Chapter 9
Utah Credit Union Act

7-9-1 Title.

This chapter is known as the "Utah Credit Union Act."

Amended by Chapter 200, 1994 General Session

7-9-2 Description of credit unions.

A credit union is a cooperative, nonprofit association, incorporated under this chapter to encourage thrift among its members, to create sources of credit at fair and reasonable rates of interest, and to provide an opportunity for its members to use and control their resources on a democratic basis in order to improve their economic and social condition.

Enacted by Chapter 16, 1981 General Session

7-9-3 Definitions.

As used in this chapter:

(1)
(a) "Association" means a group of persons that:
(i) constitute the members of a formal association organized for:
(A) an identifiable interest;
(B) an identifiable purpose;
(C) a specific profession; or
(D) a specific occupation; or
(ii) are employed by a common employer.
(b) "Association" does not include a group of persons that is:
(i) identified or created primarily on the basis of a relationship between any person and:
(A) a consumer;
(B) a customer; or
(C) a client; or
(ii) created primarily for the purpose of expanding the membership in a credit union.

(2) "Capital and surplus" means:
(a) shares;
(b) deposits;
(c) reserves; and
(d) undivided earnings.

(3) "Corporate credit union" means any credit union organized pursuant to any state or federal act for the purpose of serving other credit unions.

(4) "Credit union service organization" means an entity:
(a) that provides any of the services listed in Subsection 7-9-59(2); and
(b) in which a credit union organized under this chapter holds an ownership interest.

(5) "Deposits" means that portion of the capital paid into the credit union by members on which a specified rate of interest will be paid.

(6) "Field of membership" means persons designated as eligible for credit union membership in accordance with:
(a) Section 7-9-51 or 7-9-53; and

(b) the bylaws of the credit union.
(7) "Immediate family" means parents, spouse, surviving spouse, children, and siblings of the member.
(8)
(a) "Member-business loan" means any loan, line of credit, or letter of credit, the proceeds of which will be used for:
(i) a commercial purpose;
(ii) other business investment property or venture purpose; or
(iii) an agricultural purpose.
(b) "Member-business loan" does not include an extension of credit:
(i) that is fully secured by a lien on a one- to four- family dwelling that is the primary residence of a member;
(ii) that is fully secured by:
(A) shares or deposits in the credit union making the extension of credit; or
(B) deposits in other financial institutions;
(iii) the repayment of which is fully insured or fully guaranteed by, or where there is an advance commitment to purchase in full by, an agency of:
(A) the federal government;
(B) a state; or
(C) a political subdivision of a state; or
(iv) that is granted by a corporate credit union to another credit union.
(9) "Nonexempt credit union" means a credit union that is a nonexempt credit union under Section 7-9-55.
(10) "Share drafts," "deposit drafts," and "transaction accounts" mean accounts from which owners are permitted to make withdrawals by negotiable or transferable instruments or other orders for the purpose of making transfers to other persons or to the owner.
(11) "Shares" means that portion of the capital paid into the credit union by members on which dividends may be paid.

Amended by Chapter 327, 2003 General Session

7-9-5 Powers of credit unions.

In addition to the powers specified elsewhere in this chapter and subject to any limitations specified elsewhere in this chapter, a credit union may:
(1) make contracts;
(2) sue and be sued;
(3) acquire, lease, or hold fixed assets, including real property, furniture, fixtures, and equipment as the directors consider necessary or incidental to the operation and business of the credit union, but the value of the real property may not exceed 7% of credit union assets, unless approved by the commissioner;
(4) pledge, hypothecate, sell, or otherwise dispose of real or personal property, either in whole or in part, necessary or incidental to its operation;
(5) incur and pay necessary and incidental operating expenses;
(6) require an entrance or membership fee;
(7) receive the funds of its members in payment for:
(a) shares;
(b) share certificates;
(c) deposits;

(d) deposit certificates;
(e) share drafts;
(f) NOW accounts; and
(g) other instruments;
(8) allow withdrawal of shares and deposits, as requested by a member orally to a third party with prior authorization in writing, including drafts drawn on the credit union for payment to the member or any third party, in accordance with the procedures established by the board of directors, including drafts, third-party instruments, and other transaction instruments, as provided in the bylaws;
(9) charge fees for its services;
(10) extend credit to its members, at rates established in accordance with the bylaws or by the board of directors;
(11) extend credit secured by real estate;
(12)
(a) subject to Subsection (12)(b), make co-lending arrangements, including loan participation arrangements, in accordance with written policies of the board of directors with one or more:
(i) other credit unions;
(ii) credit union service organizations; or
(iii) other financial organizations; and
(b) make co-lending arrangements, including loan participation arrangements, in accordance with Subsection (12)(a) subject to the following:
(i) the credit union or credit union service organization that originates a loan for which co-lending arrangements are made shall retain an interest of at least 10% of the loan;
(ii) on or after May 5, 2003, the originating credit union or credit union service organization may sell to a credit union an interest in a co-lending arrangement that involves a member-business loan only if the person receiving the member-business loan is a member of the credit union to which the interest is sold;
(iii) on or after May 5, 2003, the originating credit union or credit union service organization may sell to a credit union service organization an interest in a co-lending arrangement that involves a member-business loan only if the person receiving the member-business loan is a member of a credit union that holds an interest in the credit union service organization to which the interest is sold; and
(iv) a nonexempt credit union may not originate, participate in, or obtain any interest in a co-lending arrangement, including a loan participation arrangement, in violation of Section 7-9-58;
(13) sell and pledge eligible obligations in accordance with written policies of the board of directors;
(14) engage in activities and programs of the federal government or this state or any agency or political subdivision of the state, when approved by the board of directors and not inconsistent with this chapter;
(15) act as fiscal agent for and receive payments on shares and deposits from the federal government, this state, or its agencies or political subdivisions not inconsistent with the laws of this state;
(16) borrow money and issue evidence of indebtedness for a loan or loans for temporary purposes in the usual course of its operations;
(17) discount and sell notes and obligations;
(18) sell all or any portion of its assets to another credit union or purchase all or any portion of the assets of another credit union;
(19) invest funds as provided in this title and in its bylaws;

(20) maintain deposits in insured depository institutions as provided in this title and in its bylaws;
(21)
(a) hold membership in corporate credit unions organized under this chapter or under other state or federal statutes; and
(b) hold membership or equity interest in associations and organizations of credit unions, including credit union service organizations;
(22) declare and pay dividends on shares, contract for and pay interest on deposits, and pay refunds of interest on loans as provided in this title and in its bylaws;
(23) collect, receive, and disburse funds in connection with the sale of negotiable or nonnegotiable instruments and for other purposes that provide benefits or convenience to its members, as provided in this title and in its bylaws;
(24) make donations for the members' welfare or for civic, charitable, scientific, or educational purposes as authorized by the board of directors or provided in its bylaws;
(25) act as trustee of funds permitted by federal law to be deposited in a credit union as a deferred compensation or tax deferred device, including individual retirement accounts as defined by Section 408, Internal Revenue Code;
(26) purchase reasonable accident and health insurance, including accidental death benefits, for directors and committee members through insurance companies licensed in this state as provided in its bylaws;
(27) provide reasonable protection through insurance or other means to protect board members, committee members, and employees from liability arising out of consumer legislation including truth-in-lending and equal credit laws and as provided in its bylaws;
(28) reimburse directors and committee members for reasonable and necessary expenses incurred in the performance of their duties;
(29) participate in systems which allow the transfer, withdrawal, or deposit of funds of credit unions or credit union members by automated or electronic means and hold membership in entities established to promote and effectuate these systems, if:
(a) the participation is not inconsistent with the law and rules of the department; and
(b) any credit union participating in any system notifies the department as provided by law;
(30) issue credit cards and debit cards to allow members to obtain access to their shares, deposits, and extensions of credit;
(31) provide any act necessary to obtain and maintain membership in the credit union;
(32) exercise incidental powers necessary to carry out the purpose for which a credit union is organized;
(33) undertake other activities relating to its purpose as its bylaws may provide;
(34) engage in other activities, exercise other powers, and enjoy other rights, privileges, benefits, and immunities authorized by rules of the commissioner;
(35) act as trustee, custodian, or administrator for Keogh plans, individual retirement accounts, credit union employee pension plans, and other employee benefit programs; and
(36) advertise to the general public the products and services offered by the credit union if the advertisement prominently discloses that to use the products or services of the credit union a person is required to:
(a) be eligible for membership in the credit union; and
(b) become a member of the credit union.

Amended by Chapter 378, 2010 General Session

7-9-6 Formation of corporation to conduct credit union -- Approval of commissioner.

