

Comparative Digest of Credit Union Acts: Investments
CUNA's State Government Affairs – 2013

Chapter 1

Comparative Digest of Credit Union Acts: Authorized Investments

2011 Model Credit Union Act:

Section 8.10. Authorized Investments.¹

(1) Credit unions may invest in:

(a) Securities, obligations, or other instruments issued by, or fully guaranteed as to principal and interest by the United States of America or any agency or instrumentality thereof or in any trust or trusts established for investing directly or collectively in the same.

(b) Securities, obligations, or other instruments of any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and the several territories organized by Congress. A credit union may also invest in securities, obligations and other instruments which are backed by the full faith and credit of a political subdivision of the state or territory.

(c) Shares, deposits, share certificates, certificates of deposit, obligations or other accounts of insured financial institutions organized under state or federal law.

(d) Shares, deposits, or loans to insured credit unions, federal credit unions, credit unions chartered under the laws of another state, or corporate credit unions.

(e) Deposits in, loans to, or shares of any Federal Reserve Bank or of any central liquidity facility established under state or federal law.

(f) Shares, stock, deposits in, loans to, or other obligations of any organization, corporation, or association providing services associated with the general purposes of the credit union or engaging in activities incidental to the operations of a credit union. Such investments in the aggregate may not exceed ten² percent of the credit union's capital and deposits.

¹ Provisions have been added allowing for maximum flexibility of investing powers within acceptable regulatory limits.

² This limit was increased from five to ten percent.

(g) Shares of a cooperative society, in which the credit union has some type of membership relationship, organized under the laws of this state, the laws of another state, or of the laws of the United States in a total amount not exceeding ten percent of the capital and deposits of the credit union.

(h) Stocks of corporations, not to exceed five percent of the credit union's capital and deposits.

(i) Bonds or other obligations of corporations organized in any state of the United States District of Columbia, the Commonwealth of Puerto Rico and the several territories organized by Congress. Such investments shall be limited to bonds or other obligations rated among the three highest ratings established by one or more national rating service of corporate securities designated by the State.

(j) Participation loans with other credit unions, federal credit unions, credit unions chartered under the laws of another state, credit union-owned organizations or other organizations existing primarily to serve credit unions or their members.

(k) Fixed assets, not to exceed five percent of the credit union's capital and deposits, absent prior written approval of the commissioner.

(l) In shares, obligations, and loans to a credit union trade association or an organization owned by a credit union trade association organized under the laws of this state or the laws of the United States in a total amount not exceeding ten percent of the capital and deposits of the credit union.

(m) In mortgages, securities, obligations, bonds and stock of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, and other government sponsored enterprises.

(n) In participations or obligations which have been subjected by one or more government agencies to a trust or trusts for which an executive department, agency, or instrumentality of the United States has been named to act as trustee.

(o) In common trust or mutual funds whose investment portfolios consist of securities otherwise permitted for credit unions.

(p) In any investment not otherwise specified in this section not to exceed three percent of the credit union's capital and deposits.³

³ This provision was added to allow any investment up to three percent of the credit union's capital and deposits.

(q) In other investments, or in amounts in excess of the thresholds listed in this section as approved by the commissioner upon written application.⁴

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

(3) This section does not apply to funds invested in the credit union's employee benefits plan. A credit union investing to fund an employee benefit plan obligation is not subject to the investment limitations of this section, if the investment is directly related to the credit union's obligation under the employee benefit plan and the credit union holds the investment only for so long as it has an actual or potential obligation under the plan.

⁴ *This provision was added to allow any investment whatsoever, as long as the regulator approves.*

Comparative Digest of Credit Union Acts*: Investments

Provisions from State Credit Union Acts

Authorized Investments

*There are 47 state credit union acts. Delaware, South Dakota and Wyoming do not have a state credit union act.

Alabama

§ 5-17-4. Powers generally.

(a) A credit union shall have all of the following powers:

(7) To invest in any investment legal for savings banks or for trust funds in the state.

Alaska

Sec. 06.45.060. Powers of a credit union; remedy for interest violations.

(a) A credit union has succession in its corporate name during its existence and may

(7) invest its funds

(A) in loans exclusively to members;

(B) in obligations of the United States or securities fully guaranteed as to principal and interest by the United States;

(C) in loans to other credit unions in the total amount not exceeding 25 percent of its paid-in and unimpaired capital and surplus in accordance with regulations adopted by the commissioner;

(D) in shares or accounts of savings and loan associations or mutual savings banks that are insured by the Federal Deposit Insurance Corporation;

(E) in obligations issued by banks for cooperatives, federal land banks, federal intermediate credit banks, federal home loan banks, the Federal Home Loan Bank Board, or a corporation designated in 31 U.S.C. 9101 as a wholly owned federal government corporation; in obligations, participations, or other instruments of or issued by or fully guaranteed as to principal and interest by the Federal National Mortgage Association or the Government National Mortgage Association; in mortgages, obligations, or other securities that are or have been sold by the

Federal Home Loan Mortgage Corporation under 12 U.S.C. 1454 or 12 U.S.C. 1455 (Federal Home Loan Mortgage Corporation Act); or in obligations or other instruments or securities of the Student Loan Marketing Association;

(F) in participation certificates evidencing beneficial interests in obligations, or in the right to receive interest and principal collections from obligations, that have been subjected by one or more federal agencies to a trust or trusts for which an executive department, agency, or instrumentality of the United States or its head has been named to act as trustee;

(G) in shares or deposits of a central credit union in which such investments are authorized by the board of directors of the credit union making the investment;

(H) in shares, share certificates, or share deposits of federally insured credit unions;

(I) in the shares, stocks, or obligations of another organization providing services that are associated with the routine operations of credit unions, up to one percent of the total paid-in and unimpaired capital and surplus of the credit union with the approval of the commissioner;

(J) in the capital stock of the National Credit Union Central Liquidity Facility;

(K) in the stocks, bonds, and other securities of

(i) a corporation licensed under AS 10.13; or

(ii) a corporation attempting to become licensed under AS 10.13 if the corporation intends to use the proceeds to fulfill the tasks necessary to become licensed under AS 10.13;

(L) in bankers' acceptances issued by a financial institution whose accounts are insured by an agency of the federal government;

(M) in stock of a federal home loan bank; the investment must be limited to the minimum amount of stock required for membership in the federal home loan bank, plus any additional stock purchase required to obtain an advance of funds from a federal home loan bank; and

(N) in obligations of, or issued by, a state or political subdivision of the state, except that a credit union may not invest more than 10 percent of its unimpaired capital and surplus in the obligations of any one issuer, exclusive of general obligations of the issuer; in this subparagraph, "political subdivision of the state" includes an agency, corporation, or instrumentality of a state or political subdivision;

Arizona

6-577. Authorized investments.

