

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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HOUSE BILL 187

Short Title: Credit Union Update. (Public)

Sponsors: Representatives Howard, Bell, Balkcom, and Liu (Primary Sponsors).
For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Finance, if favorable, Rules, Calendar, and Operations of the House

February 26, 2025

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.~~Definitions.**

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 of the Department of Commerce."

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 fees. A~~
25 credit union that liquidates or converts its charter shall pay into the office of the Administrator
26 of Credit Unions, Administrator, to the date of dissolution, pro rata supervision fees. Examination
27 fees shall be paid promptly upon receipt of 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~~ examine every credit union formed under
31 Article Articles 14A and 15A of this Chapter to be examined once every 18 months or whenever
32 the Administrator deems it necessary, more frequently if deemed necessary by the Administrator.
33 The examiners appointed by the Administrator shall be given free access to all books, papers,
34 securities, and electronic or digital records, and other sources of information in with respect to
35 the credit union; for the purpose of the examination, the Administrator may subpoena and
36 examine personally, or by one of the Administrator's deputies or examiners, witnesses on oath
37 and documents, whether the witnesses are members of the credit union or not, and whether the
38 documents are documents of the credit union or not. The Administrator may designate an
39 independent auditing firm to do the work conduct the examinations under the Administrator's
40 direction and supervision, with the cost to be paid by the 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.~~ A credit union may cause any or all
50 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 aggrieved may appeal the
12 decision or order of the Administrator or designee of the Administrator to the Commission for
13 appellate review by filing with the Administrator a written notice of appeal no later than 30 days
14 after the day that the Administrator's decision or order is served. Upon receipt of a notice of
15 appeal, the Administrator shall, within 30 days of the notice, certify to the Commission the record
16 on appeal. The notice of appeal shall state the grounds for the appeal and set forth in numbered
17 order the assignments of error for review by the Commission. Failure to state the grounds for the
18 appeal and assignments of error constitutes grounds to dismiss the appeal. Failure to comply with
19 the briefing schedule provided by the Commission also constitutes grounds to dismiss the appeal.
20 The Commission shall review the record on appeal, hear oral arguments by the parties, and make
21 a written final decision or order no later than 60 days after the date of oral arguments.

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

25 (d) Notwithstanding any other provision of law, the hearing officer at administrative
26 hearings conducted under subsection (a) of this section may be the Administrator or a designee
27 of the Administrator.

28 **"§ 54-109.19. Removal of officers.**

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

39 (1) Remove the director, officer, committee member, or employee from office.

40 (2) Prohibit the director, officer, committee member, or employee from
41 participating in the conduct of the affairs of a credit union or credit union
42 service organization.

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

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

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

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

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

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

27 (2) Upholds the removal in full.

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

32 **"§ 54-109.20. Additional authorities of the Administrator.**

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

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

48 (c) The Administrator may conduct an investigation, including conducting background
49 checks, of any credit union employee, officer, director, or committee member when considering
50 applications for new charters, changes to those positions in credit unions in a troubled condition,
51 a managing agent or manager in a conserved credit union, or when the Administrator has reason

1 to believe the credit union employee, director, or committee member affected or is likely to affect
2 the safety or soundness of the credit union."

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

4 "Article 14C.

5 "Powers of Credit Union.

6 **"§ 54-109.21. General powers.**

7 (a) A credit union may:

8 (1) Make ~~contracts;~~contracts.

9 (2) Sue and be ~~sued;~~sued.

10 (3) Adopt and use a common seal and alter the ~~seal;~~seal.

11 (4) Acquire, lease, hold and dispose of property, either in whole or in part,
12 necessary or incidental to its ~~operations;~~present and future operations.

13 (5) At the discretion of the board of directors, require the payment of an entrance
14 fee or annual membership fee, or both, of any person admitted to
15 ~~membership;~~membership.

16 (6) Receive ~~savings from its members~~ funds from persons in the form of shares,
17 deposits, or special-purpose thrift ~~accounts;~~accounts.

18 (7) Lend its funds to its ~~members~~ members, other credit unions, and any cities, as
19 defined in G.S. 160A-1, as provided in Articles 14A to 14L-15A of this
20 ~~Chapter;~~Chapter.

21 (8) Borrow from any source in accordance with policy established by the board
22 of ~~directors;~~directors.

23 (9) Discount and sell any eligible obligations, subject to rules adopted by the
24 ~~Administrator;~~Administrator.

25 (10) Sell all or substantially all of its assets or purchase all or substantially all of
26 the assets of another financial institution, subject to the approval of the
27 ~~Administrator of Credit Unions;~~Administrator.

28 (11) Invest ~~surplus funds~~ its funds as provided in Articles 14A to ~~14L-15A~~ 15A of this
29 ~~Chapter;~~Chapter.

