm Credit Administration and Governor thereof, generally, see notes set out under section 1751 of this title.

Functions of Governor of Farm Credit Administration under this section transferred to Federal Deposit Insurance Corporation by Reorg. Plan No. 1 of 1947.

§ 1768. Taxation

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.

(June 26, 1934, ch. 750, title I, §122, formerly §18, 48 Stat. 1222; Dec. 6, 1937, ch. 3, §4, 51 Stat. 4; renumbered §23 and amended Pub. L. 86-354, §1, Sept. 22, 1959, 73 Stat. 637; renumbered title I, §122, Pub. L. 91-468, §1(2), Oct. 19, 1970, 84 Stat. 994.)

Editorial Notes

AMENDMENTS

1959—Pub. L. 86-354 substituted "but" for "Provided, however, That" and inserted "a" before "tax".

1937—Act Dec. 6, 1937, inserted tax exemption provision, the real and tangible personal property proviso, provided that responsibility of tax collection would not be imposed upon Federal credit unions, and that tax rate would not exceed that of domestic credit unions.

§ 1769. Separability; right to alter, amend, or repeal chapter

(a) If any provision of this chapter, or the application thereof to any person or circumstance, is held invalid, the remainder of the chapter, and the application of such provision to other persons or circumstances, shall not be affected thereby.

(b) The right to alter, amend, or repeal this chapter or any part thereof, or any charter

issued pursuant to the provisions of this chapter, is expressly reserved.

(June 26, 1934, ch. 750, title I, §123, formerly §24, as added Pub. L. 86-354, §1, Sept. 22, 1959, 73 Stat. 637; renumbered title I, §123, Pub. L. 91-468, §1(2), Oct. 19, 1970, 84 Stat. 994.)

Editorial Notes

PRIOR PROVISIONS

A prior section 1769, act June 26, 1934, ch. 750, §19, 48 Stat. 1222, made available not more than \$50,000 of the funds available to the Governor of the Farm Credit Administration, under former section 1404 of this title, for administrative expenses in administering this chapter, prior to the amendment of act June 26, 1934, by Pub. L. 86-354.

Provisions similar to those comprising this section were contained in section 20 of act June 26, 1934, ch. 750, 48 Stat. 1222 (formerly classified to section 1770 of this title), prior to the amendment and renumbering of act June 26, 1934, by Pub. L. 86-354.

§ 1770. Allotment of space in Federal buildings or Federal land

Notwithstanding any other provision of law, upon application by any credit union organized under State law or by any Federal credit union organized in accordance with the terms of this chapter, which application shall be addressed to the officer or agency of the United States charged with the allotment of space on lands reserved for the use of, and under the exclusive or concurrent jurisdiction of, the United States or in the Federal buildings in the community or district in which such credit union does business, such officer or agency may in his or its discretion lease land or allot space to such credit union without charge for rent or services if at least 95 percent of the membership of the credit union to be served by the allotment of space or the facility built on the lease land is composed of persons who either are presently Federal employees or were Federal employees at the time of admission into the credit union, and members of their families, and if space is available. For the purpose of this section, the term “services” includes, but is not limited to, the providing of lighting, heating, cooling, electricity, office furniture, office machines and equipment, telephone service (including installation of lines and equipment and other expenses associated with telephone service), and security systems (including installation and other expenses associated with security systems). Where there is an agreement for the payment of costs associated with the provision of space or services, nothing in title 31 or any other provision of law, shall be construed to prohibit or restrict payment by reimbursement to the miscellaneous receipts or other appropriate account of the Treasury.