A. Monies not used in loans to members may be invested in:

1. Securities, obligations or other instruments of or issued by or fully guaranteed as to principal and interest by the United States or any agency or instrumentality of the United States or in any trust or mutual fund established for investing directly or collectively in the same.
2. Securities, obligations or other instruments, whose payment is guaranteed by the general taxing authority of the issuer, of any state of the United States or any political subdivision of the United States, and on approval of the superintendent, the District of Columbia, the Commonwealth of Puerto Rico and the several territories organized by Congress or any political subdivision thereof.
3. Deposits of federally insured financial institutions organized under state or federal law.
4. Loans to or share accounts or deposit accounts of other credit unions or corporate credit unions organized under state or federal law.
5. Deposits in, loans to or shares of any federal reserve bank, federal home loan bank or central liquidity facility established under state or federal law.
6. Shares, obligations or preferred stock issues of any agency or association organized either as a stock company, mutual association or membership corporation, if the membership or stock holdings of such agency or association are primarily confined or restricted to credit unions or organizations of credit unions and the purpose for which such agency or association is organized is to service or otherwise assist credit union operations.
7. Stocks, bonds or other obligations of corporations organized in any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico and the several territories organized by Congress and in securities, obligations or other instruments of any state of the United States or any political subdivision thereof, the District of Columbia, the Commonwealth of Puerto Rico and the several territories organized by Congress, but not in the aggregate to exceed three per cent of the credit union's capital and not to exceed one per cent of the credit union's capital in any one corporation's stock, bonds and obligations. These investments are limited to the three highest ratings established by one or more national rating services of corporate securities designated by the superintendent.
8. Pools of participation loans with other credit unions, credit union organizations or other financial institutions, not to exceed five per cent of the credit union's capital.
9. Other investments as approved by the superintendent.
10. In fixed assets, not to exceed five per cent of the credit union's capital except with the prior written approval of the superintendent.

B. Investments authorized under subsection A, paragraph 6 shall not exceed five per cent of the credit union's capital, without the prior written approval of the superintendent. The action of a credit union in investing monies in accordance with subsection A, paragraph 6 shall not be deemed a violation of this section if the aggregate investments exceed the limitation of subsection A, paragraph 6 because of a subsequent reduction in the amount of the credit union's capital.

Arkansas

23-35-604. Investment of funds.

Funds not used in loans to members may be invested:

(1) In capital shares, obligations, or preferred stock issues of any agency or association organized either as a stock company, mutual association, or membership corporation, provided that the membership or stockholdings, as the case may be, of the agency or association are confined or restricted to credit unions or organizations of credit unions and provided that the purposes for which the agency or association is organized are designed to service or otherwise assist credit union operations;

(2) In obligations of the State of Arkansas or any subdivision thereof;

(3) In obligations of the United States or securities fully guaranteed as to principal and interest thereby;

(4) In shares of a cooperative society organized under local or national cooperative laws, in an amount not exceeding ten percent (10%) of the shares and surplus of the credit union;

(5) In any investment legal for fiduciaries, savings banks, or trust companies in Arkansas;

(6) In loans to other credit unions, in an amount not to exceed thirty-three and one-third percent (33 1/3%) of the shares and unimpaired surplus of the lending credit union; and

(7) In an aggregate amount not exceeding twenty-five percent (25%) of the allocations to the reserve fund, in any agency or association of the type described in subdivision (1) of this section, provided the purposes of any such agency or association are designed to assist in establishing and maintaining liquidity, solvency, and security in credit union operations.

California

FINANCIAL CODE SECTION 14650-14656

14650.

Subject to the limitations of Sections 14402, 14403, and 14404, any credit union or credit unions may purchase, acquire and hold outstanding shares of a corporation engaged exclusively in holding property of the character described in Section 14402 and which property is or is to be used for the purposes set forth in Section 14402. The purchase or acquisition of stock of any such corporation shall be approved by two-thirds of all the directors of such credit union or credit unions.

14651.

(a) Every credit union may invest in the shares of stock of a corporation, or in membership or economic interests of a limited liability company, organized solely for the purpose of providing services to credit unions, provided the corporation or limited liability company is formed by a credit union or group of credit unions.

(b) Every credit union may invest in the securities of a corporation or in membership or economic interests of a limited liability company that is not a corporation or limited liability company of the type described in subdivision (a) and that provides services to credit unions, provided the investment is approved by the commissioner.

14652.

Every credit union may invest in securities and other assets described in Chapter 10 (commencing with Section 800) of Division 1 as legal investments for nonbank licensees.

14652.5.

A credit union may organize, sponsor, operate, control, or render investment advice to, an investment company, or underwrite, distribute, or sell securities of any investment company which has qualified to sell its securities in this state pursuant to Part 2 (commencing with Section 25100) of Division 1 of Title 4 of the Corporations Code, if the officers and employees of the credit union who sell these securities meet such standards with respect to training, experience, and sales practices as established by the Secretary of the Business, Transportation and Housing Agency or the secretary's designee. For the purpose of this section, "investment company" means an investment company as defined in the Investment Company Act of 1940 (15 U.S.C., Sec. 80a-1 et seq.).

14653.

Credit unions may invest in a trust organized solely for the purpose of investing in United States government securities and United States government agency securities, provided the trust is formed by an organization composed of credit unions or an organization of credit union associations.

14653.5.

Notwithstanding any other provision of law, a credit union may make any investment authorized by regulation or in writing by the commissioner.

14654.

Credit unions may purchase from the vendor or lessor of any personal property, conditional sale contracts or vehicle lease agreements covering the sale or lease of that property or vehicle to its members. The credit union may hold and retain any such conditional sale contract or vehicle lease agreement as an investment.

14655.

A credit union may purchase from the owner thereof a promissory note upon which a member is primary obligor provided the credit union could have made a loan to such member in the amount and upon the terms and conditions provided in such note under the provisions of this division.

14656.

A credit union may, in accordance with rules and regulations prescribed by the commissioner, purchase from any liquidating credit union notes made by individual members of such liquidating credit union, at such prices and under such terms as may be agreed upon by the board of directors of the purchasing credit union and the board of directors, or liquidating agent, of the liquidating credit union.

Colorado

11-30-104. Powers.

(1) A credit union has the following powers to:

(d) Deposit in state and national financial institutions insured by an agency of the federal government and to invest in the shares and deposits of the central credit union organized pursuant to this article;

(e) Invest in any of the following: Obligations of the United States or securities guaranteed or insured by any agency of the United States; obligations of any state or territory of the United States, or of any political subdivision or instrumentality thereof, except revenue obligations issued to provide, enlarge, or improve electric power, gas, water, or sewer facilities, or any combination thereof, issued by any city or town, or other similar municipal corporation having a population of less than five thousand persons, as determined by the latest federal decennial census; and, to an extent which shall not exceed ten percent of its shares, deposits, and undivided earnings, in shares of mutual funds or investment companies, stocks, bonds, or other

securities of any corporation or religious or educational organizations, as may be approved as prudent and sound by the commissioner;

Connecticut

Sec. 36a-459a. Investment policy.

(c) A Connecticut credit union may invest its funds, which are not committed to loans to members in: (1) Securities, obligations, or other instruments of, or issued by, or fully guaranteed as to principal and interest by the United States or any of its agencies or instrumentalities, or in any trusts established for investing directly or collectively in such instruments; (2) general obligations and revenue obligations of any state or territory of the United States, or any political subdivision thereof, provided such obligations are rated in the three highest rating categories by a rating service of such obligations recognized by the commissioner and no more than ten per cent of total assets may be invested in any one issuer; (3) obligations or other instruments or securities of the Student Loan Marketing Association; (4) federal funds, shares, share certificates or other share deposits of any other Connecticut credit union, federal credit union or out-of-state credit union whose share accounts or deposits are insured by the National Credit Union Administration, or its successor agency; (5) loans not exceeding twenty per cent of the lending credit union's total assets to any other Connecticut credit union, federal credit union or out-of-state credit union; (6) federal funds of or deposit accounts with a Connecticut bank, federal bank or out-of-state bank the accounts of which are insured by the Federal Deposit Insurance Corporation or its successor agency; (7) shares of, deposits with or loans to any federal reserve bank or any central liquidity facility established under state or federal law; (8) shares of, deposits with or loans to any corporate Connecticut credit union, corporate federal credit union or corporate out-of-state credit union; (9) shares of stock or obligations of or loans to a national or state credit union association or credit union corporation of which the credit union is a member, provided such investment does not constitute a controlling interest in such association or corporation or does not in the aggregate exceed one per cent of the total assets of the credit union; (10) real estate and improvements thereon, furniture, fixtures and equipment for the present or future use of the credit union, provided such investment may not in the aggregate exceed five per cent of the total assets of the credit union without the written approval of the commissioner; (11) debt mutual funds and equity mutual funds, provided the portfolios of such mutual funds consist solely of investments described in subdivisions (1) to (3), inclusive, of this subsection; (12) fixed or variable rate asset-backed securities, collateralized mortgage obligations and real estate mortgage investment conduits, except stripped mortgage-backed securities, residual interests, mortgage servicing