30 (12) Make deposits in legally chartered banks, savings institutions, trust companies
31 and ~~central-type credit union organizations;~~corporate credit unions.

32 (13) Assess charges to members in accordance with the bylaws for failure to meet
33 properly their obligations to the credit ~~union;~~union.

34 (14) Hold membership in other credit unions organized under ~~Articles 14A to 14L~~
35 ~~of this Chapter~~ or other acts, ~~and~~ in other associations and organizations
36 composed of credit ~~unions;~~unions, and in organizations or associations
37 fostering the interests of credit unions or providing services to credit unions.

38 (15) Declare ~~dividends;~~ dividends, pay interest on ~~deposits~~ deposits, and pay
39 interest refunds to borrowers as provided in Articles 14A to ~~14L-15A~~ 15A of this
40 ~~Chapter;~~Chapter.

41 (16) ~~Sell travelers checks and money orders and charge a reasonable fee for such~~
42 ~~services, provided the travelers checks are payable at institutions other than a~~
43 ~~credit union;~~Offer related financial services, including travelers checks,
44 money orders, other negotiable instruments, electronic transfer of funds, safe
45 deposit boxes, custodial services, and correspondent services and charge a
46 reasonable fee for these services.

47 (17) Perform tasks and missions requested by the federal government or this State
48 or any agency or political subdivision thereof, when approved by the board of
49 directors and not inconsistent with Articles 14A to ~~14L-15A~~ 15A of this
50 ~~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 members. Insurance may be provided
13 through any insurance company or through any subsidiary insurance company
14 owned by the credit ~~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. A 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 (25) ~~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 in the order of
 9 expulsion or withdrawal, after deducting any amounts due to the credit union by the member 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~~ does 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) Persons having a common bond of similar occupation, ~~association~~ association,
 27 or ~~interest~~, or ~~groups~~ interest.
 28 (2) ~~who~~ Persons that reside within an identifiable neighborhood, community, or
 29 rural ~~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~~ A 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 ~~aets~~ law. To facilitate the provision of financial services to underserved populations and
 47 communities, a credit union organized under Articles 14A to 14L of this Chapter may also permit
 48 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.

"§ 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~~ a 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, a credit union,~~ unless the bylaws so provide, ~~shall not be is not~~ individually liable for the payment of ~~its~~ the credit union's 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~~ shall 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 entity'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~~ In debentures issued by an agency of the United States
15 government.
- 16 (11) In the College ~~Foundation~~ Foundation, in any amount not to exceed ten
17 percent (10%) of the shares and unimpaired surplus of the investing credit
18 union.
- 19 (12) They may be deposited in any bank or savings institution insured by the
20 federal government or any of its agencies.
- 21 (13) In higher education bonds permissible under ~~G.S. 116D-2, provided that such~~
22 G.S. 116D-2 so long as the bonds pledge the faith, credit, and taxing power of
23 the State for the payment of the principal of and interest on bonds and notes.
- 24 (14) In an aggregate amount not to exceed one percent (1%) of the credit union's
25 net worth in a small business formed under the laws of the United States, or a
26 state, district, or territory of the United States, that meets the appropriate
27 United States Small Business Administration definition of small business
28 under Part 121 of Chapter I of Title 13 of the Code of Federal Regulations and
29 that is principally engaged in the development or exploitation of inventions,
30 technological improvements, new processes, or other fintech products.
- 31 (15) In common trust or mutual funds whose investment portfolios consist of
32 securities otherwise permitted for credit unions.
- 33 (16) In stock, securities, obligations, or other instruments that are approved by the
34 Administrator.

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

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

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

45 "(k) If, after a hearing under this section, the board of directors of the credit union is
46 dissatisfied with the decision of the Administrator of Credit Unions, the board may appeal to the
47 ~~Credit Union Commission by filing with the Administrator a written appeal, including a duly~~
48 ~~certified resolution of the board, not later than 10 days after the day that the Administrator's order~~
49 ~~is served. If the appeal is duly filed, the Administrator shall set a date for a hearing on the appeal~~
50 ~~not more than 30 days after the date on which the appeal is filed. The Administrator shall~~
51 ~~promptly give notice of the date, time, and place of the hearing to the credit union and any other~~

1 ~~interested party~~ pursuant to G.S. 54-109.18A. The filing of an appeal does not suspend the effect
2 of ~~the an~~ order of ~~the conservation~~ conservation, and ~~this the~~ order remains in force pending final
3 disposition of the appeal by the Commission. At the conclusion of the hearing, the Commission
4 may reverse the order of the Administrator and adopt and approve the credit union's plan to
5 continue operations, affirm the Administrator's order of conservation, or order that other
6 appropriate action be taken."

7 **SECTION 7.** This act becomes effective January 1, 2026.