(June 26, 1934, ch. 750, title I, §124, formerly §25, as added Pub. L. 86-354, §1, Sept. 22, 1959, 73 Stat. 638; renumbered title I, §124, Pub. L. 91-468, §1(2), Oct. 19, 1970, 84 Stat. 994; amended Pub. L. 97-320, title V, §515, Oct. 15, 1982, 96 Stat. 1530; Pub. L. 97-457, §27, Jan. 12, 1983, 96 Stat. 2510; Pub. L. 103-160, div. B, title XXVIII, §2854, Nov. 30, 1993, 107 Stat. 1908; Pub. L. 103-337, div. A, title X, §1070(b)(12), Oct. 5, 1994, 108 Stat. 2857; Pub. L. 109-351, title V, §501, Oct. 13, 2006, 120 Stat. 1974.)

Editorial Notes

PRIOR PROVISIONS

A prior section 1770, act June 26, 1934, ch. 750, §20, 48 Stat. 1222, related to separability of provisions and right to alter, amend, or repeal chapter, prior to the amendment of act June 26, 1934, by Pub. L. 86-354. See section 1769 of this title.

Provisions similar to those comprising this section were contained in section 21 of act June 26, 1934, ch. 750, as added July 9, 1937, ch. 471, 50 Stat. 487 (formerly classified to section 1771 of this title), prior to the amendment and renumbering of act June 26, 1934, by Pub. L. 86-354.

AMENDMENTS

2006—Pub. L. 109-351, in section catchline, inserted “or Federal land” after “buildings” and, in text, substituted “Notwithstanding any other provision of law, upon application by any credit union” for “Upon application by any credit union” and inserted “on lands reserved for the use of, and under the exclusive or concurrent jurisdiction of, the United States or” after “officer or agency of the United States charged with the allotment of space”, “lease land or” after “such officer or agency may in his or its discretion”, and “or the facility built on the lease land” after “credit union to be served by the allotment of space”.

1994—Pub. L. 103-337 made technical correction to Pub. L. 103-160, §2854(1). See 1993 Amendment note below.

1993—Pub. L. 103-160, §2854(2), substituted “allot space to such credit union without charge for rent or services if at least 95 percent of the membership of the credit union to be served by the allotment of space is composed of persons who either are presently Federal employees or were Federal employees at the time of admission into the credit union, and members of their families, and if space is available.” for “allot space to such credit union if space is available without charge for rent or services.”

Pub. L. 103-160, §2854(1), as amended by Pub. L. 103-337, struck out “at least 95 per centum of the membership of which is composed of persons who either are presently Federal employees or were Federal employees at the time of admission into the credit union, and members of their families,” after “terms of this chapter”.

1983—Pub. L. 97-457 inserted “of” after “including installation”.

1982—Pub. L. 97-320 inserted definition of “services”, and provided that where there is an agreement for the payment of costs associated with the provision of space or services, nothing in title 31 or any other provision of law shall be construed to prohibit or restrict payment by reimbursement to the miscellaneous receipts or other appropriate account of the Treasury.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 1994 AMENDMENT

Pub. L. 103-337, div. A, title X, §1070(b), Oct. 5, 1994, 108 Stat. 2856, provided that the amendment made by that section is effective as of Nov. 30, 1993, and as if included in the National Defense Authorization Act for Fiscal Year 1994, Pub. L. 103-160, as enacted.

§ 1771. Conversion from Federal to State credit union and from State to Federal credit union

(a) 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 possessions of the United States, the Panama Canal Zone, or the Commonwealth of Puerto Rico, by complying with the following requirements:

(1) The proposition for such conversion shall first be approved, and a date set for a vote

thereon by the members (either at a meeting to be held on such date or by written ballot to be filed on or before such date), by a majority of the directors of the Federal credit union. Written notice of the proposition and of the date set for the vote shall then be delivered in person to each member, or mailed to each member at the address for such member appearing on the records of the credit union, not more than thirty nor less than seven days prior to such date. Approval of the proposition for conversion shall be by the affirmative vote of a majority of the members of the credit union who vote on the proposal. The written notice of the proposition shall in boldface type state that the issue will be decided by a majority of the members who vote.

(2) A statement of the results of the vote, verified by the affidavits of the president or vice president and the secretary, shall be filed with the Administration within ten days after the vote is taken.