rights, commercial mortgage related securities or small business-related securities; (13) money market funds rated in the three highest rating categories by a rating service of such funds recognized by the commissioner; (14) repurchase agreements and reverse repurchase agreements provided (A) the underlying securities are legal investments for Connecticut credit unions, (B) the Connecticut credit union receives a daily assessment of the market value of the underlying securities, including accrued interest, and maintains an adequate margin that reflects a risk assessment of the underlying securities and the term of the agreement, and (C) the Connecticut credit union has entered into signed contracts with all approved counterparties; and (15) Yankee dollar deposits, Eurodollar deposits, banker's acceptances, deposit notes and bank notes with original weighted average maturities of less than five years and issued by a Connecticut bank, federal bank or out-of-state bank.

(d) A Connecticut credit union may, subject to the provisions of subsections (e), (f) and (g) of section 36a-461a, invest its funds in or make loans to credit union service organizations provided (1) the total of any such investment in or loan to any one credit union service organization does not exceed two per cent of the total assets of the credit union without regard to the amount derived from the profitability of such credit union service organization, and (2) the credit union shall file with the commissioner prior written notice of its intention to make such investment or loan. The Connecticut credit union may make such investment or loan unless the commissioner disapproves such investment or loan not later than thirty business days after the notice is filed. The thirty-day period may be extended by the commissioner, in writing, if the commissioner determines that the notice raises issues that require additional information or additional time for analysis.

(e) In addition to other investments authorized by this section, a Connecticut credit union may, with the prior written approval of the commissioner, invest its funds in: (1) Debt securities, equity securities, debt mutual funds and equity mutual funds without regard to any other liability to the Connecticut credit union of the maker, obligor, guarantor or issuer of such securities and mutual funds provided: (A) The securities and mutual funds are rated in the three highest rating categories by a rating service of such securities and mutual funds recognized by the commissioner or, if not so rated, are determined by the credit union's governing board to be a prudent investment, (B) the total amount of such securities and mutual funds of any one maker, obligor or issuer invested in by a Connecticut credit union may not exceed at any time twenty-five per cent of its capital, (C) the total amount of such debt securities and debt mutual funds may not exceed at any time twenty-five per cent of its total assets, (D) the total amount of such equity securities and equity mutual funds may not exceed at any time twenty-five per cent of its total assets, and (E) a Connecticut credit union may not engage in securities trading,

including when-issued trading and pair-off transactions without additional prior written approval of the commissioner; and (2) subject to any limitations imposed by the commissioner, in any other investment the commissioner deems appropriate in light of such factors as the financial condition and strategic goals of the Connecticut credit union and the degree of risk inherent in the investment, provided the credit union demonstrates that sufficient resources, knowledge, systems and procedures are in place to monitor and control the risks involved.

(f) All securities in which a Connecticut credit union invests shall be registered in the name of the credit union. Records of securities owned by such credit union shall be maintained at the main office of such credit union. The records held by such credit union concerning its account with any of the depositories or financial institutions holding its securities, and the securities registered in its name and held by it, shall be subject to inspection at any time during business hours by any director, member of senior management or member of the supervisory committee of the Connecticut credit union.

(g) As used in this section:

(1) "Debt mutual funds" means partnership interests in, shares of stock of, units of beneficial interest in or other ownership interest in any one investment company registered under the Investment Company Act of 1940, as from time to time amended, commonly described as mutual funds, money market funds, investment trusts or business trusts, provided the portfolios of such investment companies consist solely of investments described in subdivision (3) of this subsection.

(2) "Equity mutual funds" means partnership interests in, shares of stock of, units of beneficial interest in or other ownership interest in any one investment company which is registered under the Investment Company Act of 1940, as from time to time amended, commonly described as mutual funds, money market funds, investment trusts or business trusts, but excludes debt mutual funds, as defined in subdivision (1) of this subsection.

(3) "Debt securities" means (A) any marketable obligation evidencing indebtedness of any person in the form of direct, assumed or guaranteed bonds, notes or debentures or any security that has attributes similar to such marketable obligations; (B) any obligation identified by certificates of participation in investments described in subparagraph (A) of this subdivision in which a Connecticut credit union could invest directly; or (C) repurchase agreements.

(4) "Equity securities" means any stock or similar security, certificate of interest or participation in any profit-sharing agreement, preorganization certificate or subscription, transferable share, voting trust certificate or certificate of deposit for an equity security, limited partnership

interest, interest in a joint venture or certificate of interest in a business trust; or any security convertible, with or without consideration, into such a security, or carrying any warrant or right to subscribe to or purchase such a security; or any such warrant or right; or any put, call, straddle or other option or privilege of buying such a security from or selling such a security to another without being bound to do so, but excludes debt mutual funds, as defined in subdivision (1) of this subsection, and equity mutual funds, as defined in subdivision (2) of this subsection.

Florida

657.042 Investment powers and limitations. —

A credit union may invest its funds subject to the following definitions, restrictions, and limitations:

(1) INVESTMENTS NOT SUBJECT TO LIMITATIONS.—There is no limitation with respect to the capital of the investing credit union on the following investments:

- (a) Direct obligations of the United States Government.
- (b) Obligations of agencies created by the United States Congress and authorized thereby to issue securities or evidences of indebtedness, regardless of guarantee of repayment by the United States Government.
- (c) Public housing authority obligations.
- (d) General obligations of the states of the United States and of the political subdivisions and municipalities thereof.
- (e) Obligations issued by the State Board of Education under authority of the Constitution or applicable statutes.
- (f) Tax anticipation certificates or warrants of counties or municipalities having maturities not exceeding 1 year.
- (g) The assets of liquidating credit unions in this state, provided such assets are otherwise eligible for investment by the acquiring credit union.
- (h) The shares and deposit accounts of corporate credit unions and any other fund established by this state or by the Federal Government for the purpose of maintaining liquidity in credit

unions; however, such investments shall not exceed the amount required for the purpose of meeting the daily needs of the investing credit union for operating liquidity.

(i) Stock of the Federal National Mortgage Association, Federal Home Loan Bank, or any other similar entity designated by the office, designed to promote investment in residential mortgages, which may be purchased and retained as required in connection with mortgage transactions with the association or entity.

(2) INVESTMENTS SUBJECT TO LIMITATION OF 25 PERCENT OF CAPITAL OF THE CREDIT UNION.—Up to 25 percent of the capital of the credit union may be invested in:

(a) The shares or deposit accounts in any one corporate credit union or other insured financial depository institution. The credit union may exceed the 25-percent investment limitation in the corporate credit union, subject to the prior written approval of the office.