(1)
(a) Ten or more incorporators belonging to the same group of 200 persons or more having a field of membership may, with the approval of the commissioner, form a corporation to conduct a credit union under:
(i) this chapter;
(ii) Title 16, Chapter 10a, Utah Revised Business Corporation Act; and
(iii) Chapter 1, General Provisions.
(b) This chapter takes precedence over conflicting provisions of other state law governing:
(i) the formation of the corporation; and
(ii) the duties and obligations of:
(A) the corporation;
(B) the corporation's officers; and
(C) the corporation's shareholders or members.
(2) The commissioner may grant the approval referenced in Subsection (1) if the commissioner finds that:
(a) the proposed field of membership is favorable to the success of the credit union;
(b) the standing of the proposed membership will give assurance that its affairs will be administered in accordance with this chapter;
(c) the proposed credit union has a reasonable promise of financial viability; and
(d) formation of the credit union would not result in a substantial adverse financial impact on an existing credit union having the same or substantially the same field of membership.
(3)
(a) Except as provided in Subsection (3)(b) and in addition to the requirements of Subsections (1) and (2), Section 7-1-704 governs the formation of a credit union.
(b) Notwithstanding Subsection (3)(a):
(i) if the proposed credit union has a field of membership that does not base eligibility on residence in a county, the persons seeking formation of the proposed credit union are not required to provide the notice required under Subsection 7-1-704(3); and
(ii) a credit union may not be required to obtain federal insurance if the credit union complies with Subsection 7-9-45(2).

Amended by Chapter 327, 2003 General Session

7-9-7 Forms furnished by commissioner.

The commissioner shall furnish all forms and blanks necessary for the formation of the credit union.

Enacted by Chapter 16, 1981 General Session

7-9-9 Amendment of articles of incorporation.

(1) The articles of incorporation may be amended at meetings of the shareholders called for that purpose.
(2) A notice of a meeting called for that purpose shall be given by mailing a copy thereof to each member at least 10 days prior to the date of the meeting or by giving notice as provided by the articles of incorporation and the bylaws of the credit union. Notice of meetings shall contain the proposed amendment.
(3) A three-fourths vote of all members present shall be necessary to amend the articles.
(4) No amendment shall be made without the approval of the commissioner.

Enacted by Chapter 16, 1981 General Session

7-9-10 Filing amendment.

The Division of Corporations and Commercial Code shall accept for filing an amendment to the articles of incorporation if it finds that the amendment conforms to law and has been approved by the commissioner.

Amended by Chapter 66, 1984 General Session

7-9-11 Bylaws and amendments to be approved.

(1) A credit union may not receive payments on shares, deposits, or certificates, or make any loans or other transactions, until its bylaws have been approved in writing by the commissioner.
(2) An amendment to a credit union's bylaws does not become operative until the amendment to the bylaws is approved by the commissioner.
(3)
  (a) If the amendment to the bylaws of a credit union expands the field of membership of a credit union as described in Subsection 7-9-52(1), the commissioner's approval of the amendment is subject to Section 7-9-52.
  (b) If the bylaws or an amendment to the bylaws of a credit union adds an association to the field of membership of the credit union, the commissioner may require that the credit union provide written confirmation from the association that the association has agreed to be served by the credit union.

Amended by Chapter 327, 2003 General Session

7-9-12 Contents of bylaws.

The bylaws of a credit union shall specify at least the following:
(1) the name of the credit union;
(2) the purpose for which the credit union was formed;
(3) a field of membership of the credit union that complies with Section 7-9-51 or 7-9-53;
(4) the number of directors and procedures for their election;
(5) the term of directors;
(6) whether a credit manager, credit committee, or combination of both shall be responsible for credit functions of the credit union;
(7) the duties of the officers;
(8) the time of year of the annual meeting of members;
(9) the manner in which members shall be notified of meetings;
(10) the number of members which shall constitute a quorum at meetings;
(11) the manner of amending;
(12) the manner in which officers may act as surety; and
(13) such other matters, rules, and regulations as the board of directors consider necessary.

Amended by Chapter 327, 2003 General Session

7-9-13 Fiscal year.

The fiscal year of the credit union shall end at the close of business on December 31 of each year.

Enacted by Chapter 16, 1981 General Session

7-9-14 Meetings.

(1) The annual meeting of the credit union shall be held at such time and place as the bylaws prescribe.
(2) Special meetings may be held as the bylaws prescribe.
(3) Notice of all meetings of the credit union shall be given as the bylaws prescribe.
(4) In the absence of any provisions in the bylaws, special meetings of the members of the credit union may be called by a majority of the members of the corporation.

Enacted by Chapter 16, 1981 General Session

7-9-15 Appeals from board of directors or committees.

Appeals from decisions of the board of directors, supervisory committee, or credit committee shall be made as the bylaws prescribe.

Enacted by Chapter 16, 1981 General Session

7-9-16 Members -- Eligibility -- Liability -- Grounds for closing account -- Denial of membership.

(1) A person within the field of membership of a credit union may be admitted to membership, upon:
  (a) payment of any required entrance or membership fee;
  (b) payment for one or more shares; and
  (c) compliance with this chapter and the bylaws of the credit union.
(2) A member who is eligible for membership in a credit union at the time the member is admitted as a member but who is no longer in the field of membership of the credit union may retain membership in the credit union unless otherwise provided in the bylaws of the credit union.
(3) A member of the credit union may not be held personally or individually liable for payment of the credit union's debts.
(4) The credit union may close the account of any member whose actions have resulted in any financial loss to the credit union.
(5) Denial of membership is not considered a denial of credit.

Amended by Chapter 327, 2003 General Session

7-9-17 Membership officer -- Appointment -- Eligibility -- Function -- Appeals from.

(1) One or more membership officers may be appointed by the board of directors.
(2) A membership officer may approve applications for membership under conditions prescribed by the board of directors and the bylaws.
(3) A membership officer shall be appointed from among the members of the credit union.
(4) A president, vice president, or loan officer may not serve as a membership officer.
(5) The membership officer authorized to approve membership shall submit to the board of directors at each monthly meeting a list of approved or pending applications for membership received since the previous monthly meeting, and other related information as the board or the bylaws may require.

(6) A person denied membership by a membership officer may appeal the denial to the board of directors.

Enacted by Chapter 16, 1981 General Session

7-9-18 Expulsion of member.

(1) The board of directors or board-designated representatives may expel from the credit union any member who has not carried out the member's engagements with the credit union, or neglected or refused to comply with the credit union board policies, provisions of this chapter, or of the credit union bylaws.
(2) If the member whose expulsion is under consideration is a member of the board of directors or credit committee, the supervisory committee shall call a special meeting of the members to hear the facts and act upon the proposed expulsion.

Amended by Chapter 302, 2025 General Session

7-9-19 Payments to expelled members -- Liability of member not relieved by expulsion.

(1) Except in the case of liquidation or dissolution, the amount paid in on shares or deposited by members who have been expelled shall be paid to them with all accrued interest, in the order of expulsion.
(2) Payment shall be made only as funds become available.
(3) All amounts due the credit union by the expelled member shall be deducted by the credit union before any amounts are paid to the expelled member.
(4) Expulsion does not relieve a member from any liability to the credit union.

Amended by Chapter 378, 2010 General Session

7-9-20 Board of directors -- Powers and duties -- Loan limitations.

(1) At annual meetings the members shall elect from their number a board of directors consisting of an odd number of not less than five members.
(2) The bylaws may provide balloting by:
  (a) mail;
  (b) ballot box; or
  (c) both mail and ballot box.
(3) Voting may not be by proxy.
(4) A member of the board of directors shall hold office for the term prescribed in the bylaws.
(5) The board of directors shall meet at least monthly.
(6) The board of directors shall have the general management of the affairs, funds, and records of the credit union. In particular, the board of directors shall:
  (a) act upon an application for membership;
  (b) act upon expulsion of a member;
  (c) fix the amount of surety bond required of each officer or employee having custody of funds;
  (d) determine the rate of interest or dividend allowed on shares and deposits;
  (e) determine the terms and conditions of credit granted to members;
  (f) lend money, borrow money, and pledge security for any borrowing;
  (g) fill a vacancy in the board of directors or in the credit committee, if applicable, or in the supervisory committee until the election and qualification of a person to fill the vacancy;
  (h) appoint up to two alternate directors as provided in the bylaws;

(i) fix the amount of the entrance fee;
(j) declare dividends and their amount;
(k) make recommendations to meetings of the members relative to amendments to the articles of incorporation, and transact any other business of the credit union; and
(l) fix the maximum amount of credit, secured and unsecured, that may be extended to any one member, up to the limitations described in Subsections (7) and (8).

(7)
(a) The credit that may be outstanding or available by a credit union at any one time is subject to the limitations described in this Subsection (7):
(i) except as provided in Subsection (8); and
(ii) except that the board of directors may:
(A) set a lower limit than the limit in Subsection (7)(b)(i) or (7)(b)(ii)(A)(II); or
(B) require that a person described in Subsection (7)(b)(ii)(A)(I) be a member of the credit union for more than six months before the date a member-business loan is extended.

(b)
(i) A credit union may not extend credit that is not a member-business loan to a member if as a result of that extension of credit the total credit that is not a member-business loan that the credit union has issued to that member exceeds at any one time:
(A) for a credit union with less than $2,000,000 in capital and surplus, the greater of:
(I) $1,000; or
(II) 15% of capital and surplus up to a total of $25,000; or
(B) for a credit union with $2,000,000 or more in capital and surplus, the greater of:
(I) $25,000;
(II) 4% of capital and surplus; or
(III) 25% of the regular reserve.