(3) Promptly after the vote is taken and in no event later than ninety days thereafter, if the proposition for conversion was approved by such vote, the credit union shall take such action as may be necessary under the applicable State law to make it a State credit union, and within ten days after receipt of the State credit union charter there shall be filed with the Administration a copy of the charter thus issued. Upon such filing the credit union shall cease to be a Federal credit union.

(4) Upon ceasing to be a Federal credit union, such credit union shall no longer be subject to any of the provisions of this chapter. The successor State credit union shall be vested with all of the assets and shall continue responsible for all of the obligations of the Federal credit union to the same extent as though the conversion had not taken place.

(b)(1) 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 with the Administration proof of such compliance, satisfactory to the Board, and (C) filing with the Administration an organization certificate as required by this chapter.

(2) When the Board has been satisfied that all of such requirements, and all other requirements of this chapter, have been complied with, the Board shall approve the organization certificate. Upon such approval, the State credit union shall become a Federal credit union as of the date it ceases to be a State credit union. The Federal credit union shall be vested with all of the assets and shall continue responsible for all of the obligations of the State credit union to the same extent as though the conversion had not taken place.

(June 26, 1934, ch. 750, title I, §125, formerly §26, as added Pub. L. 86-354, §1, Sept. 22, 1959, 73 Stat. 638; amended Pub. L. 91-206, §2(1), (3), Mar. 10, 1970, 84 Stat. 49; renumbered title I, §125, Pub. L.

91-468, §1(2), Oct. 19, 1970, 84 Stat. 994; amended Pub. L. 95-630, title V, §502(b), Nov. 10, 1978, 92 Stat. 3681; Pub. L. 97-320, title V, §527, Oct. 15, 1982, 96 Stat. 1535.)

Editorial Notes

REFERENCES IN TEXT

For definition of Canal Zone, referred to in text, see section 3602(b) of Title 22, Foreign Relations and Inter-course.

PRIOR PROVISIONS

A prior section 1771, act June 26, 1934, ch. 750, §21, as added July 9, 1937, ch. 471, 50 Stat. 487, related to allotment of space in Federal buildings, prior to the amendment of act June 26, 1934, by Pub. L. 86-354. See section 1770 of this title.

AMENDMENTS

1982—Subsec. (a)(1). Pub. L. 97-320 substituted “of the credit union who vote on the proposal” for “, in person or in writing”, and inserted provision that the written notice of the proposition shall in boldface type state that the issue will be decided by a majority of the members who vote.

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

1970—Pub. L. 91-206 substituted “Administration” for “Bureau” and “Administrator” for “Director” wherever appearing.

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.

§ 1772. Territorial application of chapter

The provisions of this chapter shall apply to the several States, the District of Columbia, the several Territories, including the trust territories, and possessions of the United States, the Panama Canal Zone, and the Commonwealth of Puerto Rico.

(June 26, 1934, ch. 750, title I, §126, formerly §22, as added July 31, 1946, ch. 711, §7, 60 Stat. 745; amended May 8, 1952, ch. 245, 66 Stat. 66, renumbered §27 and amended Pub. L. 86-354, §1, Sept. 22, 1959, 73 Stat. 638; renumbered title I, §126, Pub. L. 91-468, §1(2), Oct. 19, 1970, 84 Stat. 994; amended Pub. L. 93-383, title VII, §726, Aug. 22, 1974, 88 Stat. 720.)

Editorial Notes

REFERENCES IN TEXT

For definition of Canal Zone, referred to in text, see section 3602(b) of Title 22, Foreign Relations and Inter-course.

AMENDMENTS

1974—Pub. L. 93-383 inserted reference to trust territories.

1959—Pub. L. 86-354 provided for application of chapter to the States, the District of Columbia, the Territories and possessions of the United States and Puerto Rico and struck out specific reference to the Virgin Islands.

1952—Act May 8, 1952, amended section to extend provisions of this chapter to the Virgin Islands.

