

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023

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HOUSE BILL 410
Committee Substitute Favorable 4/20/23

Short Title: Credit Union Update.

(Public)

Sponsors:

Referred to:

March 20, 2023

1 A BILL TO BE ENTITLED
2 AN ACT TO UPDATE THE CREDIT UNION STATUTES.

3 The General Assembly of North Carolina enacts:

4 SECTION 1. G.S. 54-109.1 reads as rewritten:

5 "**§ 54-109.1. Definition and purposes.**

6 The following definitions apply in Articles 14A to 15A of this Chapter:

7 (1) Administrator. – Administrator of Credit Unions.

8 (2) Commission. – Credit Union Commission.

9 (3) Credit union. – A credit union is a cooperative, nonprofit association,
10 incorporated under Articles 14A to 14L of this Chapter, for the purposes of
11 encouraging thrift among its members, creating a source of credit at a fair and
12 reasonable rate of interest, and providing an opportunity for its members to
13 use and control their own money in order to improve their economic and social
14 condition.

15 (4) Division. – Credit Union Division."

16 SECTION 2. Article 14B of Chapter 54 of the General Statutes reads as rewritten:

17 "Article 14B.

18 "Supervision and Regulation.

19 ...

20 "**§ 54-109.14. Fees.**~~Fees and penalties.~~

21 (a) Each credit union subject to supervision and examination by the ~~Administrator of~~
22 ~~Credit Unions, Administrator,~~ including credit unions in process of voluntary liquidation, shall
23 pay into the office of the Administrator ~~of Credit Unions~~ twice each year, in the months of
24 January and July, supervision fees, except those credit unions which liquidate or convert its
25 charter shall pay into the office of the ~~Administrator of Credit Unions, Administrator,~~ to the date
26 of dissolution, pro rata supervision fees. Examination fees shall be paid promptly upon receipt of
27 the examination report and invoice.

28 ~~The Administrator of Credit Unions, Administrator,~~ subject to the advice and consent of the
29 ~~Credit Union~~ Commission, shall, on or before December 1 of each year, determine and fix the
30 scale of supervisory and examination fees to be assessed during the next calendar year.

31 No credit union shall be required to pay any supervisory fee until the expiration of 12 months
32 from the date of the issuance of a certificate of incorporation to ~~such the~~ credit union.

33 (b) The Administrator may charge other fees for service and supervision as approved by
34 the Commission. Moneys collected under this section shall be deposited with the State Treasurer
35 of North Carolina and expended, under the terms of the Executive Budget Act, to defray expenses



1 incurred by the office of the Administrator of ~~Credit Unions~~ in carrying out its supervisory and
2 auditing functions.

3 (c) All revenue derived from fees will be placed into a special account to be administered
4 solely for the operation of the ~~Credit Union~~ Division.

5 (d) The Administrator may waive any fee, in whole or in part, for any credit union or
6 group of credit unions at the Administrator's discretion.

7 (e) The Administrator may assess a civil penalty not to exceed five hundred dollars
8 (\$500.00) for the violation of any section of Articles 14A to 15A of this Chapter or any rule
9 adopted by the Administrator. The clear proceeds of any civil penalty assessed under this
10 subsection or pursuant to any other authority in Articles 14A to 15A of this Chapter shall be
11 remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2.

12 **"§ 54-109.15. Reports.**

13 (a) ~~Credit~~ The Administrator shall cause credit unions organized under Articles 14A to
14 14L-15A of this Chapter shall, in January and in July of each year, make to make a report of
15 condition to the Administrator of Credit Unions on forms supplied for that purpose. Additional
16 reports may be required, in a manner and on a schedule as adopted by the Administrator. The
17 Administrator may also require that additional reports be filed.

18 (b) ~~Any~~ The Administrator may cause any credit union that neglects to make semiannual
19 reports as provided in subsection (a) of this section, or any of the other reports required by the
20 Administrator of Credit Unions at the time fixed by the Administrator, shall pay to pay a late
21 penalty to the Administrator of Credit Unions of not less than seventy-five dollars (\$75.00)
22 (\$75.00), nor more than seven hundred fifty dollars (\$750.00) for each day the neglect continues.
23 The Administrator of Credit Unions may revoke the certificate of incorporation and take
24 possession of the assets and business of any credit union failing to pay a penalty imposed under
25 this section after serving notice of at least 15 days upon the credit union of the proposed action.
26 The clear proceeds of penalties collected pursuant to this subsection shall be remitted to the Civil
27 Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2. The Administrator shall
28 publish the late penalty amount annually by rule.