(ii)
(A) Beginning March 24, 1999, a credit union may not extend a member-business loan to a person:
(I) if the credit union is a successor to or was a credit union described in Subsection 7-9-53(2)(c) as of May 3, 1999:
(Aa) if the person is a business entity, unless at least one individual having a controlling interest in that business entity has been a member of the credit union for at least six months prior to the date of the extension of the member-business loan; or
(Bb) if the person is an individual, unless the individual is a member of the credit union for at least six months prior to the date of the extension of the member-business loan; or
(II) if as a result of the extension of the member-business loan, the total amount outstanding for all member-business loans that the credit union has extended to that person at any one time exceeds the lesser of:
(Aa) 10% of the credit union's capital and surplus; or
(Bb) $250,000 adjusted as provided in Subsection (7)(b)(ii)(B).
(B) The adjustment described in Subsection (7)(b)(ii)(A)(II)(Bb) shall be calculated by the commissioner as follows:
(I) beginning May 5, 2008 with the adjustment for calendar year 2008 and for a calendar year beginning on or after January 1, 2009, the commissioner shall increase the dollar amount in Subsection (7)(b)(ii)(A)(II)(Bb) by a percentage equal to the percentage difference between the consumer price index for the preceding calendar year and the consumer price index for calendar year 2006;

(II) after the commissioner increases the dollar amount listed in Subsection (7)(b)(ii)(B)(I), the commissioner shall round the dollar amount to the nearest whole dollar;
(III) if the percentage difference under Subsection (7)(b)(ii)(B)(I) is zero or a negative percentage, the consumer price index increase for the year is zero; and
(IV) for purposes of this Subsection (7)(b)(ii)(B), the commissioner shall calculate the consumer price index as provided in Sections 1(f)(4) and 1(f)(5), Internal Revenue Code.

(c)
(i) Beginning March 24, 1999, a credit union may not extend a member-business loan if as a result of that member-business loan the credit union's aggregate member-business loan amount calculated under Subsection (7)(c)(ii) at any one time exceeds 1.25 times the sum of:
(A) the actual undivided earnings; and
(B) the actual reserves other than the regular reserves.
(ii) For purposes of Subsection (7)(c)(i), the aggregate member-business loan amount of a credit union equals:
(A) the sum of the total amount financed under all member-business loans outstanding at the credit union; minus
(B) the amount of the member-business loans described in Subsection (7)(c)(ii)(A):
(I) that is secured by share or deposit savings in the credit union; or
(II) for which the repayment is insured or guaranteed by, or there is an advance commitment to purchase by an agency of the federal government, a state, or a political subdivision of the state.

(d)
(i) A credit union service organization may extend credit to a member of a credit union holding an ownership interest in the credit union service organization only if the credit union in which the person is a member is not prohibited from extending that credit to that member under:
(A) this Subsection (7) and Subsection (8); or
(B) Section 7-9-58.
(ii) For purposes of determining whether under this Subsection (7) and Subsection (8) a credit union may extend credit, the total amount outstanding of credit extended by a credit union service organization to a person shall be treated as if the credit was extended by the credit union in which the person is a member.
(iii) If a person seeking an extension of credit from a credit union service organization is a member of more than one credit union holding an ownership interest in the credit union service organization, the person shall specify the credit union to which the extension of credit is attributed under Subsection (7)(d)(ii).
(iv) This Subsection (7)(d) effects only an extension of credit:
(A) that is extended on or after May 5, 2003; and
(B) by:
(I) a credit union service organization; or
(II) a credit union organized under this chapter.

(e) Notwithstanding the other provisions of this section, a nonexempt credit union may not extend credit that the nonexempt credit union is prohibited from extending under Section 7-9-58.

(8)
(a) A credit union may extend credit that is not a member-business loan in an amount that exceeds the limits described in Subsection (7)(b)(i) only if the excess portion is fully secured by share or deposit savings in the credit union.

(b)

(i) Except as provided in Subsection (8)(b)(ii), a credit union may extend a member-business loan in an amount that exceeds the limits described in Subsection (7)(b)(ii)(A)(II) only if:
(A) that portion that is in excess of the limits described in Subsection (7)(b)(ii)(A)(II) is secured by share or deposit savings in the credit union; or
(B) the repayment of that portion that is in excess of the limits described in Subsection (7)(b)(ii)(A)(II) is insured or guaranteed by, or there is an advance commitment to purchase that excess portion by, an agency of:
(I) the federal government;
(II) a state; or
(III) a political subdivision of the state.
(ii) Notwithstanding Subsection (8)(b)(i), a credit union may not extend a member-business loan if the total amount financed by the credit union exceeds $1,000,000.
(c) For a member-business loan that is extended through a loan participation arrangement in accordance with Subsection 7-9-5(12):
(i) in applying the limitation of Subsection (8)(b), each credit union participating in the member-business loan may extend up to $1,000,000 of the amount financed; and
(ii) the requirement of Subsection (7)(b)(ii)(A)(I) applies to membership in a credit union that:
(A) participates in the loan participation arrangement for the member-business loan;
(B) is organized under this chapter; and
(C) is a successor to or was a credit union described in Subsection 7-9-53(2)(c) as of May 3, 1999.
(9) As provided in this chapter or in the credit union bylaws, the board of directors:
(a) within 30 days following the annual meeting of the members, shall appoint a supervisory committee consisting of not less than three members;
(b) within 30 days after the annual meeting of the members, shall appoint:
(i) a credit committee consisting of not less than three members; or
(ii) a credit manager in lieu of a credit committee;
(c) shall appoint a president to serve as general manager;
(d) shall have an executive committee;
(e) may appoint an investment officer;
(f) shall elect a secretary;
(g) may appoint other officers and committees that it considers necessary;
(h) shall establish written credit policies, loan security requirements, loan investment, personnel, and collection policies; and
(i) on or before January 31 of each year, shall provide for:
(i) share insurance for the shares and deposits of the credit union from the National Credit Union Administration or successor federal agency; or
(ii) security expressly pledged for the payment of the shares and deposits in accordance with Section 7-9-45.
(10) A person may not be a member of more than one committee except as otherwise provided in this chapter or in the credit union bylaws.
(11) The president and secretary may not be the same person.

Amended by Chapter 97, 2014 General Session

7-9-21 Executive officers -- Election -- Power -- Terms.

(1) At their first meeting held within 30 days following each annual meeting of the members, the board of directors shall elect from their own number a board chairman, one or more vice chairmen, and a secretary. These officers shall be the executive officers of the credit union.
(2) The executive officers may act for the board in matters delegated to them by the board, as provided in the bylaws, however, the president appointed by the board, who may be a member of the board, shall take active direction of the credit union's operation, as prescribed in this chapter or in the bylaws.
(3) The terms of the executive officers shall be one year or until their successors are chosen by the board of directors and have been duly qualified.

Enacted by Chapter 16, 1981 General Session

7-9-22 Credit committee -- Credit manager.

(1) A credit union's bylaws shall provide for a credit committee, credit manager, or combination of both to be responsible for credit functions of the credit union. The bylaws shall prescribe the duties and responsibilities of the credit committee, credit manager, or combination of both.
(2) A director may not be a member of the credit committee.
(3) The credit union president may be appointed as credit manager. If the president is appointed as the credit manager, the president may not receive dual compensation for serving in both capacities.

Amended by Chapter 182, 1996 General Session

7-9-23 Supervisory committee -- Duties -- Suspension or removal of officer, director, or credit committee member.

(1)
  (a) Appointees to the supervisory committee shall hold office until the next annual meeting of the members and until successors are appointed.
  (b) One member of the board of directors, except the chair of the board and the president, may be appointed to the supervisory committee.
  (c) The president and other employees of the credit union may not be appointed to the supervisory committee.
(2)
  (a) The commissioner may remove any member of the supervisory committee for:
    (i) any violation of this chapter or the bylaws of the credit union;
    (ii) failure to fulfill the duties of office;
    (iii) malfeasance; or
    (iv) maladministration in office.
  (b) The board of directors shall fill any vacancy created by removal of a supervisory committee member.
(3) It is the duty of the supervisory committee to:
  (a) make or cause to be made an examination of the affairs of the credit union at least annually, including an inspection of the credit union's books, securities, cash, accounts, and loans;
  (b) investigate or cause to be investigated any complaint that action by the credit union, board of directors, committees, officers, or employees does not comply with the law or the credit union's bylaws;
  (c) make or cause to be made supplemental audits and examinations it considers necessary, or as required by the commissioner or board of directors;

(d) make a written report to the board of directors of its findings following each audit or examination; and
(e) make or cause to be made a verification of member accounts:
(i) annually by statistical sampling or otherwise, in accordance with generally accepted accounting principles; or
(ii) at least every two years by a complete verification.
(4)
(a) The supervisory committee may, by majority vote, recommend to the board of directors:
(i) the suspension or removal of a credit union officer or a member of the credit committee; or
(ii) any other action the board of directors could lawfully take.
(b) Within 30 days after submission of the recommendation to the board of directors, if the board fails to adopt the material aspects of the recommendation, the supervisory committee may, by unanimous vote and after notifying the commissioner, call a meeting of the credit union members to consider the recommendation. The members may, by majority vote of those present at the meeting, adopt the supervisory committee's recommendation.
(5)
(a) The supervisory committee may, by unanimous vote, suspend or remove a director for any violation of this chapter or the bylaws of the credit union, malfeasance, or maladministration in office.
(b) Within 30 days after the suspension or removal of a director, the supervisory committee shall, after notifying the commissioner, call a special meeting to present the matter to the membership of the credit union. The members may, by majority vote of those present, ratify or reject the action of the supervisory committee. If the members vote to remove the director, they may at the same meeting elect a replacement. If the members vote to reject the suspension or removal, they shall reinstate the director.
(6) The bylaws may prescribe other duties and responsibilities of the supervisory committee.