§ 1772a. Gifts; acceptance of conditional gifts; deposit

The Board is authorized to accept gifts of money made unconditionally by will or otherwise for the carrying out of any of the functions under this chapter. A conditional gift of money made by will or otherwise for such purposes may be accepted and used in accordance with its conditions, but no such gift shall be accepted which is conditioned upon any expenditure not to be met therefrom or from income thereof unless the Board determines that supplementation of such gift from the fees it may expend pursuant to sections 1755 and 1756 of this title or from any funds appropriated pursuant to section 1766(f)(2)(C) of this title for the purpose of making such expenditure will not adversely affect the sound administration of this chapter. Any such gift shall be deposited in the Treasury of the United States for the account of the Administration and may be expended in accordance with section 1755 of this title or as provided in the preceding sentence.

(June 26, 1934, ch. 750, title I, § 127, formerly § 28, as added Pub. L. 90-375, § 3, July 5, 1968, 82 Stat. 285; amended Pub. L. 91-206, § 2(1), (3), Mar. 10, 1970, 84 Stat. 49; renumbered title I, § 127, Pub. L. 91-468, § 1(2), Oct. 19, 1970, 84 Stat. 994; amended Pub. L. 95-630, title V, § 502(b), Nov. 10, 1978, 92 Stat. 3681.)

Editorial Notes**AMENDMENTS**

1978—Pub. L. 95-630 substituted “Board” for “Administrator” in two places, and “it may expend” for “he may expend”.

1970—Pub. L. 91-206 substituted “Administrator” for “Director” and “Administration” for “Bureau” whenever appearing.

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.

§ 1772b. Apportionment

Notwithstanding any other provision of law, funds received by the Board pursuant to any method provided by this chapter, and interest, dividend, or other income thereon, shall not be subject to apportionment for the purpose of chapter 15 of title 31 or under any other authority.

(June 26, 1934, ch. 750, title I, § 128, as added Pub. L. 100-86, title V, § 505(e), Aug. 10, 1987, 101 Stat. 633.)

§ 1772c. Trust fund

Notwithstanding any other provision of law, all moneys of the Board shall be treated as trust funds for the purpose of section 906(a)(2)¹ of title 2. This section is effective for fiscal year 1986 and every fiscal year thereafter.

¹ See References in Text note below.

(June 26, 1934, ch. 750, title I, § 129, as added Pub. L. 100-86, title VII, § 708, Aug. 10, 1987, 101 Stat. 653.)

Editorial Notes**REFERENCES IN TEXT**

Section 906(a) of title 2, referred to in text, was amended generally by Pub. L. 101-508, title XIII, § 13101(d)(1), Nov. 5, 1990, 104 Stat. 1388-589, and subsequently repealed by Pub. L. 111-139, title I, § 10(a), Feb. 12, 2010, 124 Stat. 21. Provisions similar to those formerly appearing in section 906(a)(2) are now contained in section 906(k)(6) of Title 2, The Congress.

§ 1772c-1. Community development revolving loan fund for credit unions**(a) In general**

The Board may exercise the authority granted to it by the Community Development Credit Union Revolving Loan Fund Transfer Act, including any additional appropriation made or earnings accrued, subject only to this section and to regulations prescribed by the Board.

(b) Investment

The Board may invest any idle Fund moneys in United States Treasury securities. Any interest accrued on such securities shall become a part of the Fund.

(c) Loans

The Board may require that any loans made from the Fund be matched by increased shares in the borrower credit union.

(d) Interest

Interest earned by the Fund may be allocated by the Board for technical assistance to community development credit unions, subject to an appropriations Act.

(e) “Fund” defined

As used in this section, the term “Fund” means the Community Development Credit Union Revolving Loan Fund.

(June 26, 1934, ch. 750, title I, § 130, as added Pub. L. 103-325, title I, § 120(b), Sept. 23, 1994, 108 Stat. 2188.)