(b) Federal funds, daily; however, a credit union may not sell at any one time federal funds to any individual institution in an amount exceeding 100 percent of the equity of the selling credit union.

(c) Bankers' acceptances that are eligible for purchase by Federal Reserve Banks.

(3) INVESTMENT SUBJECT TO LIMITATION OF TWO PERCENT OF CAPITAL OF THE CREDIT UNION.—

(a) Up to 2 percent of the capital of the credit union may be invested in the capital shares, obligations, or preferred stock issues of any agency or association, or membership association, provided the membership or stockholdings, as the case may be, of such agency or association are primarily confined or restricted to credit unions or organizations of credit unions and provided the purposes for which such agency or association is organized are designed primarily to service or otherwise assist credit union operations.

(b) Commercial paper and bonds of any corporation within the United States which have a fixed maturity, as provided in subsection (7), except that the total investment in all such paper and bonds may not exceed 10 percent of the capital of the credit union.

(4) INVESTMENT SUBJECT TO LIMITATION OF ONE PERCENT OF CAPITAL OF THE CREDIT UNION.—Up to 1 percent of the capital of the credit union may be invested in any of the following:

(a) Corporate obligations of any one corporation which is an affiliate or subsidiary of the credit union or a service corporation, except that the total investment in all such corporate obligations shall not exceed 10 percent of the capital of the credit union.

(b) Any capital participation instrument or evidence of indebtedness issued by Enterprise Florida, Inc., pursuant to the Florida Small and Minority Business Assistance Act.

(5) INVESTMENTS IN REAL ESTATE AND EQUIPMENT FOR THE CREDIT UNION.—

(a) Up to 5 percent of the capital of the credit union may be invested in real estate and improvements thereon, furniture, fixtures, and equipment utilized or to be utilized by the credit union for the transaction of business.

(b) The limitations provided by this subsection may be exceeded with the prior written approval of the office. The office shall grant such approval if it is satisfied that:

1. The proposed investment is necessary.
2. The amount thereof is commensurate with the size and needs of the credit union.
3. The investment will be beneficial to the members.
4. A reasonable plan is developed to reduce the investment to statutory limits.

(6) INVESTMENTS SUBJECT TO APPROVAL.—A credit union may invest its funds in such other investments, including the capital stock of other financial institutions, as the commission or office approves by rule or order.

(7) SPECIAL PROVISIONS.—

(a) A credit union may not invest its funds in bonds or other obligations described in this section unless the bonds or other obligations are current as to all payments of principal and interest.

(b) A credit union shall establish written policies and procedures for evaluating the systemic and specific risks and benefits associated with investments authorized under this section before making such investments and must conduct appropriate risk management and monitoring for the duration of the investment. An investment decision may not be based solely on the rating of the bond or other obligation by an investment rating service. The office may require a credit union to divest itself of an investment that the office determines creates excessive risk or the associated risk exceeds the ability of the credit union to properly evaluate and manage.

(c) With prior office approval, any investment permitted in this section may also be made indirectly by investment in a trust or mutual fund, the investments of which are limited as set forth in this section. The credit union must maintain a current file on each investment which contains sufficient information to determine whether the investment complies with the requirements of this section. If the investment fails to comply, the credit union must divest itself of its investment, unless otherwise approved by the office.

Georgia

7-1-650. Powers.

A credit union shall have, in addition to the powers common to all corporations under the laws of this state, the following powers:

(4) It may also invest, on the authority of its board of directors or by employees authorized by the board of directors, funds in the following manner:

(A) In obligations of the United States, including bonds and securities upon which payment of principal and interest is fully guaranteed by the United States; obligations issued by banks for cooperatives, federal land banks, federal intermediate credit banks, federal home loan banks, the Federal Home Loan Bank Board, or any corporation designated in Section 846 of Title 31 of the United States Code as a wholly owned government corporation; or in obligations, participations, or other instruments of or issued by or fully guaranteed as to principal and interest by the Federal National Mortgage Association or the Government National Mortgage Association;

(B) In general and direct obligations of the State of Georgia, its counties, districts, and municipalities which have been validated as provided by law, if no more than 25 percent of the shares and deposits of a credit union shall be invested in the obligations of any one such obligor;

(C) In loans to other credit unions, provided the loans do not exceed 10 percent of the shares, deposits, and surplus of the investing credit union;

(D) By depositing its funds in banks, building and loan associations, savings and loan associations, and credit unions; by purchasing certificates of deposit and savings certificates which such financial institutions are authorized to issue; and by selling or purchasing federal or correspondent (daily) funds or loan participations through such financial institutions; subject to limitations prescribed in regulations issued by the department; and

(E) In any other types of investments authorized by the department, including commercial paper, provided such investments shall not, in the aggregate, exceed 10 percent of the shares, deposits, and surplus of the investing credit union. In lieu of the foregoing limitation, any credit union may invest up to 15 percent of its equity capital as defined by the department in authorized investments issued by any single obligor;

Hawaii

§412:10-501 General requirement for investments.

(a) A credit union shall make investments that are consistent with prudent investment practices and in compliance with all applicable federal and state law.

(b) The board of directors of a credit union and any other person charged with the responsibility of investing the credit union's assets shall exercise such reasonable diligence, discretion, judgment, and intelligence as would be expected of a prudent investor. Among other things, they shall not engage in speculative or unsound investments, and they shall at all times consider the probable safety as well as the probable income of the capital being invested.

(c) The board of directors shall establish written investment policies.

§412:10-502 Permitted investments.

(a) To the extent specified herein, a credit union may invest its own assets in:

(1) Securities and obligations of the United States government and any agency of the United States government whose debt obligations are fully and explicitly guaranteed as to the timely payment of principal and interest by the full faith and credit of the United States, including without limitation Federal Reserve Banks, the Government National Mortgage Association, the Veterans Administration, the Federal Housing Administration, the United States Department of Agriculture, the Export-Import Bank, the Overseas Private Investment Corporation, the Commodity Credit Corporation, and the Small Business Administration;

(2) Bonds, notes, mortgage backed securities, and other debt obligations of the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, and the Federal Home Loan Banks;

(3) Securities and obligations of United States government-sponsored agencies which are originally established or chartered by the United States government to serve public purposes specified by the Congress but whose debt obligations are not explicitly guaranteed by the full faith and credit of the United States, including without limitation Banks for Cooperatives, Federal Agricultural Mortgage Corporation, Federal Farm Credit Banks, Federal Intermediate Credit Banks, Federal Land Banks, Resolution Funding Corporation, Student Loan Marketing Association, Tennessee Valley Authority, the United States Postal Service, and securities and obligations of the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, and the Federal Home Loan Banks that are not bonds, notes, mortgage backed securities, or other debt obligations of the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, and the Federal Home Loan Banks; provided that the total amount invested in obligations of any one issuer shall not exceed ten per cent of the credit union's capital; and

(4) Securities and obligations of quasi-United States governmental institutions, including without limitation the International Bank for Reconstruction and Development (World Bank), the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the European Investment Bank, and other multilateral lending institutions or regional development institutions in which the United States government is a shareholder or contributing member; provided that the total amount invested in any one issuer shall not exceed ten per cent of the credit union's capital.

(b) A credit union may invest its own assets in bonds, securities, or similar obligations issued by this State or any county of this State, through an appropriate agency or instrumentality.

