

§842. Board of directors

The management and control of the affairs of a credit union shall be vested in a board of directors, whose powers shall be exercised in accordance with the provisions of this section. [PL 1975, c. 500, §1 (NEW).]

1. Number, election and qualifications.

A. The number of directors of a credit union may not be less than 5, all of whom must be members of the credit union. [PL 1997, c. 566, §1 (AMD).]

B. The initial board of directors shall be elected at the first meeting of the members of the credit union, and by a vote of the members at each annual meeting thereafter. [PL 1975, c. 500, §1 (NEW).]

C. The term of a director shall not be less than one year nor more than 3 years; provided that if the term is more than one year, the bylaws shall establish terms of office so that an equal number of directors, so far as possible, shall be elected each year. [PL 1975, c. 500, §1 (NEW).]

D. Directors shall be sworn annually to the proper discharge and faithful performance of their duties. Such oaths shall be taken within 60 days of election to office, or such office shall become vacant. A record of every such qualification shall be preserved with the records of the credit union. [PL 1975, c. 500, §1 (NEW).]

E. A director shall serve until a successor is elected and qualified. [PL 1975, c. 500, §1 (NEW).]

F. If a director ceases to be a member of the credit union, the director's office becomes vacant. [RR 2025, c. 1, Pt. D, §39 (COR).]

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2. Powers and duties. The board of directors shall manage the affairs, funds and records of the credit union and shall meet as often as necessary, but not less than once a month, notice of the meeting to be made in the manner prescribed in the bylaws. The superintendent may approve fewer meetings upon a credit union's demonstration of good cause. As set forth below, the special duties of the board of directors are:

A. To act upon applications for membership, or to appoint a membership committee of one or more membership officers from among the members of the credit union, other than the treasurer, an assistant treasurer or loan officer, who may be authorized by the board to approve applications for membership under such conditions as the board may prescribe, as long as that committee or membership officer submits to the board at each meeting a list of approved or pending applications for membership received since the previous meeting, together with other related information as the bylaws or board may require; [PL 2023, c. 539, §2 (AMD).]

B. To fix from time to time the maximum amount, both secured and unsecured, that may be loaned to any one member, except as limited by chapter 85, and to establish a written loan policy pursuant to section 851, which must be reviewed and ratified at least annually; [PL 2023, c. 539, §2 (AMD).]

C. To authorize the employment of a person or persons as may be necessary to carry on the business of the credit union and to fix the compensation of those employees, including the treasurer; [PL 2023, c. 539, §2 (AMD).]

D. To borrow money to carry on the functions of the credit union, subject to the limitation set forth in section 822; [PL 1975, c. 500, §1 (NEW).]

E. To authorize the conveyance of property; [PL 1975, c. 500, §1 (NEW).]

- F. To purchase a blanket bond in an amount that is not less than an amount recommended by the superintendent, which must be required of the treasurer and of each other officer and other employee having custody of funds or property; [PL 2023, c. 539, §2 (AMD).]
- G. To limit the number of shares that may be owned by one member or nonmember as provided in section 817, and that limitation must be applied uniformly; [PL 2023, c. 539, §2 (AMD).]
- H. To have charge of the investment of funds and to establish a written investment policy pursuant to section 861, which must be reviewed and ratified at least annually; [PL 2003, c. 322, §30 (AMD).]
- I. To perform such other duties as the members may from time to time require; [PL 1975, c. 500, §1 (NEW).]
- J. To appoint a supervisory committee of not fewer than 3 members, not more than one member of which may be a director. If the duties of the supervisory committee are conducted by an independent public accountant and the board has contracted for an annual audit by an independent public accountant pursuant to section 844, a supervisory committee need not be appointed; [PL 2023, c. 539, §2 (AMD).]
- K. To appoint a credit committee of not fewer than 3 members or to establish a written loan policy that provides for the designation of one or more loan officers in lieu of a credit committee and provides that all loans are subject to ratification by the full board; [PL 2023, c. 539, §2 (AMD).]
- L. To appoint an executive committee, when the bylaws so provide, consisting of not fewer than 3 members of the board with authority to invest funds or borrow in the name of the credit union, except that the board may establish a written investment policy that provides for the designation of a qualified individual to have charge of making investments, subject to ratification by the full board; [PL 2023, c. 539, §2 (AMD).]
- M. To suspend any or all members of the credit and supervisory committees for failure to perform their duties; [PL 1975, c. 500, §1 (NEW).]
- N. To fill vacancies occurring between annual meetings in the board of directors and in the credit committee and supervisory committee until the election or appointment and qualification of their successors; [PL 1975, c. 500, §1 (NEW).]
- O. To establish and provide for compensation of loan officers appointed by the credit committee and for auditing assistance requested by the supervisory committee; [PL 2023, c. 539, §2 (AMD).]
- P. To designate a depository or depositories for the funds of the credit union; [PL 1975, c. 500, §1 (NEW).]
- Q. To declare dividends in the way and manner provided in the bylaws and in accordance with this Part; [PL 1975, c. 500, §1 (NEW).]
- R. To determine from time to time the rate of interest consistent with the laws of this State that must be charged on loans and the amount of interest rebate and the interval on which such rebate, if any, is computed; and [PL 2023, c. 539, §2 (AMD).]
- S. To perform or authorize any action consistent with this Part not specifically reserved by the bylaws for the members. [PL 1975, c. 500, §1 (NEW).]
[PL 2023, c. 539, §2 (AMD).]
- 3. Compensation.** A member of the board of directors may not receive any compensation for the member's services as a member of the board or as a member of any committees of the credit union. [RR 2025, c. 1, Pt. D, §40 (COR).]

4. Director as a committee member. No director of a credit union shall be a member of both the credit and the supervisory committees of the credit union, unless the number of members in the credit union is less than 11.

[PL 1975, c. 500, §1 (NEW).]

5. Comakers of loans.

[PL 2003, c. 322, §32 (RP).]

SECTION HISTORY

PL 1975, c. 500, §1 (NEW). PL 1983, c. 51, §4 (AMD). PL 1997, c. 108, §13 (AMD). PL 1997, c. 566, §1 (AMD). PL 2003, c. 322, §§29-32 (AMD). PL 2023, c. 539, §2 (AMD). RR 2025, c. 1, Pt. D, §§39, 40 (COR).

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