Editorial Notes**REFERENCES IN TEXT**

The Community Development Credit Union Revolving Loan Fund Transfer Act, referred to in subsec. (a), is Pub. L. 99-609, Nov. 6, 1986, 100 Stat. 3475, which is set out as a note under section 9822 of Title 42, The Public Health and Welfare.

§ 1772d. Forfeiture of organization certificate for money laundering or cash transaction reporting offenses**(a) Forfeiture of franchise for money laundering or cash transaction reporting offenses****(1) Conviction of title 18 offenses****(A) Duty to notify**

If a credit union has been convicted of any criminal offense under section 1956 or 1957 of title 18, the Attorney General shall provide to the Board a written notification of the conviction and shall include a certified copy

of the order of conviction from the court rendering the decision.

(B) Notice of termination; pretermination hearing

After receiving written notification from the Attorney General of such a conviction, the Board shall issue to such credit union a notice of its intention to terminate all rights, privileges, and franchises of the credit union and schedule a pretermination hearing.

(2) Conviction of title 31 offenses

If a credit union is convicted of any criminal offense under section 5322 or 5324 of title 31 after receiving written notification from the Attorney General, the Board may issue to such credit union a notice of its intention to terminate all rights, privileges, and franchises of the credit union and schedule a pretermination hearing.

(3) Judicial review

Section 1786(j) of this title shall apply to any proceeding under this section.

(b) Factors to be considered

In determining whether a franchise shall be forfeited under subsection (a), the Board shall take into account the following factors:

(1) The extent to which directors, committee members, or senior executive officers (as defined by the Board in regulations which the Board shall prescribe) of the credit union knew of, or were involved in, the commission of the money laundering offense of which the credit union was found guilty.

(2) The extent to which the offense occurred despite the existence of policies and procedures within the credit union which were designed to prevent the occurrence of any such offense.

(3) The extent to which the credit union has fully cooperated with law enforcement authorities with respect to the investigation of the money laundering offense of which the credit union was found guilty.

(4) The extent to which the credit union has implemented additional internal controls (since the commission of the offense of which the credit union was found guilty) to prevent the occurrence of any other money laundering offense.

(5) The extent to which the interest of the local community in having adequate deposit and credit services available would be threatened by the forfeiture of the franchise.

(c) Successor liability

This section shall not apply to a successor to the interests of, or a person who acquires, a credit union that violated a provision of law described in subsection (a), if the successor succeeds to the interests of the violator, or the acquisition is made, in good faith and not for purposes of evading this section or regulations prescribed under this section.

(June 26, 1934, ch. 750, title I, § 131, as added Pub. L. 102-550, title XV, § 1502(c), Oct. 28, 1992, 106 Stat. 4047; amended Pub. L. 103-325, title IV, § 411(c)(2)(B), Sept. 23, 1994, 108 Stat. 2253.)

Editorial Notes

AMENDMENTS

1994—Subsec. (a)(2). Pub. L. 103-325 substituted “section 5322 or 5324 of title 31” for “section 5322 of title 31”.

§ 1772e. Data standards

(a) Requirement

The Board shall, by rule, adopt data standards for all collections of information and reports regularly filed with or submitted to the Administration under this chapter.

(b) Consistency

The data standards required under subsection (a) shall incorporate, and ensure compatibility with (to the extent feasible), all applicable data standards established in the rules promulgated under section 5334 of this title, including, to the extent practicable, by having the characteristics described in clauses (i) through (vi) of subsection (c)(1)(B) of such section 5334.

(June 26, 1934, ch. 750, title I, § 132, as added Pub. L. 117-263, div. E, title LVIII, § 5871, Dec. 23, 2022, 136 Stat. 3436.)