Amended by Chapter 260, 2000 General Session

7-9-24 Compensation of directors, committee members, and president -- Expense reimbursement.

(1) A member of the board of directors, credit committee, or supervisory committee may not receive any compensation for services as such, except that the reimbursement of reasonable expenses incurred in the execution of the duties of the position may not be considered compensation.
(2) Any member of a credit union who incurs any expenses or performs any service authorized by the board of directors may be compensated or reimbursed for the expenses or services in an amount approved by the board of directors.
(3) The board of directors shall determine the compensation for a president appointed as general manager.

Amended by Chapter 182, 1996 General Session

7-9-25 Shares -- Number unlimited -- Subscription and payment -- Par value -- Ownership required for membership -- Dormant accounts.

(1) The capital of the credit union shall be unlimited in amount.
(2) Shares of the credit union may be subscribed and paid for in cash or its equivalent in a manner prescribed in the bylaws.

(3) The par value of each share of a credit union shall be determined by the board of directors in multiples of $5 as prescribed in the bylaws.
(4) Each member of the credit union shall subscribe to at least one share and pay the initial installment thereon. The par value of the share shall be paid for within six months.
(5) The board of directors may close a member's account when the share par value is not paid within the required period or the par value is not maintained. Notice in writing shall be mailed to the member at the last known address and shall contain a statement that the member may increase payment or voluntarily close the account within 60 days of receipt of the notice.
(6) When a member's account becomes dormant or is reasonably presumed to be dormant and abandoned, as provided in Chapter 1, General Provisions, the credit union by resolution of the board of directors may close the account and transfer the credits of the account to an account for unclaimed shares. Thereafter the credit union may not pay dividends or interest on the account, as provided in the bylaws, until the funds in the account escheat to the state of Utah. Prior to transferring the member's dormant and abandoned account to the credit union unclaimed shares account, the credit union shall mail a written notice to the member at the member's last known address stating that this action will be taken within 30 days of the date of the notice.

Amended by Chapter 189, 2014 General Session

7-9-26 Loans to members -- Investment officers -- Investments.

(1) Subject to Subsections 7-9-20(7) and (8) and Section 7-9-58, capital and surplus of the credit union shall be loaned to the members for the purposes and upon the endorsements or security and the terms as the bylaws provide.
(2) Within 30 days after the annual meeting of the members the board of directors may appoint one or more investment officers who shall have responsibilities for the credit union investment portfolio based upon policy established by the board of directors and as provided in this chapter or in the bylaws.
(3) The credit union by action of its board of directors may invest its funds as follows:
  (a) in securities, obligations, or other instruments of, or issued by, or fully guaranteed as to principal and interest by, the United States of America or any of its agencies, or in any trusts established by investing directly or collectively in these instruments;
  (b) in obligations of any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories organized by Congress, or any of their political subdivisions;
  (c) in certificates of deposit or accounts issued by a federally insured state or national depository institution;
  (d) in loans to, or in shares or deposits of, other federally insured credit unions, central credit unions, corporate credit unions, or a central liquidity facility established under state or federal law;
  (e) in shares, stocks, loans, or other obligations of any organization, corporation, or association, if the membership or ownership of the organization, corporation, or association is primarily confined or restricted to credit unions, and if the purpose for which it is organized is to strengthen or advance the development of credit unions or credit union organizations; and
  (f) in other investments that are reasonable and prudent.

Amended by Chapter 327, 2003 General Session

7-9-27 Dividends -- Interest refunds.

(1) After allocations to required reserves, a credit union may declare and pay a dividend from current earnings and undivided earnings at the discretion of the board of directors and as provided in its bylaws.
(2) Dividends may be paid at different rates on different types or sizes of accounts.
(3) The board of directors may authorize any interest refunds on such classes of loans and under such conditions as the board authorizes.
(4) A credit union need not pay a dividend on any account less than the par value of one share.

Amended by Chapter 8, 1983 General Session

7-9-28 Loan to credit union official.

The board of directors shall review and either approve or deny a loan application on which a member of the board of directors, credit committee, supervisory committee, president, or credit manager is a direct obligor, or endorser, cosigner, or guarantor.

Amended by Chapter 182, 1996 General Session

7-9-29 Allowance account for loan losses.

As of January 1, 1984, a credit union shall establish an allowance account for loan losses subject to regulation as the commissioner may prescribe.

Enacted by Chapter 8, 1983 General Session

7-9-30 Reserve requirements -- "Risk assets" defined.

(1) As used in this section, the words "risk assets" means all assets except the following:
  (a) cash on hand;
  (b) deposits and shares in federal or state banks, savings and loan associations, and credit unions;
  (c) assets which are insured by any agency of the federal government, the Federal National Mortgage Association, or the Government Mortgage Association;
  (d) loans to students insured under Title IV, Part B of the Higher Education Act of 1965, 20 U.S.C. Sections 1071 et seq. or similar state insurance programs;
  (e) loans insured under Title 1 of the National Housing Act, 12 U.S.C. Sections 1702 et seq. by the Federal Housing Administration;
  (f) shares or deposits in corporate credit unions as provided in Section 7-9-44, or of any other state act, or of the Federal Credit Union Act;
  (g) accrued interest on nonrisk investments; and
  (h) loans fully guaranteed by shares or deposits.
(2) At the end of each accounting period, after payment of any interest refunds, the credit union shall determine the gross income from member loans and from this amount shall set aside a regular reserve in accordance with Subsections (2)(a), (b), and (c).
  (a) A credit union in operation for more than four years and having assets of $500,000 or more shall set aside a minimum of 10% of gross income from member loans until the regular reserve equals at least 4% of the total of outstanding loans and risk assets, then a minimum of 5% of gross income from member loans until the regular reserve equals at least 6% of the total of outstanding loans and risk assets.
  (b) A credit union in operation for less than four years or having assets of less than $500,000 shall set aside a minimum of 10% of gross income from member loans until the regular

reserve equals at least 7-1/2% of the total of outstanding loans and risk assets, then a minimum of 5% of gross income from member loans until the regular reserve equals at least 10% of the total of outstanding loans and risk assets.

(c) The regular reserve belongs to the credit union and shall be used to build equity and to meet contingencies or losses when authorized by the commissioner or the supervisor of credit unions.

(d) The commissioner may temporarily reduce or waive the requirements for the regular reserve placement if he finds it to be in the best interest of the credit union.

Amended by Chapter 324, 2010 General Session

7-9-31 Shares held in trust.

(1) Shares may be issued to and deposits received in the name of a minor, and these shares and deposits may, in the discretion of the board of directors, be withdrawn by the minor or by the minor's parent or guardian.

(2) A credit union share account, share certificate, deposit, or deposit certificate may be held in trust provided that the trustor, trustee, or primary beneficiary is a member of the credit union.

(3) The trustee of the trust meeting the requirements of Subsection (2) shall exercise the rights of the trust as a member of the credit union.

Amended by Chapter 302, 2025 General Session

7-9-32 Joint accounts -- Accounts providing for payment to designated person on death of owner or owners.

(1) If a deposit or share account is opened in any credit union in the name of two or more persons, whether minor or adult, in such form that the money in the account is payable to the survivor or survivors, the account and all additions to it are considered held by these persons as joint tenants or owners.

(2) The money in a joint account may be paid to or on the receipt or withdrawal order of any one of the joint owners during their lifetimes or to or on receipt of withdrawal order of any one of the survivors of them after the death of any one or more of them upon presentation of the pass or account book or other evidence of ownership as required by the bylaws of the credit union. The opening of the account in such form shall, in the absence of fraud, undue influence, or legal proof of other intent, be conclusive evidence in any action or proceedings concerning said account of the intention of the parties to the account to vest title to such account and the additions thereto in such survivor and survivors.

(3) By written instructions given to the credit union by all parties to the account, the signature of more than one of such persons during their lifetime or of more than one of the survivors after the death of any one of them may be required on a receipt or withdrawal order, in which case the credit union shall pay the money in the account only in accordance with such instructions, but no such instructions shall limit the right of the survivor or survivors to receive the money in the account.

(4) Payment of all or part of the money in a joint account as provided in Subsections (2) and (3) shall discharge the credit union from liability with respect to the money paid prior to receipt by the credit union of a written notice from any one of the joint owners directing the credit union not to permit withdrawals in accordance with the terms of the account or the instructions. After receipt of such notice a credit union may refuse, without incurring liability, to honor any receipt

or withdrawal on the account pending determination of the rights of the parties. No credit union paying any survivor shall be liable for any estate, inheritance, or succession taxes.

(5) The pledge to a credit union of all or part of a share account in joint tenancy or ownership signed by that person or those persons who are authorized in writing to make withdrawals from the account shall, unless the terms of the share account provide specifically to the contrary, be a valid pledge and transfer to the credit union of that part of the account pledged, and does not operate to sever or terminate the joint and surviving ownership quality of all or any part of the account.