(c) To the extent specified herein, a credit union may invest its own assets in bonds or similar obligations issued by any state of the United States other than this State, the District of Columbia, or any territory or possession of the United States, by municipal governments of such states, territories or possessions, or by any foreign country or political subdivision of such country; provided, that:

(1) The bond, note, or warrant has been issued in compliance with the constitution and laws of any such government;

(2) There has been no default in payment of either principal or interest on any of the general obligations of such government for a period of five years immediately preceding the date of the investment; and

(3) The total amount invested in such obligations of any one issuer by a credit union shall not exceed ten per cent of the credit union's capital.

(d) To the extent specified, a credit union may invest its own assets in credit union service organizations pursuant to section 412:10-202.

(e) To the extent specified herein, a credit union may invest its own assets in securities that are rated within the four highest grades by a nationally-recognized rating service and which represent ownership of one or more promissory notes, certificates of interest, or participation in such notes, or which are secured by one or more promissory notes, certificates of interest, or participation in such notes, which notes:

(1) Are directly secured by a first lien on residential real estate or a residential manufactured home as defined under Title 42 of the United States Code, whether or not such manufactured home is considered real or personal property under state law; and

(2) Were originated by a credit union, insurance company, or similar institution which is supervised and examined by a federal or state authority, or by a mortgagee approved by the Secretary of Housing and Urban Development. Notes secured by a lien on a manufactured home may also originate from a credit union approved for insurance by the Secretary of Housing and Urban Development. The total amount invested in such securities by a credit union shall not exceed twenty per cent of its capital and surplus.

The term "securities" in this subsection shall have the same meaning as given in chapter 485A.

(f) To the extent specified herein, a credit union may invest its own assets in mortgage related securities that:

(1) Are offered and sold pursuant to section 4(5) of the Securities Act of 1933 (15 U.S.C. §77D(5)); or

(2) Are mortgage related securities (as that term is defined in section 3(a)(41) of the Securities Exchange Act of 1934 (15 U.S.C. §78C(a)(41)), subject to such rules as the commissioner may adopt, including rules prescribing minimum size of issue (at the time of initial distribution) or minimum aggregate sales prices, or both.

(g) To the extent specified herein, a credit union may purchase, hold, convey, sell or lease real or personal property as follows:

(1) The real property in or on which the business of the credit union is carried on, other space in the same property to rent as a source of income, other real property necessary to the accommodation of the credit union's business, including but not limited to parking facilities, data processing centers, and real property held for future use where the credit union in good faith expects to utilize the property as credit union premises; provided, if the credit union ceases to use any real property and improvements thereon for one of the foregoing purposes, it shall, within five years thereafter, sell the real property or cease to carry it or them as an asset; provided further, such property shall not, without the approval of the commissioner, exceed five per cent of the credit union's capital;

(2) Personal property used in or necessary to the accommodation of the credit union's business, including but not limited to furniture, fixtures, equipment, vaults and safety deposit boxes. The credit union's investment in furniture and fixtures shall not, without the approval of the commissioner, exceed five per cent of the credit union's capital;

(3) Such real property or tangible personal property as may come into the credit union's possession as security for loans or in the collection of debts; or as may be purchased by or conveyed to the credit union in satisfaction of or on account of debts previously contracted in the course of the credit union's business, when such property was held as security by the credit union; and

(4) The seller's interest under an agreement of sale, as that term is defined in sections 501-101.5 and 502-85, including without limitation the reversionary interest in the real property and the right to income under the agreement of sale, with or without recourse to the seller.

Except as otherwise authorized in this section any tangible personal property coming into the possession of any credit union pursuant to paragraph (3) shall be disposed of as soon as practicable and shall not, without the written consent of the commissioner, be considered a part of the assets of the credit union after the expiration of two years from the date of acquisition.

Except as otherwise authorized in this section any real property acquired by a credit union pursuant to paragraph (3) shall be sold or exchanged for other real property by the credit union within five years after title thereto has vested in it by purchase or otherwise, or within such further time as may be granted by the commissioner.

Any credit union acquiring any real property in any manner other than provided by this section shall immediately, upon receiving notice from the commissioner, charge the same to profit and

loss, or otherwise remove the same from assets, and when any loss impairs the capital of the credit union the impairment shall be made good in the manner provided in this chapter.

Idaho

26-2127. Investments.

Funds not used for loans to members may be invested in:

- (a) Obligations fully guaranteed as to principal and interest by the United States government;
- (b) Time certificates of deposits issued by any state or federally chartered bank within the state of Idaho whose accounts are insured by the federal deposit insurance corporation. Such time certificates of deposit may be made in an amount not to exceed the greater of the federal deposit insurance corporation insurance limits or one percent (1%) of the issuing bank's total deposits;
- (c) Time certificates of deposit or savings accounts in any state or federally chartered savings and loan association within the state of Idaho whose accounts are insured by the federal deposit insurance corporation in an amount not to exceed the greater of the federal deposit insurance corporation insurance limit or one percent (1%) of the savings and loan's withdrawable savings liability;
- (d) Shares of stock in a credit union service corporation as provided in this chapter;
- (e) Shares or deposits of a corporate credit union in an amount not to exceed ten percent (10%) of the corporate credit union's total outstanding shares, provided that the director may approve an investment in shares or deposits in excess of the ten percent (10%) limitation contained in this subsection; and
- (f) Shares in the Idaho league services corporation.

Illinois

205 ILCS 305/59 (from Ch. 17, par. 4460) Sec. 59. Investment of funds.

(a) Funds not used in loans to members may be invested, pursuant to subsection (7) of Section 30 of this Act, and subject to Departmental rules and regulations:

(1) 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 agency thereof or in any trust or trusts established for investing directly or collectively in the same;

(2) In obligations of any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and the several territories organized by Congress, or any political subdivision thereof; however, a credit union may not invest more than 10% of its unimpaired capital and surplus in the obligations of one issuer, exclusive of general obligations of the issuer, and investments in municipal securities must be limited to securities rated in one of the 4 highest rating categories by a nationally recognized statistical rating organization;

(3) In certificates of deposit or passbook type accounts issued by a state or national bank, mutual savings bank or savings and loan association; provided that such institutions have their accounts insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation; but provided, further, that a credit union's investment in an account in any one institution may exceed the insured limit on accounts;

(4) In shares, classes of shares or share certificates of other credit unions, including, but not limited to corporate credit unions; provided that such credit unions have their members' accounts insured by the NCUA or other approved insurers, and that if the members' accounts are so insured, a credit union's investment may exceed the insured limit on accounts;

(5) In shares of a cooperative society organized under the laws of this State or the laws of the United States in the total amount not exceeding 10% of the unimpaired capital and surplus of the credit union; provided that such investment shall first be approved by the Department;

(6) In obligations of the State of Israel, or obligations fully guaranteed by the State of Israel as to payment of principal and interest;

(7) In shares, stocks or obligations of other financial institutions in the total amount not exceeding 5% of the unimpaired capital and surplus of the credit union;

(8) In federal funds and bankers' acceptances;

(9) In shares or stocks of Credit Union Service Organizations in the total amount not exceeding the greater of 3% of the unimpaired capital and surplus of the credit union or the amount authorized for federal credit unions.

(b) As used in this Section, "political subdivision" includes, but is not limited to, counties, townships, cities, villages, incorporated towns, school districts, educational service regions,

special road districts, public water supply districts, fire protection districts, drainage districts, levee districts, sewer districts, housing authorities, park districts, and any agency, corporation, or instrumentality of a state or its political subdivisions, whether now or hereafter created and whether herein specifically mentioned or not.

(c) A credit union investing to fund an employee benefit plan obligation is not subject to the investment limitations of this Act and this Section and may purchase an investment that would otherwise be impermissible if the investment is directly related to the credit union's obligation under the employee benefit plan and the credit union holds the investment only for so long as it has an actual or potential obligation under the employee benefit plan.