Statutory Notes and Related Subsidiaries

RULEMAKING

Pub. L. 117-263, div. E, title LVIII, § 5873, Dec. 23, 2022, 136 Stat. 3436, provided that:

“(a) IN GENERAL.—The National Credit Union Administration Board shall issue rules to carry out the amendments made by this subtitle [subtitle G (§§ 5871–5874) of title LVIII of div. E of Pub. L. 117-263, enacting this section and section 1772f of this title], which shall take effect not later than 2 years after the date on which final rules are promulgated under section 124(b)(2) of the Financial Stability Act of 2010 [12 U.S.C. 5334(b)(2)], as added by section 5811(a) of this title.

“(b) SCALING OF REGULATORY REQUIREMENTS; MINIMIZING DISRUPTION.—In issuing the rules required under subsection (a), the National Credit Union Administration Board—

“(1) may scale data reporting requirements in order to reduce any unjustified burden on smaller regulated entities; and

“(2) shall seek to minimize disruptive changes to the persons affected by those regulations.”

RULE OF CONSTRUCTION REGARDING NO NEW DISCLOSURE REQUIREMENTS

Pub. L. 117-263, div. E, title LVIII, § 5874, Dec. 23, 2022, 136 Stat. 3437, provided that: “Nothing in this subtitle [subtitle G (§§ 5871–5874) of title LVIII of div. E of Pub. L. 117-263, enacting this section, section 1772f of this title, and provisions set out as a note under this section], or the amendments made by this subtitle, shall be construed to require the National Credit Union Administration Board to collect or make publicly available additional information under the Federal Credit Union Act (12 U.S.C. 1751 et seq.), beyond information that was collected or made publicly available under that Act, as of the day before the date of enactment of this Act [Dec. 23, 2022].”

§ 1772f. Open data publication

All public data assets published by the Administration under this subchapter shall be—

(1) made available as an open Government data asset (as defined in section 3502 of title 44);

- (2) freely available for download;
- (3) rendered in a human-readable format; and
- (4) accessible via application programming interface where appropriate.

(June 26, 1934, ch. 750, title I, § 133, as added Pub. L. 117-263, div. E, title LVIII, § 5872, Dec. 23, 2022, 136 Stat. 3436.)

Statutory Notes and Related Subsidiaries

RULE OF CONSTRUCTION REGARDING NO NEW DISCLOSURE REQUIREMENTS

Enactment of section not to be construed to require certain additional information to be collected or disclosed, see section 5874 of Pub. L. 117-263, set out as a note under section 1772e of this title.

§ 1773. District of Columbia credit unions; conversion to Federal status

Any credit union organized under the District of Columbia Credit Unions Act, as amended, may apply for conversion into a Federal credit union by filing with the National Credit Union Administration Board (in sections 1773 to 1775 of this title referred to as the Board), pursuant to a resolution adopted by a majority of its directors, an organization certificate meeting the requirements of section 1753 of this title.

(Pub. L. 88-395, § 1, Aug. 1, 1964, 78 Stat. 377; Pub. L. 91-206, § 3, Mar. 10, 1970, 84 Stat. 49; Pub. L. 95-630, title V, § 501, Nov. 10, 1978, 92 Stat. 3680.)

Editorial Notes

REFERENCES IN TEXT

The District of Columbia Credit Unions Act, referred to in text, was repealed by Pub. L. 88-395, § 4, Aug. 1, 1964, 78 Stat. 377.

CODIFICATION

Section was not enacted as part of the Federal Credit Union Act which comprises this chapter.

Statutory Notes and Related Subsidiaries

TRANSFER OF FUNCTIONS

“National Credit Union Administration Board” and “Board” substituted in text for “Director of the Bureau of Federal Credit Unions” and “Director”, respectively, pursuant to section 3 of Pub. L. 91-206 and section 501 of Pub. L. 95-630 [12 U.S.C. 1752a] which transferred functions of Bureau of Federal Credit Unions, and Director thereof, to National Credit Union Administration and vested authority for management of Administration in National Credit Union Administration Board.