29 **"§ 54-109.16. Examinations required; payment of cost.**

30 The Administrator of ~~Credit Unions~~ shall cause every credit union formed under Article 14A
31 and 15A of this Chapter to be examined once every 18 months or ~~whenever~~ such shorter period
32 the Administrator deems it necessary. The examiners appointed by the Administrator shall be
33 given free access to all books, papers, securities, and electronic or digital records, and other
34 sources of information in respect to the credit union; for the purpose of the examination, the
35 Administrator may subpoena and examine personally, or by one of the Administrator's deputies
36 or examiners, witnesses on oath and documents, whether the witnesses are members of the credit
37 union or not, and whether the documents are documents of the credit union or not. The
38 Administrator may designate an independent auditing firm to do the work conduct such
39 examinations under the Administrator's direction and supervision, with the cost to be paid by the
40 credit union involved.

41 **"§ 54-109.17. Records.**

42 (a) A credit union shall maintain all books, records, accounting systems and procedures
43 in accordance with ~~such rules as the Administrator from time to time prescribes.~~ adopted by the
44 Administrator. In prescribing such adopting these rules, the Administrator shall consider the
45 relative size of a credit union and its reasonable capability of compliance.

46 (b) A credit union is not liable for destroying records after the expiration of the record
47 retention time ~~prescribed~~ adopted by the Administrator.

48 (c) ~~A photostatic or photographic reproduction of any credit union records shall be~~
49 ~~admissible as evidence of transactions with the credit union.~~ Any credit union may cause any or
50 all records kept by it to be recorded, copied, or reproduced by any photographic, reproduction,
51 electronic, or digital process or method, or by any other records retention technology approved

1 by rule or order of the Administrator, of a kind that is capable of accurately converting the records
2 into tangible form within a reasonable time. Each converted tangible form of record also is
3 deemed a record.

4 **"§ 54-109.18. Selection of attorneys to handle loan-closing proceedings.**

5 The Administrator of Credit Unions shall establish rules and regulations relating to selection
6 of attorneys at law to handle credit union loan-closing proceedings.

7 **"§ 54-109.18A. Hearings and appeals.**

8 (a) Unless otherwise stated in this Chapter, administrative hearings required or permitted
9 to be held by the Administrator shall be conducted in accordance with Article 3A of Chapter
10 150B of the General Statutes.

11 (b) After a hearing under subsection (a) of this section, a party or person aggrieved may
12 appeal the decision or order of the Administrator or other suitable person designated by the
13 Administrator to the Commission for appellate review by filing with the Administrator a written
14 notice of appeal no later than 30 days after the day that the Administrator's decision or order is
15 served. Upon receipt of a notice of appeal, the Administrator shall, within 30 days of the notice,
16 certify to the Commission the record on appeal. The notice of appeal shall state the grounds for
17 the appeal and set forth in numbered order the assignments of error for review by the
18 Commission. Failure to state the grounds for the appeal and assignments of error shall constitute
19 grounds to dismiss the appeal. Failure to comply with the briefing schedule provided by the
20 Commission shall also constitute grounds to dismiss the appeal. The Commission shall review
21 the record on appeal, hear oral arguments by the parties, and make a written final decision or
22 order no later than 60 days after the date of oral arguments.

23 (c) Any party to a proceeding before the Commission under subsection (b) of this section
24 is entitled to judicial review of the decision or order in accordance with Article 4 of Chapter 150B
25 of the General Statutes.

26 (d) Notwithstanding other provisions of law, the hearing officer at administrative
27 hearings conducted under subsection (a) of this section may be the Administrator or other suitable
28 person designated by the Administrator to serve as a hearing officer.

29 **"§ 54-109.19. Removal of officers.**

30 (a) ~~The Administrator of Credit Unions shall have the right and is hereby empowered to~~
31 ~~serve a written notice of his intention to remove from office any~~ If the Administrator finds that
32 an officer, director, committeeman-committee member, or employee of any credit union doing
33 business under Articles 14A through 15A of this Chapter who shall be found to be dishonest,
34 incompetent, is deceitful, incompetent, grossly negligent, or reckless in the management of the
35 affairs of the credit union, has been convicted of a felony, has been convicted of a misdemeanor
36 involving fraud or dishonesty, has breached the trust of the members, or who has persistently
37 violates-violated the laws of this State or the lawful orders, instructions and regulations issued
38 instructions, or rules issued or adopted by the Administrator and/or the State Credit Union
39 Commission or the Commission, the Administrator may take one or both of the following
40 actions:

- 41 (1) Remove the director, officer, committee member, or employee from office.
- 42 (2) Prohibit the director, officer, committee member, or employee from
43 participating in the conduct of the affairs of a credit union or credit union
44 service organization.