Indiana

IC 28-7-1-9 Powers; maintenance of files; authority to purchase and hold life insurance.

Sec. 9. (a) A credit union has the following powers:

(3) To invest in any of the following:

(A) Bonds, notes, or certificates that are the direct or indirect obligations of the United States, or of the state, or the direct obligations of a county, township, city, town, or other taxing district or municipality or instrumentality of Indiana and that are not in default.

(B) Bonds or debentures issued by the Federal Home Loan Bank Act (12 U.S.C. 1421 through 1449) or the Home Owners' Loan Act (12 U.S.C. 1461 through 1468).

(C) Obligations of national mortgage associations issued under the authority of the National Housing Act.

(D) Mortgages on real estate situated in Indiana which are fully insured under Title 2 of the National Housing Act (12 U.S.C. 1707 through 1715z).

(E) Obligations issued by farm credit banks and banks for cooperatives under the Farm Credit Act of 1971 (12 U.S.C. 2001 through 2279aa-14).

(F) Savings and loan associations, other credit unions that are insured under section 31.5 of this chapter, and certificates of indebtedness or investment of an industrial loan and investment company if the association or company is federally insured. Not more than twenty percent (20%) of the assets of a credit union may be invested in the shares or certificates of an association or company, nor more than forty percent (40%) in all such associations and companies.

(G) Corporate credit unions.

(H) Federal funds or similar types of daily funds transactions with other financial institutions.

(I) Shares or certificates of an open-end management investment company registered with the

Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. 80a-1 through 15 U.S.C. 80a-3 and 15 U.S.C. 80a-4 through 15 U.S.C. 80a-64), if all of the following conditions are met:

(i) The fund's assets consist of and are limited to securities in which a credit union may invest directly.

(ii) The credit union has an equitable and undivided interest in the underlying assets of the fund.

(iii) The credit union is not liable for acts or obligations of the fund.

(iv) The credit union's investment in any one (1) fund does not exceed fifteen percent (15%) of the amount of the credit union's net worth.

(J) For a credit union that is well capitalized (as defined in Part 702 of the Rules and Regulations of the National Credit Union Administration, 12 CFR 702), investment securities, as may be defined by a statute or a policy or rule of the department and subject to the following:

(i) The department may prescribe, by policy or rule, limitations or restrictions on a credit union's investment in investment securities.

(ii) The total amount of any investment securities purchased or held by a credit union may never exceed at any given time ten percent (10%) of the capital and surplus of the credit union. However, the limitations imposed by this item do not apply to investments in the direct or indirect obligations of the United States or in the direct obligations of a United States territory or insular possession, or in the direct obligations of the state or any municipal corporation or taxing district in Indiana.

(iii) A credit union may not purchase for its own account any bond, note, or other evidence of indebtedness that is commonly designated as a security that is speculative in character or that has speculative characteristics. For the purposes of this item, a security is speculative or has speculative characteristics if at the time of purchase the security is in default, is rated below the first four (4) rating classes by a generally recognized security rating service, or is otherwise considered speculative by the director.

(iv) A credit union may purchase for its own account a security that is not rated by a generally recognized security rating service if the credit union at the time of purchase obtains financial information that is adequate to document the investment quality of the security and if the security is not otherwise considered speculative by the director.

(v) A credit union that purchases a security for its own account shall maintain sufficient records of the security to allow the security to be properly identified by the department for examination purposes.

(vi) Except as otherwise authorized by this title, a credit union may not purchase any share of stock of a corporation. If a credit union possesses stock or another equity investment as a result

of a loan default, the credit union shall dispose of the investment within a reasonable period that does not exceed one (1) year or a longer period if approved by the department.

(vii) Subject to items (i) through (iv), a credit union may purchase yankee dollar deposits, eurodollar deposits, banker's acceptances, deposit notes, bank notes with original weighted average maturities of less than five (5) years, and investments in obligations of, or issued by, any state or political subdivision (including any agency, corporation, or instrumentality of a state or political subdivision).

(K) Collateralized obligations that are eligible for purchase and sale by federal credit unions. However, a credit union may purchase for its own account and sell the obligations only to the extent that a federal credit union can purchase and sell those obligations.

(4) With the prior approval of the department, and subject to the limitations of this subsection, a credit union may organize, invest in, or loan money to a credit union service organization (as defined in Part 712 of the regulations of the National Credit Union Administration, 12 CFR 712). A credit union may not loan or invest in a credit union service organization if the aggregate amount of all such loans or investments in a particular credit union service organization is greater than ten percent (10%) of the capital, surplus, and unimpaired shares of the credit union without the prior written approval of the department. A credit union may organize, invest in, or loan money to a credit union service organization described in this subdivision only if the following requirements are met:

(A) The credit union service organization is adequately capitalized or has a reasonable plan for adequate capitalization if the credit union service organization is to be formed or is newly formed.

(B) The credit union service organization is structured and operated as a separate legal entity from the credit union.

(C) The credit union obtains a written legal opinion that the credit union service organization is structured and operated in a manner that limits the credit union's potential liability for the debts and liabilities of the credit union service organization to not more than the loss of money invested in or loaned to the credit union service organization by the credit union.

(D) The credit union service organization agrees in writing to prepare financial statements and provide the financial statements to the credit union at least quarterly, and to the department upon request.

(E) The credit union service organization agrees in writing to obtain an audit of the credit union service organization from a certified public accountant at least annually and provide a copy of each audit report to the credit union, and to the department upon request. A wholly owned credit union service organization is not required to obtain a separate annual audit if the credit

union service organization is included in the annual consolidated audit of the credit union that is the credit union service organization's parent.

(F) The credit union service organization operates in compliance with all applicable federal and state laws.

Iowa

533.301 Powers.

A state credit union shall have the power to do all of the following:

5. Make investments in any or all of the following:

a. Time deposits in state and national banks, federal savings banks or savings and loan associations, and state and federal credit unions, the deposits of which are insured by the federal deposit insurance corporation or the national credit union share insurance fund.

b. Obligations, participations, or other instruments of or issued by, or fully guaranteed as to principal and interest by the United States government or any agency of the United States government, or any trust or trusts established for investing directly or collectively in the United States government or any agency of the United States government.

c. General obligations of this state and any subdivision of this state.

d. Purchase of notes of liquidating credit unions with the approval of the superintendent.

e. Shares and deposits in other credit unions.

f. Shares, stocks, loans, and other obligations or a combination of shares, stocks, loans, and other obligations of a credit union service organization, corporation, or association, provided the membership or ownership, as the case may be, of the credit union service organization, corporation, or association is primarily confined or restricted to credit unions or organizations of credit unions, and provided that the purpose of the credit union service organization, corporation, or association is primarily designed to provide services to credit unions, organizations of credit unions, or credit union members. However, the aggregate amount invested pursuant to this paragraph shall not exceed five percent of the assets of the credit union.

g. Obligations issued by federal land banks, federal intermediate credit banks, banks for cooperatives, or any of the federal farm credit banks.

- h. Commercial paper issued by United States corporations as defined by rule.
- i. Corporate bonds as defined by and subject to terms and conditions imposed by the superintendent, provided that the superintendent shall not approve investment in corporate bonds unless the bonds are rated in the two highest grades of corporate bonds by a nationally accepted rating agency.
- j. Any permissible investment for federal credit unions, provided that this paragraph shall not permit a credit union to invest in a credit union service organization except as provided in paragraph “f”.