REPEALS; REVOCATION OF ORGANIZATION CERTIFICATES ISSUED UNDER DISTRICT OF COLUMBIA CREDIT UNIONS ACT

Pub. L. 88-395, § 4, Aug. 1, 1964, 78 Stat. 377, provided that: “Effective thirty days after enactment of this Act [Aug. 1, 1964], the District of Columbia Credit Unions Act (47 Stat. 326), as amended, is repealed and all organization certificates issued thereunder and still in force are revoked.”

§ 1774. Approval of certificate; assets and obligations of applicant credit union

The Board shall approve any such organization certificate meeting such requirements. Upon such approval, the applicant credit union shall

become a Federal credit union, and shall be vested with all of the assets and shall continue responsible for all of the obligations of such applicant credit union to the same extent as though the conversion had not taken place.

(Pub. L. 88-395, § 2, Aug. 1, 1964, 78 Stat. 377; Pub. L. 91-206, § 3, Mar. 10, 1970, 84 Stat. 49; Pub. L. 95-630, title V, § 501, Nov. 10, 1978, 92 Stat. 3680.)

Editorial Notes

CODIFICATION

Section was not enacted as part of the Federal Credit Union Act which comprises this chapter.

Statutory Notes and Related Subsidiaries

TRANSFER OF FUNCTIONS

“Board”, meaning the National Credit Union Administration Board, substituted in text for “Director”, meaning Director of Bureau of Federal Credit Unions, pursuant to section 3 of Pub. L. 91-206 and section 501 of Pub. L. 95-630 [12 U.S.C. 1752a] which transferred functions of Bureau of Federal Credit Unions, and Director thereof, to National Credit Union Administration and vested authority for management of Administration in National Credit Union Administration Board.

§ 1775. Conditions upon conversion to Federal status

Any District of Columbia credit union converting into a Federal credit union in accordance with sections 1773 to 1775 of this title shall thereupon be subject to the limitations, vested with the powers, and charged with the liabilities conferred and imposed by the Federal Credit Union Act [12 U.S.C. 1751 et seq.] upon credit unions organized thereunder, except that—

(1) no fee shall be imposed upon a credit union converting pursuant to sections 1773 to 1775 of this title as an incident to its conversion;

(2) any loan or investment made by a credit union converting pursuant to sections 1773 to 1775 of this title in conformity with the District of Columbia Credit Unions Act prior to its conversion, which does not conform to the requirements of the Federal Credit Union Act and is still outstanding at the time of conversion, shall be liquidated at or before its maturity or, if it has no maturity date, in a prudent manner and within a reasonable period of time;

(3) a credit union converting pursuant to sections 1773 to 1775 of this title shall submit proposed bylaws to the Board for the Board’s approval after its conversion, but not later than thirty days following its next annual meeting or six months after August 1, 1964, whichever is later: *Provided*, That any existing bylaw inconsistent with any other requirements of the Federal Credit Union Act shall be deemed null and void.

(Pub. L. 88-395, § 3, Aug. 1, 1964, 78 Stat. 377; Pub. L. 91-206, § 3, Mar. 10, 1970, 84 Stat. 49; Pub. L. 95-630, title V, § 501, Nov. 10, 1978, 92 Stat. 3680.)

Editorial Notes

REFERENCES IN TEXT

The Federal Credit Union Act, referred to in text, is act June 26, 1934, ch. 750, 48 Stat. 1216, which is classi-

fied generally to this chapter. For complete classification of this Act to the Code, see section 1751 of this title and Tables.

The District of Columbia Credit Unions Act, referred to in par. (2), was act June 23, 1932, ch. 272, 47 Stat. 326, and was repealed by Pub. L. 88-395, § 4, Aug. 1, 1964, 78 Stat. 377.

CODIFICATION

Section was not enacted as part of the Federal Credit Union Act which comprises this chapter.