45 (b) ~~A notice of intention to remove-removal of a director, officer, committee member or~~
46 ~~employee from office shall contain a statement of the alleged facts constituting the grounds~~
47 ~~therefor for it and shall fix a time and place at which a hearing before the Credit Union~~
48 ~~Commission will be held thereon. Such hearing shall be fixed for a date not earlier than 30 days~~
49 ~~nor later than 60 days after the date of service of such notice unless an earlier or a later date is~~
50 ~~set by the Commission at the request of such director, officer, committee member or employee~~
51 ~~and for good cause shown. Pending this hearing, the Administrator may remove the alleged~~

1 violator if he finds that it is essential to the continued well being of the credit union or the public
2 to do so. Unless, of course, such director, officer, committee member or employee shall appear
3 at the hearing in person or by a duly authorized representative, he shall be deemed to have
4 consented to the issuance of an order of such removal. In the event of such consent, or if upon
5 the record made at any such hearing the Credit Union Commission shall find that any of the
6 grounds specified in such notice has been determined by the greater weight of the evidence, the
7 Commission may issue such orders of removal from office as it may deem appropriate. Any such
8 order shall become effective at the expiration of 30 days after service upon such credit union and
9 the director, officer, committee member or employee concerned (except in the case of an order
10 issued upon consent, which shall become effective at the time specified therein). Such order shall
11 remain effective and enforceable except to such extent as it is stayed, modified, terminated or set
12 aside by action of the Credit Union Commission or a reviewing court. information on how the
13 removed party may appeal the removal to the Commission, including contact information to
14 initiate an appeal. The removal is effective immediately upon service of the notice of removal.

15 (c) A director, officer, committee member, or employee served written notice of removal
16 has the right to a hearing before the Commission and shall request a hearing within 30 days of
17 the service of the notice of removal.

18 (d) The hearing shall be fixed for a date no later than 30 days after service of the notice
19 for request for hearing unless a later date is set by the Commission at the request of the director,
20 officer, committee member, or employee and for good cause shown. If the removed party does
21 not seek a hearing within the 30-day time frame, the removed party is deemed to have consented
22 to the removal and the removal is deemed final.

23 (e) Upon a request for hearing, or upon scheduling a discretionary hearing on its own
24 initiative, the Commission shall review the facts of the case and hear from the Administrator and
25 the removed party. The Commission shall determine whether the preponderance of the evidence
26 supports removal. Upon completion of the hearing, the Commission shall issue an order that does
27 one of the following:

28 (1) Overturns the removal and reinstates the removed party.

29 (2) Upholds the removal in full.

30 (3) Modifies the removal into a suspension of a defined period. The order shall
31 remain effective and enforceable except to the extent that it is stayed,
32 modified, terminated, or set aside by a later action of the Commission or a
33 reviewing court.

34 **"§ 54-109.20. Additional authorities of the Administrator.**

35 (a) In the event of a natural disaster or other national, regional, State, or local emergency,
36 the Administrator may temporarily waive or suspend requirements for compliance by one or
37 more credit unions with any provisions of this Chapter or with any rules if the Administrator
38 deems it in the public interest.

39 (b) The Administrator may issue and serve upon a credit union an order to cease and
40 desist from one or more unsafe or unsound practices or violations if, in the opinion of the
41 Administrator, a credit union is engaging or has engaged, or there is reasonable cause to believe
42 is about to engage, in an unsafe or unsound practice, or is violating or has violated, or there is
43 reasonable cause to believe is about to violate, this Chapter or any other applicable law, rule,
44 regulation, or order. An order to cease and desist shall contain a statement of the facts constituting
45 the alleged violations or unsafe or unsound practices, and the order may require, in terms that
46 may be mandatory or otherwise, a credit union, its officers, directors, employees, or agents to
47 cease and desist from the practices or violations. The order shall specify its effective date and
48 shall contain a notice to the credit union of its right to a hearing on the order in accordance with
49 rules adopted by the Administrator.