(6) Any credit union may issue share or deposit accounts in the name of one or more persons with the provision that upon the death of the owner or owners thereof the proceeds shall be the property of the person or persons designated by the owner or owners and shown by the records of such credit union, but such proceeds shall be subject to the debts of the decedent and the payment of Utah inheritance tax, if any. However, upon the receipt of acquittance of the person so designated or six months having elapsed from the date of death and no claim on the account having been made for taxes, the credit union may make payment to the persons designated by the deceased owner or owners and having done so is discharged from further obligation and relieved from all further liability for payment made under this subsection.

Amended by Chapter 378, 2010 General Session

7-9-33 Lien and right of set off of credit union.

(1) A credit union shall have a lien and right of set off on a member's individual, joint, multiple party, or transaction accounts, including any accumulated dividend or interest, for any sum due the credit union from the member.

(2) All funds in the account at any time are subject to the lien and right of set off.

(3) A security interest in the funds shall be perfected by restricting withdrawals of the funds.

(4) A lien under this section does not apply if:

(a) the application of the lien will cause a loss of a tax incentive for the customer or member; or

(b) is prohibited by law.

Amended by Chapter 182, 1996 General Session

7-9-34 Tax exemption of credit unions.

(1) Except as otherwise provided in this section, credit unions organized under this chapter or prior law are exempt from taxation.

(2) Any real property or any tangible personal property owned by the credit union shall be subject to taxation to the same extent as other similar property is taxed.

(3) For purposes of the corporate tax, credit unions shall be governed by Section 59-7-102.

(4) This section does not exempt credit unions from sales or use taxes, or fees owed to the department in accordance with this title and rules of the department.

Amended by Chapter 178, 1994 General Session

7-9-36 Dissolution.

(1) A credit union may be dissolved upon a majority vote of the entire membership.

(2) A copy of a notice of a special meeting to consider the matter shall be mailed to the members of the credit union at least 10 days before the date of the meeting.

(3) Any member not present at the meeting may within the following 20 days vote for or against dissolution by signing a statement approved by the commissioner. A vote cast in this manner has the same force and effect as if cast at the meeting. A member not voting within the 20-day period is considered to be in favor of the dissolution.
(4) The officers of the credit union may appoint a liquidating agent, subject to the approval of the commissioner, who has the right to exercise all the powers of the dissolved credit union to wind up its affairs. If the liquidating agent is other than a bona fide trade association of authorized credit unions recognized by the commissioner, or the National Credit Union Administration, the liquidator shall provide a bond or other security, as required by the commissioner, for the faithful discharge of duties in connection with the liquidation, including accounting for all money collected.
(5) Upon the vote required under this section, a certificate of dissolution, signed by the chair of the board and the secretary, shall be filed with the commissioner and shall state the vote cast in favor of dissolution, the proposed date upon which the credit union will cease to do business, the names and addresses of the directors and officers of the credit union and the name and address of the liquidating agent appointed by the officers of the credit union. The commissioner shall approve the dissolution unless he finds that the procedures set forth in this section have not been properly followed.
(6) Upon approval, the credit union shall cease to do business except for the purpose of discharging its debts, collecting and distributing assets, and doing all acts required to adjust, wind up, and dissolve its business and affairs. It may sue and be sued for the purpose of enforcing debts or obligations until its affairs are fully adjusted.
(7) If the board or the liquidating agent determines that all assets from which a reasonable return could be expected have been liquidated and distributed, it shall execute a certificate of dissolution in a form approved by the commissioner and file it with the department and the Division of Corporations and Commercial Code. After the certificate has been filed, the credit union is dissolved.

Amended by Chapter 97, 2014 General Session

7-9-37 Transfer of members of dissolved, merged, consolidated, transferred, or acquired credit union.

Members of a dissolved, merged, consolidated, transferred, or acquired credit union may become members of another existing credit union with a related field of membership as approved by the commissioner.

Amended by Chapter 327, 2003 General Session

7-9-39 Voluntary merger.

(1) A credit union may merge with another credit union under the existing charter of the other credit union when all of the following have occurred:
(a) the majority of the directors of each merging credit union votes in favor of the merger plan;
(b) the commissioner approves the merger plan;
(c) subject to Subsection (7):
(i) the majority of the members of each merging credit union present at a meeting called for the purpose of considering the merger plan votes to approve the merger plan; or
(ii) the majority of the members of each merging credit union votes to approve the merger plan by means of United States Postal Service mail; and

(d)
(i) the National Credit Union Administration or its successor federal deposit insurance agency approves the merger plan and commits to insure deposits of the surviving credit union; or
(ii) the commissioner approves the surviving credit union to operate without federal deposit insurance in accordance with Section 7-9-45.

(2) Upon merger, the chair of the board and secretary of each credit union shall execute, and file with the department, a certificate of merger setting forth:
(a) the time and place of the meeting of the board of directors at which the plan was approved;
(b) the vote by which the directors approved the plan;
(c) a copy of the resolution or other action by which the plan was approved;
(d) the time and place of the meeting of the members at which the plan was approved;
(e) the vote by which the members approved the plan; and
(f) the effective date of the merger, which shall be:
(i) the date on which the last approval or vote required under Subsection (1) was obtained; or
(ii) a later date specified in the merger plan.

(3) On the effective date of a merger:
(a) the property, property rights, and interests of the merged credit union shall vest in the surviving credit union without deed, endorsement, or other instrument of transfer; and
(b) the debts, obligations, and liabilities of the merged credit union are considered to have been assumed by the surviving credit union.

(4) Except as provided in Subsection (5)(b), if the surviving credit union is chartered under this chapter, the residents of a county in the field of membership of the merging credit union may not be added to the field of membership of the surviving credit union, except that the surviving credit union:
(a) may admit as a member any member of the merging credit union that is not in the field of membership of the surviving credit union if the member of the merging credit union was a member of that credit union at the time of merger; and
(b) may service any member-business loan of the merging credit union until the member-business loan is paid in full.

(5)
(a) This section shall be interpreted, whenever possible, to permit a credit union chartered under this chapter to merge with a credit union chartered under any other law if the preservation of membership interest is concerned.
(b) The commissioner may under Subsection (1)(b) approve a merger plan that includes the addition of the residents of a county in the field of membership of the merging credit union to the field of membership of the surviving credit union if the commissioner finds that:
(i) the expansion of the field of membership of the surviving credit union is necessary for that credit union's safety and soundness; and
(ii) the expanded field of membership of the surviving credit union meets the criteria stated in Subsection 7-9-52(3)(c).

(6) If the commissioner approves a merger plan under Subsection (5)(b) under which the surviving credit union's field of membership after the merger will include residents of more than one county, Subsections (6)(a) through (e) apply to the surviving credit union.
(a) The domicile-county of the surviving credit union is:
(i) if the credit union does not have a field of membership under Subsection 7-9-53(2)(c), the county in which the credit union has located the greatest number of branches as of the date the merger is effective; or

(ii) if the credit union has a field of membership under Subsection 7-9-53(2)(c), the county that is the domicile-county of the surviving credit union under Section 7-9-53;

(b) Within the surviving credit union's domicile-county, the surviving credit union may establish, relocate, or otherwise change the physical location of the credit union's:

(i) main office; or

(ii) branch.

(c) Within a county other than the domicile-county that is in the field of membership of the surviving credit union after the merger, the surviving credit union may not:

(i) establish a main office or branch if the main office or branch was not located in the county as of the date that the merger is effective;

(ii) participate in a service center in which it does not participate as of the date that the merger is effective; or

(iii) relocate the surviving credit union's main office or a branch located in the county as of the date that the merger is effective unless the commissioner finds that the main office or branch is being relocated within a three-mile radius of the original location of the main office or branch.

(d) After the merger, the surviving credit union may admit as a member:

(i) a person in the surviving credit union's field of membership after the date that the merger is effective; or

(ii) a person belonging to an association that:

(A) is added to the field of membership of the credit union; and

(B) resides in the domicile-county of the surviving credit union, as defined in Section 7-9-53.

(e) In addition to any requirement under this Subsection (6), a surviving credit union shall comply with any requirement under this title for the establishment, relocation, or change in the physical location of a main office or branch of a credit union.

(7) A vote of the membership of the surviving credit union is not required under Subsection (1)(c) if its board of directors determines that the merger will not have a significant effect on the organization, membership, or financial condition of the credit union.

Amended by Chapter 97, 2014 General Session

7-9-39.5 Supervisory merger.

If a credit union is merged with another credit union as a result of a supervisory action under Chapter 2, Possession of Depository Institution by Commissioner, or Chapter 19, Acquisition of Failing Depository Institutions or Holding Companies, the commissioner may permit the surviving credit union to have a field of membership that is larger than a field of membership permitted under Section 7-9-51.

Amended by Chapter 189, 2014 General Session

7-9-42 Record requirements.

(1) A credit union shall maintain all books, records, accounting systems, and procedures in accordance with rules the commissioner may prescribe or in accordance with Chapter 1, General Provisions.

(2) In prescribing these rules, the commissioner shall consider the size of a credit union and its ability to comply.

(3) A credit union is not liable for destroying records after the expiration of the record retention time prescribed by the rules.

(4) A photostatic or photographic reproduction of any credit union records shall be admissible as evidence of transactions with the credit union.

Amended by Chapter 189, 2014 General Session

7-9-44 Corporate central credit union.