Statutory Notes and Related Subsidiaries

TRANSFER OF FUNCTIONS

“Board” and “the Board’s”, meaning the National Credit Union Administration Board, substituted in par. (3) for “Director” and “his”, respectively, meaning Director of Bureau of Federal Credit Unions, pursuant to section 3 of Pub. L. 91-206 and section 501 of Pub. L. 95-630 [12 U.S.C. 1752a] which transferred functions of Bureau of Federal Credit Unions, and Director thereof, to National Credit Union Administration and vested authority for management of Administration in National Credit Union Administration Board.

SUBCHAPTER II—SHARE INSURANCE

§ 1781. Insurance of member accounts

(a) Eligibility

The Board, as hereinafter provided, shall insure the member accounts of all Federal credit unions and it may insure the member accounts of (1) credit unions organized and operated according to the laws of any State, the District of Columbia, the several territories, including the trust territories, and possessions of the United States, the Panama Canal Zone, or the Commonwealth of Puerto Rico, and (2) credit unions organized and operating under the jurisdiction of the Department of Defense if such credit unions are operating in compliance with the requirements of subchapter I of this chapter and regulations issued thereunder.

(b) Application; agreement

Application for insurance of member accounts shall be made immediately by each Federal credit union and may be made at any time by a State credit union or a credit union operating under the jurisdiction of the Department of Defense. Applications for such insurance shall be in such form as the Board shall provide and shall contain an agreement by the applicant—

(1) to pay the reasonable cost of such examinations as the Board may deem necessary in connection with determining the eligibility of the applicant for insurance: *Provided*, That examinations required under subchapter I of this chapter shall be so conducted that the information derived therefrom may be utilized for share insurance purposes, and examinations conducted by State regulatory agencies shall be utilized by the Board for such purposes to the maximum extent feasible;

(2) to permit and pay the reasonable cost of such examinations as in the judgment of the Board may from time to time be necessary for the protection of the fund and of other insured credit unions;

(3) to permit the Board to have access to any information or report with respect to any examination made by or for any public regu-

latory authority, including any commission, board, or authority having supervision of a State-chartered credit union, and furnish such additional information with respect thereto as the Board may require;

(4) to provide protection and indemnity against burglary, defalcation, and other similar insurable losses, of the type, in the form, and in an amount at least equal to that required by the laws under which the credit union is organized and operates;

(5) to maintain such regular reserves as may be required by the laws of the State, district, territory, or other jurisdiction pursuant to which it is organized and operated, in the case of a State-chartered credit union, or as may be required by this chapter, in the case of a Federal credit union;

(6) to maintain such special reserves as the Board, by regulation or in special cases, may require for protecting the interest of members or to assure that all insured credit unions maintain regular reserves which are not less than those required under subchapter I of this chapter;

(7) not to issue or have outstanding any account or security the form of which, by regulation or in special cases, has not been approved by the Board except for accounts authorized by State law for State credit unions;

(8) to pay and maintain its deposit and to pay the premium charges for insurance imposed by this subchapter; and

(9) to comply with the requirements of this subchapter and of regulations prescribed by the Board pursuant thereto.

(c) Approval of application

(1) Before approving the application of any credit union for insurance of its member accounts, the Board shall consider—

(A) the history, financial condition, and management policies of the applicant;

(B) the economic advisability of insuring the applicant without undue risk of the fund;

(C) the general character and fitness of the applicant's management;

(D) the convenience and needs of the members to be served by the applicant; and

(E) whether the applicant is a cooperative association organized for the purpose of promoting thrift among its members and creating a source of credit for provident or productive purposes.

(2) The Board shall disapprove the application of any credit union for insurance of its member accounts if it finds that its reserves are inadequate, that its financial condition and policies are unsafe or unsound, that its management is unfit, that insurance of its member accounts would otherwise involve undue risk to the fund, or that its powers and purposes are inconsistent with the promotion of thrift among its members and the creation of a source of credit for provident or productive purposes.

(3) Repealed. Pub. L. 95-22, title III, § 301, Apr. 19, 1977, 91 Stat. 49.

(d) Certificate of insurance

Upon the approval of any application for insurance, the Board shall notify the applicant