50 (c) The Administrator may conduct an investigation, including conducting background
51 checks, of any credit union employee, officer, director, or committee member when considering

1 applications for new charters, changes to those positions in credit unions in a troubled condition,
 2 a managing agent or manager in a conserved credit union, or when the Administrator has reason
 3 to believe the credit union employee, director, or committee member affected or is likely to affect
 4 the safety or soundness of the credit union."

5 **SECTION 3.** Article 14C of Chapter 54 of the General Statutes reads as rewritten:

6 "Article 14C.

7 "Powers of Credit Union.

8 **"§ 54-109.21. General powers.**

9 (a) A credit union may:

- 10 (1) ~~Make contracts;~~contracts.
- 11 (2) ~~Sue and be sued;~~sued.
- 12 (3) ~~Adopt and use a common seal and alter the seal;~~seal.
- 13 (4) ~~Acquire, lease, hold and dispose of property, either in whole or in part,~~
 14 ~~necessary or incidental to its operations;~~present and future operations.
- 15 (5) ~~At the discretion of the board of directors, require the payment of an entrance~~
 16 ~~fee or annual membership fee, or both, of any person admitted to~~
 17 ~~membership;~~membership.
- 18 (6) ~~Receive savings from its members funds from persons in the form of shares,~~
 19 ~~deposits, or special-purpose thrift accounts;~~accounts.
- 20 (7) ~~Lend its funds to its members members, other credit unions, and any cities, as~~
 21 ~~defined in G.S. 160A-1(2), as provided in Articles 14A to 14L-15A of this~~
 22 ~~Chapter;~~Chapter.
- 23 (8) ~~Borrow from any source in accordance with policy established by the board~~
 24 ~~of directors;~~directors.
- 25 (9) ~~Discount and sell any eligible obligations, subject to rules adopted by the~~
 26 ~~Administrator;~~Administrator.
- 27 (10) ~~Sell all or substantially all of its assets or purchase all or substantially all of~~
 28 ~~the assets of another financial institution, subject to the approval of the~~
 29 ~~Administrator of Credit Unions;~~Administrator.
- 30 (11) ~~Invest surplus funds its funds as provided in Articles 14A to 14L-15A of this~~
 31 ~~Chapter;~~Chapter.
- 32 (12) ~~Make deposits in legally chartered banks, savings institutions, trust companies~~
 33 ~~and central type credit union organizations;~~corporate credit unions.
- 34 (13) ~~Assess charges to members in accordance with the bylaws for failure to meet~~
 35 ~~properly their obligations to the credit union;~~union.
- 36 (14) ~~Hold membership in other credit unions organized under Articles 14A to 14L~~
 37 ~~of this Chapter or other acts, and in other associations and organizations~~
 38 ~~composed of credit unions; unions, and in organizations or associations~~
 39 ~~fostering the interests of credit unions or providing services to credit unions.~~
- 40 (15) ~~Declare dividends; dividends, pay interest on deposits and pay interest refunds~~
 41 ~~to borrowers as provided in Articles 14A to 14L-15A of this Chapter;~~Chapter.
- 42 (16) ~~Sell travelers checks and money orders and charge a reasonable fee for such~~
 43 ~~services, provided the travelers checks are payable at institutions other than a~~
 44 ~~credit union;~~Offer related financial services, including travelers checks,
 45 money orders, and other negotiable instruments, electronic transfer of funds,
 46 safe deposit boxes, custodial services, and correspondent services, and charge
 47 a reasonable fee for these services.
- 48 (17) ~~Perform tasks and missions requested by the federal government or this State~~
 49 ~~or any agency or political subdivision thereof, when approved by the board of~~
 50 ~~directors and not inconsistent with Articles 14A to 14L-15A of this~~
 51 ~~Chapter;~~Chapter.