533.304 Investment in certain shares or equity interests.

1. For purposes of this section, unless the context otherwise requires:

- a. “Equity interests” means limited partnership interests and other equity investments in which liability is limited to the amount of the investment, but does not mean general partnership interests or other interests involving general liability.
- b. “Small business” means a corporation, partnership, proprietorship, or other entity formed under the laws of the United States, or a state, district, or territory of the United States, that meets the appropriate United States small business administration definition of small business and that is principally engaged in the development or exploitation of inventions, technological improvements, new processes, or other products not previously generally available in this state, or other investments which provide an economic benefit to this state.
- c. “Venture capital fund” means a corporation, partnership, proprietorship, or other entity formed under the laws of the United States, or a state, district, or territory of the United States, whose principal business is or will be the making of investments in and the provision of significant managerial assistance to small businesses that meet the United States small business administration definition of small business.

2. A state credit union may invest in either of the following to the extent that the total investments under this section shall not be more than five percent of the state credit union’s assets:

- a. Shares or equity interests in venture capital funds that agree to invest an amount equal to at least fifty percent of the state credit union’s investment in small businesses having their

principal offices within this state and having either more than one-half of their assets within this state or more than one-half of their employees employed within this state.

b. Shares or equity interests in small businesses having their principal offices within this state and having either more than one-half of their assets within this state or more than one-half of their employees employed within this state. A state credit union shall not invest in more than twenty percent of the total capital and surplus of any one small business under this paragraph.

533.305 Investment in banks or savings banks — required findings.

1. Investment in banks. A state credit union may, with the prior approval of the superintendent, invest in the capital stock, obligations, or other securities of a bank.

2. Investment in savings banks. A state credit union may, with the prior approval of the superintendent, invest in the capital stock, obligations, or other securities of a savings bank.

3. Findings required. The superintendent shall not grant an approval under subsection 1 or 2, unless the superintendent makes one of the following findings:

a. Based upon a preponderance of the evidence presented, the proposed investment will not have the immediate effect of significantly reducing competition between depository financial institutions located in the same community as the institution whose shares would be acquired.

b. Based upon a preponderance of the evidence presented, the proposed investment would have an anticompetitive effect as described in paragraph “a”, but other factors, specifically cited, outweigh the anticompetitive effect so that there would be a net public benefit as a result of the investment.

4. Competition preserved.

a. The subsequent liquidation of a bank or savings bank whose shares are acquired under this section shall not prevent the subsequent incorporation of another bank or savings bank in the same community.

b. The superintendent of banking shall not find the liquidation of a bank whose shares are acquired under this section to be grounds for disapproving the incorporation of another bank in the same community under section 524.305.

Kansas

Statute 17-2255: Investment of funds; funds property of credit unions making payments; withdrawal of funds by credit union, conditions.

All funds invested in a guarantee corporation may be invested in bonds or securities of the United States or any other investment authorized by the administrator. All funds collected and any interest paid thereon by a guarantee corporation shall belong to the credit union which pays in such funds, except that such funds and interest shall not be withdrawn from the corporation unless: (a) A credit union shall obtain similar guarantees from another source; (b) the credit union enters voluntary liquidation; or (c) the credit union no longer is subject to supervision of the credit union administrator of Kansas. Any funds returned to a credit union, the shares of whose members are guaranteed by a guarantee corporation, shall be returned in such a manner as not to endanger the guarantees given to other credit unions by such guarantee corporations. Any funds returned to a credit union shall first be subject to reduction incurred as a result of guaranteeing the shares of credit unions.

Kentucky

286.6-58 Investments.

Funds not used in loans to members may be invested:

- (1) 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 agency thereof or in any trust or trusts established for investing directly or collectively in the same;
- (2) In obligations of any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and the several territories organized by Congress, or any political subdivision thereof;
- (3) In certificates of deposit or passbook-type accounts issued by a state or national bank, mutual savings bank, or savings and loan association;
- (4) (a) In loans, not to exceed twenty-five percent (25%) of capital at the lending credit union, to; or (b) In shares or deposits, not to exceed twenty percent (20%) of the capital of the investing credit union, of other credit unions, central credit unions, corporate credit unions, or a central liquidity facility established under state or federal law;

(5) In shares, stocks, loans, or other obligations of any organization, corporation, or association, provided the membership or ownership, as the case may be, of the organization, corporation, or association is primarily confined or restricted to credit unions, or organizations of credit unions, and provided further the purpose for which it is organized is to strengthen or advance the development of credit unions or credit union organizations;

(6) In shares of a cooperative society organized under the laws of this state or of the laws of the United States in the total amount not exceeding ten percent (10%) of the shares, deposits, and surplus of the credit union;

(7) In stocks and bonds of corporations organized in any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico and the several territories organized by Congress to an aggregate maximum of five percent (5%) of members' shares in stocks and an aggregate maximum of five percent (5%) of members' shares in bonds, provided that investments shall be limited to stocks or bonds which appear on a list approved by the commissioner and published quarterly or annually, the list to include not less than thirty (30) corporations.

Louisiana

§644. Powers.

B. Among others, and except as otherwise limited by the provisions of this Chapter, every credit union shall have the following powers:

(3) To invest, through its board of directors, in:

(a) Bonds, certificates, notes, or other evidence of indebtedness of the United States, state of Louisiana, or any municipality of Louisiana, including paving certificates of municipalities, and in federal farm loan bonds issued by federal land banks, debentures issued by federal intermediate credit banks, and debentures issued by banks for cooperatives; such investments may be by book entry and such book entry investments may be pledged as security for loans.

(b) Homestead stock.

(c) The shares of other credit unions. It may deposit funds in savings banks, state banks, trust companies, and national banks. The funds of the credit union shall be used first, however, for loans to members, and preference shall be given to the smaller loan if available funds do not permit all loans to be made which have passed the credit committee. Such investments or

deposits may be by book entry and such investments or deposits in the U.S. Central Credit Union and the Louisiana Corporate Credit Union may be pledged as security for loans.

(d) Shares, stocks, loans, or other obligations of any organization, corporation, limited liability company, or association, provided the membership or ownership, as the case may be, of such organization, corporation, limited liability company, or association is primarily confined or restricted to credit unions, or organizations of credit unions, and provided further the purpose for which it is organized is to strengthen or advance the development of credit unions or credit union organizations. No such investment shall exceed one percent of the credit union's capital and surplus.

(e) Investments authorized by law for fiduciaries and approved by the commissioner of financial institutions.

(6) To invest in and operate a credit union service center, either separately or in cooperation with other credit unions and credit union organizations.

8) To obtain and maintain insurance of its member accounts or share accounts by the National Credit Union Administration, or other federal agency, or state agency or state share insurance corporation of any state, established for the purpose of insuring member accounts or share accounts of credit unions, including any investment that may be required in a share insurance corporation.

Maine

§861. Investments in general.

1. Applicable law. In addition to the loans a credit union is authorized to make pursuant to chapter 85, a credit union may invest its funds in accordance with the provisions of this chapter.

2. Director approval required. Investments pursuant to this chapter shall only be made with the approval of the board of directors or executive committee of the credit union.

3. Written investment policy. A credit union's board of directors shall establish a written investment policy, which must be reviewed and ratified at least annually, that addresses at a minimum the following:

A. Investment quality parameters;

B. Investment mix and diversification;

C. Investment maturities; and

D. Delegation of authority to officers and committees responsible for administering the portfolio.

§862. Deposits, notes and bonds.