(1) A credit union in which all credit unions, a bona fide trade association of authorized credit unions recognized by the commissioner, and its affiliates are eligible for membership may be established in this state and shall be known as a corporate central credit union.
(2) The corporate central credit union has all the powers and rights granted credit unions established under this chapter. The maximum loan by a corporate central credit union shall be established in the corporate central credit union bylaws.
(3) Beginning January 1, 1984, and at the end of each dividend period, the corporate central credit union, in lieu of a regular reserve as provided in Section 7-9-30, shall transfer 2% of its gross earnings to its central reserve until the reserve equals 1-1/2% of total assets. If the central reserve falls below 1-1/2% of total assets, it shall be replenished by regular transfers of 2% of gross earnings or by contributions, whichever is less, in such amounts as are needed to maintain the central reserve at 1-1/2% of total assets.
(4) Charges may be made against the central reserve to the extent permitted against a regular reserve. No other charges may be made against the central reserve, except as authorized in writing by the commissioner.
(5) The purposes of the corporate central credit union are:
  (a) to accumulate and prudently manage the liquidity of its member credit unions through interlending and investment services;
  (b) to act as an intermediary for credit union funds between members, other corporate credit unions, other financial institutions, and government agencies;
  (c) to obtain liquid funds from other credit union organizations, financial intermediaries, and other sources;
  (d) to foster and promote, in cooperation with other state, regional, and national corporate credit unions and credit union organizations or associations, the economic security, growth, and development of member credit unions; and
  (e) to perform other financial services of benefit to its members authorized by the commissioner.
(6) The corporate central credit union is exempt from supervision fees but is subject to examination fees.

Amended by Chapter 97, 2014 General Session

7-9-45 Insurance of shares and deposits -- Security on shares and deposits.

(1) Except as provided in Subsection (2), a credit union subject to the jurisdiction of the department shall obtain and maintain insurance on shares and deposits from the National Credit Union Administration or successor federal deposit insurance agency.
(2) Notwithstanding Subsection 7-1-704(7)(a)(v) and Subsection (1), a credit union may not be required to obtain federal insurance on shares and deposits if:
  (a) the commissioner approves the credit union's election not to obtain federal insurance on shares and deposits;
  (b) as security for the shares and deposits, the credit union maintains securities:
    (i) that are issued by or directly and unconditionally guaranteed by:
      (A) the United States; or

(B) an agency of the United States;
(ii) that are held in an account with a primary reporting dealer that is:
(A) recognized by the Federal Reserve Bank of New York; and
(B) independent of the credit union;
(iii) that are held in accordance with Title 70A, Chapter 8, Uniform Commercial Code - Investment Securities; and
(iv) in which the department has an express and exclusive security interest; and
(c) the aggregate value of the securities described in Subsection (2)(b) is at all times equal to or greater than 1.15 times the aggregate amount of the shares and deposits of the credit union.
(3) The commissioner may appoint the administrator of the National Credit Union Administration as liquidating agent of an insured credit union.
(4) Failure to comply with this section constitutes grounds for supervisory action under Chapter 2, Possession of Depository Institution by Commissioner, or Chapter 19, Acquisition of Failing Depository Institutions or Holding Companies.

Amended by Chapter 189, 2014 General Session

7-9-46 Out-of-state credit unions -- Authorization to do business in state -- Supervision -- Examination.
(1) As used in this section "out-of-state credit union" means any credit union whose home state is not Utah.
(2) An out-of-state credit union may maintain a branch in this state only if:
(a) maintaining the Utah branch is permissible under applicable law, including Sections 7-1-702 and 7-1-708 in the case of a state chartered credit union;
(b) the branch has been authorized by:
(i) the department and the chartering authority of the credit union's home state in the case of a state chartered credit union; or
(ii) the National Credit Union Administration or successor agency in the case of a federally chartered credit union; and
(c) the branch will not serve a member of the out-of-state credit union who is a member of the credit union based solely on the member residing in a geographic area located in whole or in part in Utah.
(3) The commissioner may examine and supervise all out-of-state credit unions with a branch in the state, except federal credit unions, in the same manner as the commissioner examines and supervises credit unions in this state.

Amended by Chapter 327, 2003 General Session

7-9-48 Disclosure of share and deposit insurance -- Disclosure if secured through securities.
(1) A credit union shall comply with all share and deposit insurance disclosure requirements of the National Credit Union Administration or its successor agency.
(2) In addition to the disclosure requirements described in Subsection (1), a credit union that in accordance with Subsection 7-9-45(2) is not insured by the National Credit Union Administration or successor federal deposit insurance agency shall provide, as prescribed by rule or order, notice that deposits and shares in the credit union are not insured by a federal deposit insurance agency.

Amended by Chapter 329, 1999 General Session

7-9-49 Limitation of personal liability of directors and committee members.

(1) Without limiting the generality of Section 7-9-50, the articles of incorporation may include a provision eliminating or limiting the personal liability of a director, supervisory committee member, or credit committee member to the credit union, its members, or its depositors for monetary damages for any action taken or any failure to take any action as a director, supervisory committee member, or credit committee member, except liability for:
  (a) the amount of a financial benefit received by a director, supervisory committee member, or credit committee member to which the individual is not entitled;
  (b) an intentional infliction of harm on the credit union, its members, or depositors; or
  (c) an intentional violation of criminal law.
(2) No provision authorized under this section may eliminate or limit the liability of a director, supervisory committee member, or credit committee member for any act or omission occurring prior to the date when the provision becomes effective.
(3) Any provision authorized under this section to be included in the articles of incorporation may also be adopted in the bylaws or by resolution, but only if the provision is approved by the same percentage of members as would be required to approve it as an amendment to the articles of incorporation.

Amended by Chapter 302, 2025 General Session

7-9-50 General limitation on liability.

A director, supervisory committee member, credit committee member, or officer is not liable to the credit union, its members, its depositors, any conservator or receiver, or any assignee or successor-in-interest thereof, for any action taken, or any failure to take any action, as a director, supervisory committee member, credit committee member, or officer, as the case may be, unless:
(1) the director, supervisory committee member, credit committee member, or officer has breached or failed to perform the duties of the office in compliance with this title; and
(2) the breach or failure to perform constitutes gross negligence, willful misconduct, or intentional infliction of harm on the credit union or its members.

Amended by Chapter 302, 2025 General Session

7-9-51 Field of membership.

(1) Except as provided in Subsection (3) or (5), the field of membership of a credit union may include only the following:
  (a) the immediate family of a member of the credit union;
  (b) the employees of the credit union;
  (c) residents of a single county;
  (d) one or more associations; and
  (e) residents of a city of the third, fourth, or fifth class or a town as classified in Section 10-2-301 if:
    (i) the city or town is located in a county of the fourth through sixth class as classified in Section 17-60-104;
    (ii) at the time the residents of the city or town are included in the field of membership of a credit union, the credit union has not become a nonexempt credit union under Section 7-9-55; and
    (iii) approved by the commissioner in accordance with Subsection 7-9-52(6).

(2) A credit union may have a field of membership that is more restrictive than the field of membership described in Subsection (1).
(3) A credit union may have a field of membership that is less restrictive than the field of membership described in Subsection (1) if the field of membership of the credit union:
(a) is determined under Subsection 7-9-53(2)(c);
(b) is approved by the commissioner after a merger under Subsection 7-9-39(5); or
(c) is permitted by the commissioner after a merger in accordance with Section 7-9-39.5.
(4) If a credit union includes the residents of one county in its field of membership, the credit union may not change its field of membership to include a different county than the county that is first included in the field of membership of the credit union.
(5) Notwithstanding the other provisions of this section or any restrictions of Section 7-9-53, a credit union may have a field of membership that is less restrictive than the field of membership described in Subsection (1), under the following conditions:
(a) the field of membership of the credit union may include no more than all the residents of two counties in addition to any association included in the field of membership of the credit union; and
(b) both counties described in Subsection (5)(a) must be a county of the third through sixth class, as classified in Section 17-60-104.

Amended by Chapter 16, 2025 Special Session 1

7-9-52 Expansion of a field of membership.
(1) The commissioner shall comply with Subsection (2) if the commissioner receives a request to approve an amendment to the bylaws of a credit union that expands the credit union's field of membership to include:
(a) residents of a county;
(b) an association consisting of 50 or more persons; or
(c) subject to the requirements of Subsection (6), residents of a city of the third, fourth, or fifth class or a town described in Subsection 7-9-51(1)(e).
(2) If the conditions of Subsection (1) are met, the commissioner shall:
(a) give notice of the request in the manner and to the extent the commissioner considers appropriate to institutions subject to the jurisdiction of the department that:
(i) are located in the county, if the field of membership is being expanded to include residents of a county;
(ii) serve or may serve the association described in Subsection (1)(b), if that association is being added to the field of membership; or
(iii) are located in the county in which a city or town described in Subsection (1)(c) is located, if the field of membership is being expanded to include residents of the city or town; and
(b) cause a supervisor to examine and submit written findings and recommendations to the commissioner as to:
(i) whether the credit union is adequately capitalized;
(ii) whether the credit union has the financial capacity to serve the financial needs of the expanded field of membership in a safe and sound manner;
(iii) whether the credit union has the managerial expertise to serve the financial needs of the expanded field of membership in a safe and sound manner;
(iv) any potential harm the expansion of the field of membership may have on the institutions described in Subsection (2)(a); and
(v) the probable beneficial effect of the expansion.