- 1 (18) Act as fiscal agent for and receive deposits from the federal government, this
2 State, or any agency or political subdivision ~~thereof;~~thereof.
- 3 (19) Contribute to, support, or participate in any nonprofit service facility whose
4 services will benefit the credit union or its membership subject to rules
5 adopted by the ~~Administrator;~~Administrator.
- 6 (20) Make donations or contributions to any civic, charitable or community
7 organization as authorized by the board of directors, subject to ~~such~~
8 ~~regulations as are prescribed by the Administrator;~~rules adopted by the
9 Administrator.
- 10 (21) Act as a custodian of qualified pension funds if permitted by federal ~~law;~~law.
- 11 (22) Purchase or make available insurance for its directors, officers, agents,
12 employees, and members; insurance may be provided through any insurance
13 company or through any subsidiary insurance company owned by the credit
14 ~~union;~~ and union.
- 15 (23) Facilitate its members' purchase of goods and services in a manner ~~which~~ that
16 promotes the purposes of the credit union.
- 17 (24) ~~The board of directors may expel from the corporation any member who has~~
18 ~~not carried out the engagement the member made with the corporation, has~~
19 ~~been convicted of a felony or crime involving moral turpitude, or neglects or~~
20 ~~refuses to comply with the provisions of this Article or of the bylaws. The~~
21 ~~Board may, after notice and hearing as provided in this subdivision, expel~~
22 ~~from the corporation any member who because of the member's intemperance~~
23 ~~disrupts the activities of the credit union or who because of the member's~~
24 ~~habitual neglect of financial obligations reflects discredit upon the credit~~
25 ~~union. No member shall be expelled until informed in writing of the charges~~
26 ~~made and given an opportunity, after reasonable notice, to be heard. Expel any~~
27 ~~member or reduce services for cause. Any member expelled for cause may~~
28 ~~appeal in writing to the board of directors. Upon consideration of the member's~~
29 ~~appeal, the board may reinstate the member or uphold the expulsion. No~~
30 ~~member shall be expelled until informed in writing of the expulsion.~~
31 Engage in activity permitted under this subdivision. Notwithstanding any
32 other provision of this Chapter, the Administrator of Credit Unions, subject to
33 the advice and consent of the Credit Union Commission, and upon a finding
34 that action is necessary to preserve and protect the welfare of credit unions
35 and to promote the general economy of the State, may adopt rules allowing
36 State chartered credit unions to engage in any activity in which they could
37 engage if they were federally chartered credit unions of Articles 14C to 14J of
38 this Chapter, upon 45-day written notice to the Administrator and subject to
39 the Administrator's written disapproval during the 45-day period if the
40 Administrator concludes the credit union is not well-capitalized or
41 well-managed as demonstrated by the supervisory rating it received during its
42 most recent safety and soundness examination, engage in any activity or
43 exercise any power in which it could engage or exercise if it were a federally
44 chartered credit union, subject to similar approval provisions, if any,
45 applicable to federally chartered credit unions with respect to the activity or
46 power.
- 47 (26) Subject to rules adopted by the Administrator, act as trustee or custodian, and
48 receive reasonable compensation for so acting, under any written trust
49 instrument or custodial agreement created or organized and forming a part of
50 a deferred compensation plan for its members or groups or organizations of
51 its ~~members,~~ provided members so long as the funds of the plans are invested

1 in savings or deposits of the credit union. All funds held may be commingled
 2 for the purpose of investment, but individual records shall be kept by the credit
 3 union for each participant and shall show in proper detail all transactions
 4 engaged in under authority of this subdivision.

5 (b) A member may withdraw from a credit union by filing a written notice of intent to
 6 withdraw. The amounts paid in on shares or deposits by an expelled or withdrawing member,
 7 with any dividends credited to the shares and any interest accrued on the deposits to the date of
 8 expulsion or ~~withdrawal~~ withdrawal, shall be paid to the ~~member~~, member after deducting any
 9 amounts due to the credit union by the member but in the order of expulsion or withdrawal, and
 10 only as funds therefor become ~~available, after deducting any amounts due to the credit union by~~
 11 ~~the member~~ available. The member ~~shall have~~ has no other ~~or further~~ right in the credit union or
 12 to any of its benefits, but the expulsion or withdrawal shall not operate to relieve the member
 13 from any remaining liability to the credit union.

14"

15 **SECTION 4.** Article 14D of Chapter 54 of the General Statutes reads as rewritten:

16 "Article 14D.

17 "Membership.

18 **"§ 54-109.26. "Membership" defined.**

19 (a) The membership of a credit union shall be limited to and consist of the subscribers to
 20 the articles of incorporation and ~~such other persons within the common bond~~ bonds set forth in
 21 the bylaws ~~as that have been duly admitted members, have paid any required entrance fee or~~
 22 ~~membership fee, or both, have subscribed for one or more shares, and have paid the initial~~
 23 ~~installment thereon, admitted members and have complied with such other requirements as the~~
 24 ~~articles of incorporation or bylaws specify~~ specified by the articles of incorporation or bylaws.

