

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2025

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HOUSE BILL 187
Committee Substitute Favorable 3/25/25

Short Title: Credit Union Update.

(Public)

Sponsors:

Referred to:

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 violator 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.

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

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

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

47 (c) The Administrator may conduct an investigation, including conducting background
48 checks, of any credit union employee, officer, director, or committee member when considering
49 applications for new charters, changes to those positions in credit unions in a troubled condition,
50 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 ~~e~~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, necessary or incidental to its ~~operations~~;present and future operations.
- 12 (5) At the discretion of the board of directors, require the payment of an entrance fee or annual membership fee, or both, of any person admitted to ~~membership~~;membership.
- 13 (6) Receive ~~savings from its members~~ funds from persons in the form of shares, deposits, or special-purpose thrift ~~accounts~~;accounts.
- 14 (7) Lend its funds to its ~~members~~members, other credit unions, and any cities, as defined in G.S. 160A-1, as provided in Articles 14A to ~~14L~~15A of this Chapter;Chapter.
- 15 (8) Borrow from any source in accordance with policy established by the board of ~~directors~~;directors.
- 16 (9) Discount and sell any eligible obligations, subject to rules adopted by the ~~Administrator~~;Administrator.
- 17 (10) Sell all or substantially all of its assets or purchase all or substantially all of the assets of another financial institution, subject to the approval of the ~~Administrator of Credit Unions~~;Administrator.
- 18 (11) Invest ~~surplus funds~~ its funds as provided in Articles 14A to ~~14L~~15A of this Chapter;Chapter.
- 19 (12) Make deposits in legally chartered banks, savings institutions, trust companies and ~~central-type credit union organizations~~;corporate credit unions.
- 20 (13) Assess charges to members in accordance with the bylaws for failure to meet properly their obligations to the credit ~~union~~;union.
- 21 (14) Hold membership in other credit unions organized under ~~Articles 14A to 14L~~ of this Chapter or other acts, ~~and~~ in other associations and organizations composed of credit ~~unions~~;unions, and in organizations or associations ~~fostering the interests of credit unions or providing services to credit unions~~.
- 22 (15) Declare ~~dividends~~; dividends, pay interest on ~~deposits~~ deposits, and pay interest refunds to borrowers as provided in Articles 14A to ~~14L~~15A of this Chapter;Chapter.
- 23 (16) ~~Sell travelers checks and money orders and charge a reasonable fee for such services, provided the travelers checks are payable at institutions other than a credit union~~;Offer related financial services, including travelers checks, ~~money orders, other negotiable instruments, electronic transfer of funds, safe deposit boxes, custodial services, and correspondent services and charge a reasonable fee for these services~~.
- 24 (17) Perform tasks and missions requested by the federal government or this State or any agency or political subdivision thereof, when approved by the board of directors and not inconsistent with Articles 14A to ~~14L~~15A of this Chapter;Chapter.

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

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

(b) A member may withdraw from a credit union by filing a written notice of intent to withdraw. The

The amounts paid in on shares or deposits by an expelled or withdrawing member, with any dividends credited to the shares and any interest accrued on the deposits to the date of expulsion or withdrawal, shall be paid to the member, but member in the order of expulsion or withdrawal, after deducting any amounts due to the credit union by the member and only as funds therefor become available, after deducting any amounts due to the credit union by the member available. The member shall have has no other or further right in the credit union or to any of its benefits, but the expulsion or withdrawal shall does not operate to relieve the member from any remaining liability to the credit union.

11

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

"Article 14D"

"Membership.

"§ 54-109.26. "Membership" defined.

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

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

(1) Persons having a common bond of similar occupation, ~~association~~ association, or ~~interest~~ or groups interest.

(2) who Persons that reside within an identifiable neighborhood, community, or rural district, or employees district.

(3) Employees of a common employer, and members of the immediate family of such persons employer.

(4) Members of the immediate family of persons described in subdivisions (1) through (3) of this subsection

§ 54-109.27. Societies and other associations. Societies, corporations, and other entities.

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

§ 54-109.28. Other credit unions and specially designated common bonds.

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

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

- (7) In an aggregate amount not to exceed ~~twenty five percent (25%)~~ of the allocations to the reserve fund in any agency, company, or association ~~twelve and one-half percent (12.5%)~~ of the credit union's net worth, in agencies, companies, or associations of the type described in subdivision (2) of this section ~~provided so long as~~ the purposes of the agency, company, or association are designed to assist in establishing and maintaining liquidity, solvency, and security in credit union operations.
- (8) In the North Carolina Savings Guaranty Corporation.
- (9) In any form of investment allowed by law to the State Treasurer under G.S. 147-69.1. In addition, investment in corporate bonds that bear a minimum rating of A+ by at least one nationally recognized rating service is permissible. Credit unions shall monitor overall credit exposure by setting corporate bond investment limits as a percentage of assets.
- (10) ~~Debentures~~ In debentures issued by an agency of the United States government.
- (11) In the College ~~Foundation~~ Foundation, in any amount not to exceed ten percent (10%) of the shares and unimpaired surplus of the investing credit union.
- (12) They may be deposited in any bank or savings institution insured by the federal government or any of its agencies.
- (13) In higher education bonds permissible under ~~G.S. 116D-2, provided that such G.S. 116D-2 so long as the~~ bonds pledge the faith, credit, and taxing power of the State for the payment of the principal of and interest on bonds and notes.
- (14) In an aggregate amount not to exceed one percent (1%) of the credit union's net worth in a small business formed under the laws of the United States, or a state, district, or territory of the United States, that meets the appropriate United States Small Business Administration definition of small business under Part 121 of Chapter I of Title 13 of the Code of Federal Regulations and that is principally engaged in the development or exploitation of inventions, technological improvements, new processes, or other fintech products.
- (15) In common trust or mutual funds whose investment portfolios consist of securities otherwise permitted for credit unions.
- (16) In stock, securities, obligations, or other instruments that are approved by the Administrator.

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

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

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

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