(3) The commissioner may approve the amendment to the bylaws described in Subsection (1) if the commissioner:
(a) has given the notice required under Subsection (2)(a);
(b) received the written findings and recommendations of the supervisor under Subsection (2)(b); and
(c) finds that:
(i) the credit union is adequately capitalized;
(ii) the credit union has the financial capacity to serve the financial needs of the expanded field of membership in a safe and sound manner;
(iii) the credit union has the managerial expertise to serve the financial needs of the expanded field of membership in a safe and sound manner; and
(iv) any potential harm the expansion of the field of membership may have on other institutions subject to the jurisdiction of the department does not clearly outweigh the probable beneficial effect of the expansion.
(4) In accordance with Section 7-1-309, the commissioner may hold a hearing on the expansion of a credit union's field of membership.
(5) This section may not be interpreted to permit a credit union to:
(a) expand its field of membership to include residents of more than one county except to the extent permitted by Subsection 7-9-51(5); or
(b) change the county included in the field of membership of a credit union, if any.
(6)
(a) If the commissioner receives a request to approve an amendment to the bylaws of a credit union that expands the credit union's field of membership to include residents of a city or town described in Subsection (1)(c), before approving the expanded field of membership, in addition to the requirements of Subsection (2), the commissioner shall:
(i) require that a supervisor examine and submit written findings and recommendations to the commissioner as to whether but for the residents described in Subsection (1)(c) being included in the field of membership of the credit union, no depository institutions would likely be located within a reasonable distance from the city or town described in Subsection (1)(c); and
(ii) find that but for the residents described in Subsection (1)(c) being included in the field of membership of the credit union, no depository institutions would likely be located within a reasonable distance from the city or town described in Subsection (1)(c).
(b) A nonexempt credit union may not apply under this Subsection (6) to include a city or town described in Subsection (1)(c) in the nonexempt credit union's field of membership.

Amended by Chapter 327, 2003 General Session

7-9-53 Grandfathering.
(1) As used in this section:
(a) "Association that resides in a domicile-county" means an association that:
(i) operates a place of business or other physical location in the domicile-county; or
(ii) has at least 100 members that are residents of the domicile-county.
(b) "Domicile-county" means the county:
(i) in the field of membership of the credit union as of January 1, 1999; and
(ii) in which the credit union has located the greatest number of branches as of January 1, 1999.

(c) "Grandfathered field of membership" means the field of membership as of May 3, 1999, of a credit union described in Subsection (2)(c).

(2) For each credit union formed before January 1, 1999, its field of membership as of May 3, 1999, is determined as follows:

(a) if the field of membership stated in the bylaws of the credit union as of January 1, 1999, complies with Section 7-9-51, the credit union's field of membership is the field of membership indicated in its bylaws;

(b)

(i) the field of membership of a credit union as of May 3, 1999, is as provided in Subsection (2)(b)(ii) if:

(A) the field of membership stated in the bylaws of the credit union as of January 1, 1999, includes the residents of more than one county; and

(B) as of January 1, 1999, the credit union's main office and any of its branches are located in only one county in its field of membership;

(ii) as of May 3, 1999, the field of membership of a credit union described in Subsection (2)(b)(i) is:

(A) the immediate family of a member of the credit union;

(B) the employees of the credit union;

(C) residents of the one county in which the credit union has its main office or branches as of January 1, 1999; and

(D) any association that as of January 1, 1999, is in the field of membership of the credit union; and

(c)

(i) the field of membership of a credit union as of May 3, 1999, is as provided in Subsection (2)(c)(ii) if:

(A) the field of membership stated in the bylaws of the credit union as of January 1, 1999, includes the residents of more than one county; and

(B) as of January 1, 1999, the credit union has a main office or branch in more than one county;

(ii) as of May 3, 1999, the field of membership of a credit union described in Subsection (2)(c)(i) is:

(A) the immediate family of a member of the credit union;

(B) the employees of the credit union;

(C) residents of the credit union's domicile-county;

(D) the residents of any county other than the domicile-county:

(I) if, as of January 1, 1999, the county is in the field of membership of the credit union; and

(II) in which, as of January 1, 1994, the credit union had located its main office or a branch; and

(E) any association that as of January 1, 1999, is in the field of membership of the credit union.

(3) If a credit union's field of membership is as described in Subsection (2)(c), beginning May 3, 1999, the credit union:

(a) within the credit union's domicile-county, may establish, relocate, or otherwise change the physical location of the credit union's:

(i) main office; or

(ii) branch;

(b) within a county other than a domicile-county that is in the credit union's grandfathered field of membership, may not:

(i) establish a main office or branch that:
(A) was not located in the county as of January 1, 1999; or
(B) for which the credit union has not received by January 1, 1999, approval or conditional approval of a site plan for the main office or branch from the planning commission of the municipality where the main office or branch will be located;
(ii) participate in a service center in which it does not participate as of January 1, 1999;
(iii) relocate the credit union's main office or a branch located in the county as of January 1, 1999, unless the commissioner finds that the main office or branch is relocated within a three-mile radius of where it was originally located; or
(iv) after a voluntary merger under Section 7-9-39, operate a branch in the county if:
(A) the effective date of the merger is on or after May 5, 2003;
(B) the credit union with the field of membership described in Subsection (2)(c) is the surviving credit union after the merger; and
(C) the credit union did not own and operate the branch before the effective date of the merger; and
(c) may only admit as a member:
(i) a person in the credit union's grandfathered field of membership; or
(ii) a person belonging to an association that:
(A) is added to the field of membership of the credit union; and
(B) resides in the domicile-county of the credit union.
(4) If a credit union's field of membership is as described in Subsection (2)(b), as of May 3, 1999, the credit union may operate as a credit union having a field of membership under Section 7-9-51.
(5)
(a) Notwithstanding Subsections (1) through (4), after May 3, 1999, a credit union described in Subsection (2)(c) may:
(i) operate an office or branch that is operated by the credit union on May 3, 1999, but that is not located in a county that is in the credit union's field of membership as of May 3, 1999; and
(ii) serve a member who is not in a credit union's field of membership as of May 3, 1999, if the member is a member of the credit union as of March 15, 1999.
(b) Subsection (5)(a) does not authorize a credit union to:
(i) establish a branch in a county that is not in the credit union's field of membership as of May 3, 1999, unless the branch meets the requirements under this title for establishing a branch; or
(ii) for a credit union described in Subsection (2)(c), include in its field of membership an association that:
(A) as of January 1, 1999, is not included in the credit union's field of membership; and
(B) does not reside within the credit union's domicile-county.
(6) A credit union shall amend its bylaws in accordance with Section 7-9-11 by no later than August 3, 1999, to comply with this section.
(7) In addition to any requirement under this section, a credit union shall comply with any requirement under this title for the establishment, relocation, or change in the physical location of a main office or branch of a credit union.

Amended by Chapter 97, 2014 General Session

7-9-55 Nonexempt credit unions.

(1)
(a) A credit union organized under this chapter is a nonexempt credit union under this section on the day on which:
(i) on or after May 5, 2003, the credit union has a field of membership as evidenced by the bylaws of the credit union that includes all residents of two or more counties; and
(ii) at least two of the counties described in Subsection (1)(a)(i) are counties of the first or second class as classified by Section 17-60-104.
(b) For purposes of Subsection (1)(a) only:
(i) residents of a county that are added to the field of membership of a credit union as a result of a supervisory action under Chapter 2, Possession of Depository Institution by Commissioner, or Chapter 19, Acquisition of Failing Depository Institutions or Holding Companies, are not considered to be within the field of membership of that credit union; and
(ii) residents of a city of the third, fourth, or fifth class or a town that are added to the field of membership of a credit union in accordance with Section 7-9-52 are not considered to be within the field of membership of that credit union unless all residents of the county in which that city or town are located are included in the field of membership of the credit union.
(2) If a credit union becomes a nonexempt credit union under this section, the nonexempt credit union is a nonexempt credit union:
(a) for as long as the nonexempt credit union is organized under this chapter; and
(b) notwithstanding whether after the day on which the nonexempt credit union becomes a nonexempt credit union the nonexempt credit union meets the requirements of Subsection (1)(a).
(3) Regardless of whether or not a credit union has located branches in two or more counties in this state, a credit union organized under this chapter does not become a nonexempt credit union if the field of membership of the credit union as evidenced by the bylaws of the credit union does not meet the requirements of Subsection (1).

Amended by Chapter 16, 2025 Special Session 1

7-9-58 Limitations on credit extended by nonexempt credit unions.
(1)
(a) Notwithstanding the other provisions of this chapter, beginning on May 5, 2003, a nonexempt credit union may not:
(i)
(A) extend a member-business loan;
(B) renew a member-business loan that is extended before May 5, 2003; or
(C) extend the maturity date or increase the amount of a member-business loan that is extended before May 5, 2003;
(ii) originate, participate in, or obtain any interest in a co-lending arrangement, including a loan participation arrangement; or
(iii) subject to Subsection (2), extend credit that is not a member-business loan if as a result of the extension of credit the total credit that is not a member-business loan that the nonexempt credit union has issued to that member exceeds at any one time $250,000 adjusted as provided in Subsection (1)(b).
(b) The adjustment described in Subsection (1)(a)(iii) shall be calculated by the commissioner as follows:
(i) beginning July 1, 2008 and for a calendar year beginning on or after January 1, 2009, the commissioner shall increase or decrease the dollar amount in Subsection (1)(a)(iii) by a

percentage equal to the percentage difference between the consumer price index for the preceding calendar year and the consumer price index for calendar year 2007;

(ii) after the commissioner increases the dollar amount listed in Subsection (1)(a)(iii), the commissioner shall round the dollar amount to the nearest whole dollar;

(iii) if the percentage difference under Subsection (1)(b)(i) is zero or a negative percentage, the consumer price index increase for the year is zero; and

(iv) for purposes of this Subsection (1)(b), the commissioner shall calculate the consumer price index as provided in Sections 1(f)(4) and 1(f)(5), Internal Revenue Code.