25 (b) Credit union membership may include ~~groups~~ the following:

- 26 (1) Groups having a common bond of similar occupation, ~~association~~ association,
 27 ~~or interest, or groups interest.~~
 28 (2) Persons who reside within an identifiable neighborhood, community, or rural
 29 ~~district, or employees district.~~
 30 (3) Employees of a common ~~employer, and members of the immediate family of~~
 31 ~~such persons employer.~~
 32 (4) Members of the immediate family of persons described in subdivisions (1)
 33 through (3) of this subsection.

34 **"§ 54-109.27. ~~Societies and other associations.~~ Societies, corporations, and other entities.**

35 ~~Societies, and copartnerships~~ Societies and partnerships composed ~~primarily of individuals~~
 36 ~~who are eligible to membership, and corporations whose stockholders are composed of or~~
 37 ~~controlled primarily by individuals eligible for membership, corporations owned or controlled~~
 38 ~~primarily of such individuals, by eligible individuals, and other business entities owned or~~
 39 ~~controlled primarily by eligible individuals~~ may be admitted to membership in the same manner
 40 and under the same conditions as ~~individuals, but may not borrow in excess of their~~
 41 ~~shareholdings. Provided, however, secured loans in excess of shareholdings may be made to~~
 42 ~~nonprofit societies, copartnerships, and corporations who are members.~~ individuals.

43 **"§ 54-109.28. ~~Other credit unions.~~ unions and specially designated common bonds.**

44 Any credit union organized under Articles 14A to 14L of this Chapter may permit
 45 membership of any other credit union organized under Articles 14A to 14L of this Chapter or
 46 other acts. To facilitate the provision of financial services to underserved populations and
 47 communities, any credit union organized under Articles 14A to 14L of this Chapter may also
 48 permit membership of the following located in this State:

- 49 (1) Individuals and families that earn income at or below the federal poverty
 50 threshold.

(2) Persons residing in census tracts in North Carolina where the center of population, as defined by the United States Census Bureau, is more than 8 miles from a bank branch, as defined in G.S. 53C-1-4(11).

"§ 54-109.29. Members ~~who~~ that leave field.

Members ~~who~~ that leave the field of membership may be permitted to retain their membership in the credit union as a matter of general policy of the board of directors.

"§ 54-109.30. Liability of shareholders.

A shareholder of any ~~such corporation, credit union,~~ unless the bylaws so provide, ~~shall not be is not~~ individually liable for the payment of its debts for an amount in excess of the par value of the shares ~~which he owns or for which he has subscribed.~~ owned by the individual or for which the individual has subscribed.

"§ 54-109.31. Meetings of members.

(a) The annual meeting and any special meetings of the members of the credit union shall be held at the ~~time, place, time~~ and in the manner indicated by the ~~bylaws.~~ bylaws or G.S. 55A-7-01.

(b) At ~~all such these~~ meetings, a member shall have but one vote, irrespective of ~~his the~~ member's shareholdings. No member may vote by proxy, but a member may vote by absentee ballot if the bylaws of the credit union so provide.

(c) ~~A society, association, copartnership or corporation.~~ A business or other entity having membership in the credit union may be represented and have its vote cast by one of its members or ~~shareholders, provided such~~ shareholders so long as the person has been fully authorized by the organization's governing body.

(d) The board of directors may establish a minimum age of 16 years of age as a qualification to vote at meetings of the members.

(e) The board of directors may establish a minimum age of 18 years of age as a qualification to hold office."

SECTION 5. Article 14I of Chapter 54 of the General Statutes reads as rewritten:

"Article 14I.

"Investments.

"§ 54-109.82. Investment of funds.

(a) The capital, deposits, undivided ~~profits~~ profits, and reserve fund of the ~~corporation~~ credit union may be invested only in any of the following ways:

- (1) They may be lent to the members of the ~~corporation~~ credit union in accordance with ~~the provisions of this Chapter.~~
- (2) In capital shares, obligations, or preferred stock issues of any agency, company, or association organized either as a stock company, mutual association, or membership ~~corporation,~~ provided corporation so long as the membership or stockholdings, as the case may be, of the agency, company, or association are confined or restricted to credit unions or organizations of credit unions, or provided unions or the purpose for which the agency, company, or association is organized or designed is to service or otherwise assist credit union operations.
- (3) In obligations of the State of North Carolina or any subdivision thereof.
- (4) In obligations of the United States, including bonds and securities upon which payment of principal and interest is fully guaranteed by the United States.
- (5) They may be deposited to the credit of the ~~corporation~~ credit union in savings institutions, credit unions, ~~or State banks or banks,~~ trust companies incorporated under the laws of the State, or in national banks located in the State.
- (6) In loans to other credit unions in any amount not to exceed twenty-five percent (25%) of the shares and unimpaired surplus of the lending credit union.

- 1 (7) In an aggregate amount not to exceed ~~twenty five percent (25%) of the~~
2 ~~allocations to the reserve fund in any agency, company, or association~~ twelve
3 and one-half percent (12.5%) of the credit union's net worth, in agencies,
4 companies, or associations of the type described in subdivision (2) of this
5 section provided so long as the purposes of the agency, company, or
6 association are designed to assist in establishing and maintaining liquidity,
7 solvency, and security in credit union operations.
- 8 (8) In the North Carolina Savings Guaranty Corporation.
- 9 (9) In any form of investment allowed by law to the State Treasurer under
10 G.S. 147-69.1. In addition, investment in corporate bonds that bear a
11 minimum rating of A+ by at least one nationally recognized rating service is
12 permissible. Credit unions shall monitor overall credit exposure by setting
13 corporate bond investment limits as a percentage of assets.
- 14 (10) Debentures issued by an agency of the United States government.
- 15 (11) In the College Foundation in any amount not to exceed ten percent (10%) of
16 the shares and unimpaired surplus of the investing credit union.
- 17 (12) They may be deposited in any bank or savings institution insured by the
18 federal government or any of its agencies.
- 19 (13) In higher education bonds permissible under ~~G.S. 116D-2, provided that such~~
20 G.S. 116D-2 so long as the bonds pledge the faith, credit, and taxing power of
21 the State for the payment of the principal of and interest on bonds and notes.
- 22 (14) In an aggregate amount not to exceed one percent (1%) of the credit union's
23 net worth in a small business formed under the laws of the United States, or a
24 state, district, or territory of the United States, that meets the appropriate
25 United States Small Business Administration definition of small business and
26 that is principally engaged in the development or exploitation of inventions,
27 technological improvements, new processes, or other fintech products.
- 28 (15) In common trust or mutual funds whose investment portfolios consist of
29 securities otherwise permitted for credit unions.
- 30 (16) In stock, securities, obligations, or other instruments that are approved by the
31 Administrator.

32 (b) If the status or form of a credit union's investment changes during the life of the
33 investment, the credit union may continue to hold and maintain the investment regardless of the
34 change.

35 (c) Subject to rules of the Administrator, a credit union may make an otherwise
36 impermissible investment to fund the credit union's employee benefits plan. A credit union's
37 investment to fund an employee benefit plan obligation is not subject to the investment
38 limitations of this section if the investment is directly related to the credit union's obligation under
39 the employee benefit plan and the credit union holds the investment only for so long as it has an
40 actual or potential obligation under the plan."

41 **SECTION 6.** G.S. 54-109.92(k) reads as rewritten:

42 "(k) If, after a hearing under this section, the board of directors of the credit union is
43 dissatisfied with the decision of the Administrator of Credit Unions, the board may appeal to the
44 ~~Credit Union Commission by filing with the Administrator a written appeal, including a duly~~
45 ~~certified resolution of the board, not later than 10 days after the day that the Administrator's order~~
46 ~~is served. If the appeal is duly filed, the Administrator shall set a date for a hearing on the appeal~~
47 ~~not more than 30 days after the date on which the appeal is filed. The Administrator shall~~
48 ~~promptly give notice of the date, time, and place of the hearing to the credit union and any other~~
49 ~~interested party pursuant to G.S. 54-109.18A.~~ The filing of an appeal does not suspend the effect
50 of the order of the conservation and this order remains in force pending final disposition of the
51 appeal by the Commission. At the conclusion of the hearing, the Commission may reverse the

- 1 order of the Administrator and adopt and approve the credit union's plan to continue operations,
2 affirm the Administrator's order of conservation, or order that other appropriate action be taken."
3 **SECTION 7.** This act becomes effective January 1, 2024.