(2) Notwithstanding Subsection (1)(a)(iii), a nonexempt credit union may extend credit in an amount that exceeds the limits provided in Subsection (1)(a)(iii) to a member if:

(a) the excess portion of the credit described in Subsection (1)(a)(iii) is fully secured by the member's share or deposit savings in the nonexempt credit union; or

(b) the credit is extended to a member of the nonexempt credit union:

(i) for the purpose of:

(A) paying amounts owed by the member to purchase a one- to four-family dwelling that is the primary residence of that member; or

(B) refinancing the balance of amounts owed by the member for the purchase of a one- to four-family dwelling that is the primary residence of that member; and

(ii) the credit extended under this Subsection (2)(b) is less than or equals $1,000,000.

(3) In accordance with Subsection 7-9-20(7)(d), a credit union service organization may not extend credit to a member of a nonexempt credit union holding an ownership interest in the credit union service organization if it would be a violation of this section for the nonexempt credit union to extend the credit to the member.

(4) This section may not prevent a nonexempt credit union from servicing a loan extended before May 5, 2003.

Amended by Chapter 189, 2014 General Session

7-9-59 Credit union service organizations -- Limitations on providing services through other entities.

(1) This section applies to a credit union service organization in which a credit union organized under this chapter has an ownership interest.

(2)

(a) A credit union service organization may provide a service only if the service is:

(i)

(A) listed in Subsection (2)(b); or

(B) approved by the commissioner in accordance with Subsection (4)(b); and

(ii)

(A) except for the extension of credit by the credit union service organization, limited primarily to:

(I) credit unions that hold an ownership interest in the credit union service organization;

(II) members of credit unions that hold an ownership interest in the credit union service organization;

(III) members of credit unions that contract with the credit union service organization; or

(IV) credit unions that contract with the credit union service organization but do not hold an ownership interest in the credit union service organization; or

(B) for purposes of the extension of credit by the credit union service organization, limited to members of a credit union that holds an ownership interest in the credit union service organization.

(b) Subsection (2)(a) applies to:

(i) the following checking and currency services:

(A) check cashing;

(B) coin and currency services; and

(C) services related to:

(I) a money order;

(II) a savings bond;

(III) a travelers check; or

(IV) the purchase and sale of United States Mint commemorative coins;

(ii) the following clerical, professional, and management services:

(A) accounting services;

(B) courier services;

(C) credit analysis;

(D) facsimile transmission and copying services;

(E) services related to conducting an internal audit for a credit union;

(F) locator services;

(G) services related to management and personnel training and support;

(H) marketing services;

(I) research services; or

(J) services related to a supervisory committee audit;

(iii) consumer mortgage loan origination;

(iv) the following electronic transaction services:

(A) automated teller machine services;

(B) credit card services;

(C) debit card services;

(D) data processing services;

(E) electronic fund transfer services;

(F) services related to electronic income tax filings;

(G) payment item processing;

(H) wire transfer services; or

(I) cyber financial services;

(v) the following financial counseling services:

(A) developing and administering personnel benefit plans including:

(I) individual retirement accounts;

(II) Keogh plans; or

(III) deferred compensation plans;

(B) estate planning;

(C) financial planning and counseling;

(D) income tax preparation;

(E) investment counseling; or

(F) retirement counseling;

(vi) fixed asset services related to the:

(A) management, development, sale, or lease of fixed assets; or

(B) sale, lease, or servicing of computer hardware or software;

(vii) the following insurance brokerage or agency services:

(A) operating as an agency for sale of insurance;
(B) providing vehicle warranty programs; or
(C) providing group purchasing programs;
(viii) the following leasing services:
(A) leasing of personal property; or
(B) real estate leasing of excess credit union service organization property;
(ix) the following loan support services:
(A) debt collection services;
(B) loan processing, servicing, and sales; or
(C) sale of repossessed collateral;
(x) the extension of credit including member-business loans;
(xi) the following record retention, security, and disaster recovery services:
(A) alarm-monitoring and other security services;
(B) disaster recovery services;
(C) services related to:
(I) microfilm;
(II) microfiche;
(III) optical and electronic imaging; or
(IV) CD-ROM data storage retrieval;
(D) providing forms and supplies; or
(E) services related to record retention and storage;
(xii) securities brokerage services;
(xiii) operation of shared credit union branch services, including service centers;
(xiv) student loan origination;
(xv) travel agency services;
(xvi) the following trust and trust-related services:
(A) acting as an administrator for a prepaid legal service plan;
(B) acting in a fiduciary capacity including as:
(I) trustee;
(II) guardian;
(III) conservator; or
(IV) estate administrator; or
(C) trust services; or
(xvii) making credit union service organization investments in noncredit union service organization service providers.

(3)
(a) One or more credit unions organized under this chapter may form a credit union service organization on or after the day on which each credit union forming the credit union service organization obtains in accordance with this section the approval by the commissioner for the formation of the credit union service organization.
(b) To obtain approval from the commissioner for the formation of a credit union service organization, each credit union that is forming a credit union service organization shall file an application with the commissioner that specifies:
(i) whether the credit union meets the capital and surplus standards established by rule by the commissioner;
(ii) the services to be provided by the credit union service organization; and
(iii) any information required by rule by the commissioner.

(c) The commissioner may by rule establish the requirements for forming of a credit union service organization to ensure that:
(i) the credit union service organization as formed:
(A) has the financial capacity to provide the services described in the application requesting the formation of the credit union service organization in a safe and sound manner; and
(B) has the managerial expertise to provide the services described in the application requesting the formation of the credit union service organization in a safe and sound manner; and
(ii) any potential harm that granting the approval may have on other institutions subject to the jurisdiction of the department does not clearly outweigh the probable beneficial effect of the credit union service organization providing the services.

(4)
(a) A credit union service organization may provide a service that is described in Subsection (2)(b) but not listed in the application requesting the formation of the credit union service organization by filing written notice with the commissioner at least 30 days before the day on which the credit union service organization first provides the service.
(b) A credit union service organization may provide a service not described in Subsection (2)(b) if:
(i) the credit union service organization files a written request for approval to provide the service with the commissioner; and
(ii) the commissioner approves the credit union service organization providing that service.
(c) The commissioner may at any time limit the services engaged in by a credit union service organization on the basis of:
(i) a supervisory reason;
(ii) a legal reason; or
(iii) a safety and soundness reason.

(5) The commissioner may conduct examinations of a credit union service organization in accordance with Section 7-1-314.

(6) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commissioner may make rules for purposes of this section:
(a) defining what constitutes an ownership interest held by a credit union;
(b) specifying the information required to be included in an application seeking to form a credit union service organization;
(c) specifying in accordance with Subsection (3), the requirements for forming a credit union service organization;
(d) specifying the procedure for obtaining approval to provide a service under Subsection (4)(a); and
(e) specifying the conditions under which a credit union service organization may provide a service described in Subsection (2).

(7)
(a) Except as provided in Subsection (7)(b), a credit union may not provide any service to a member of the credit union through:
(i) a person who is controlled by or is under common control with the credit union whether or not the control is exercised:
(A) directly; or
(B) indirectly through one or more intermediary controls; or
(ii) an entity in which the credit union holds an ownership interest.

(b) Notwithstanding Subsection (7)(a), a credit union may provide services to a member of a credit union:
(i) through a credit union service organization to the extent permitted by this section; or
(ii) through a loan production office to the extent those services are authorized by Section 7-1-715.
(c) Notwithstanding Section 7-1-103, for purposes of this section, "control" means the power, directly, or indirectly, to:
(i) direct or exercise a controlling influence over:
(A) the management or policies of an entity; or
(B) the election of a majority of the directors or trustees of an entity;
(ii) vote 20% or more of any class of voting securities of an entity by an individual; or
(iii) vote more than 5% of any class of voting securities of an entity by a person other than an individual.
(d) Nothing within this section may be interpreted as prohibiting a credit union from entering into a contract or agreement to provide services to members of the credit union if the person with whom the credit union enters into the contract agreement is not a person described in Subsection (7)(a).

(8)
(a) A credit union holding an ownership interest in a credit union service organization operating on May 5, 2003 is not required to file an application requesting to form that credit union service organization.
(b) A credit union service organization operating on May 5, 2003:
(i) shall provide the commissioner written notice of the services the credit union service organization provides by no later than July 1, 2003; and
(ii) may provide a service not described in Subsection (2)(b) on or after July 1, 2003 only if the credit union service organization has obtained approval from the commissioner in accordance with Subsection (4).

Amended by Chapter 382, 2008 General Session