A credit union may invest in:

1. Deposits in insured institutions. Deposits or share accounts in any financial institution or credit union, as long as deposits or shares in the financial institution or credit union are insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration;

2. Legal investments for savings banks.

2-A. Other legal investments for credit unions. A credit union may legally invest in the following.

A. Credit unions are authorized to invest in government unit bonds:

(1) The bonds and other obligations of the United States or the bonds and other obligations or participation certificates issued by any agency, association, authority or instrumentality created by Congress or any executive order;

(2) The bonds and other obligations issued or guaranteed by any state or by any instrumentality or agency of any state, or by any political subdivision of any state; provided that such securities are rated within the 3 highest grades by any rating service approved by the superintendent;

(3) The bonds and other obligations issued or guaranteed by this State, or issued by an instrumentality or agency of this State or any political subdivision of this State which is not in default on any of its outstanding funded obligations; and

(4) The bonds and other obligations issued or guaranteed by the Dominion of Canada, or issued or guaranteed by any province or political subdivision of a province; provided that such securities are rated within the 3 highest grades by any rating service approved by the superintendent and are payable in United States funds.

B. Credit unions are allowed to invest in the bonds and other obligations of any United States corporation, provided that such securities are rated within the 3 highest grades by any rating service approved by the superintendent. Not more than 2% of the shares of a credit union shall

be invested in the securities of any one such corporation and the total of all such investments shall not exceed 20% of the shares of a credit union.

C. Credit unions are authorized to invest in the following:

(1) The bonds, debentures, acceptances and commercial paper of any financial institution authorized to do business within this State, incorporated under the laws of this State or the United States and of any financial institution holding company registered under chapter 101. For the purposes of this subsection, the out-of-state owners of Maine financial institutions or financial institution holding companies are not to be considered Maine financial institutions or financial institution holding companies;

(2) The bonds, debentures, acceptances and commercial paper of banks or bank holding companies principally domiciled outside the State, provided that the bank's or holding company's bonds and debentures are rated in the 3 highest grades by a rating service approved by the superintendent. In the case of commercial paper, the commercial paper should be rated in the 2 highest grades. In the case of acceptances, the bank's or holding company's ratings of its other obligations so listed should be within the above parameter. These banks should also be insured by the Federal Deposit Insurance Corporation and holding companies should be registered under the Bank Holding Company Act of 1956; and

(3) Capital notes or debentures issued by any savings bank or savings and loan association chartered under the laws of any state, or of the United States, or of the Commonwealth of Puerto Rico, provided that these institutions are insured by the Federal Deposit Insurance Corporation or Federal Savings and Loan Insurance Corporation or issued by a thrift institution holding company registered under the United States Housing Act, Section 408. These obligations shall be rated in the 3 highest grades by a rating service approved by the superintendent.

A credit union shall not acquire obligations described in this paragraph both by way of investment as security for loans in excess of 30% of its shares; nor shall it acquire such obligations of any one bank or thrift, or bank or thrift holding company, not principally domiciled in this State in excess of 5% of its shares.

D. A credit union may invest in mutual funds or trusts, provided that all of the investments of those mutual funds or trusts are permissible investments under this section.

E. A credit union may invest in United States or State Government guaranteed loans.

F. The superintendent may by rule, issued pursuant to section 251, raise or lower the limitations as to percentage of securities prescribed under this section or prescribe such additional limitations as in his judgment conditions warrant.

3. Notes of liquidating credit union; limitation. The purchase of notes from a liquidating credit union; provided that such purchase shall not exceed 5% of the purchasing credit union's share capital and surplus; and

4. Sale of assets.

5. Federal Home Loan Bank and National Credit Union Administration Central Liquidity Facility membership. A credit union may become a member and stockholder of the following:

A. A Federal Home Loan Bank within the Federal Home Loan Bank district where that credit union is located; and

B. The National Credit Union Administration Central Liquidity Facility, subject to the conditions and limitations prescribed under the Federal Credit Union Act, 12 United States Code, Sections 1751 to 1795k.

This section may not be construed to authorize a credit union to purchase or invest in the stock of any corporation, except for the purchase of stock in the Federal Home Loan Bank or the National Credit Union Administration Central Liquidity Facility for purposes of establishing membership in those systems.

§863. Real estate for office facilities.

1. Authorizing. A credit union may invest in real estate by the purchase of improved or unimproved real estate, and in the erection or improvement of buildings thereon together with fixtures and equipment, for the purpose of providing offices for the transaction of its business. Such buildings may include space for rental purposes.

2. Limitation. The cost to the credit union of such lands, buildings, fixtures and equipment shall not exceed 50% of such credit union's total surplus at the time such investment is made; provided that the superintendent may, for good cause shown, upon application by the credit union in writing, approve an amount in excess of said 50% of total surplus, subject to such conditions as the superintendent may deem necessary.

§864. Service corporations.

1. Authorization. A credit union may invest, individually or with other credit unions or other entities, in service corporations as defined in section 131.

2. Limitations. A credit union may invest 10% of its share capital and surplus in any service corporation only if:

A. The service corporation is structured to limit the credit union's exposure to loss; and

B. The service corporation primarily serves credit unions and the membership of affiliated credit unions. A service corporation formed after July 31, 1994 primarily serves credit unions and the membership of affiliated credit unions within the meaning of this paragraph if at least 75% of the services provided within this State are to credit unions and members of credit unions.

The superintendent may approve an amount less than or in excess of 10%, subject to such terms and conditions as the superintendent determines necessary.

3. Applicability of section 445. A credit union or credit unions seeking to organize as or invest in a service corporation shall do so in accordance with the provisions of section 445 only if the controlling interest in the service corporation is owned by credit unions authorized to do business in this State.

§865. Additional authority.

Credit unions organized under private or special laws shall have the authority granted by this chapter, in addition to such other investment authority as they now possess.

Maryland

Silent

Massachusetts

M.G.L. ch.171 §67. A credit union may make the following investments:

(a) in the shares of the Central Credit Union Fund, Incorporated, as authorized by section three of chapter two hundred and sixteen of the acts of nineteen hundred and thirty-two;

- (b) in the shares of any federally chartered corporate credit union provided, however, that not more than twenty-five percent of the assets of a credit union shall be invested in such shares;
- (c) in deposits in savings banks incorporated in the commonwealth;
- (d) in paid-up shares and accounts of and in cooperative banks incorporated in the commonwealth;
- (e) in deposits in the Reserve Fund of the Massachusetts Credit Union Share Insurance Corporation authorized by section 8A of chapter 294 of the acts of 1961.
- (f) in deposits in trust companies incorporated in the commonwealth;
- (g) in deposits in banking companies incorporated in the commonwealth which are members of the Federal Deposit Insurance Corporation;
- (h) in the shares of federal savings and loan associations having a usual place of business within the commonwealth to an amount not in excess of the insurance provided by the Federal Savings and Loan Insurance Corporation for a depositor in any one of such association;
- (i) in deposits in national banks located in the commonwealth;
- (j) in bonds or notes of the United States or of any state or subdivision thereof;
- (k) obligations of other federal agencies which appear on the list of legal investments prepared pursuant to section fifteen A of chapter one hundred and sixty-seven;
- (l) in repurchase agreements secured by government obligations up to one year maturity;
- (m) in a common trust unit plan organized for the purchase of obligations of the United States or any subdivision thereof which appear on the list of legal investments prepared pursuant to said section fifteen A of said chapter one hundred and sixty-seven and which plan has as its custodian a banking institution authorized to accept deposits from a credit union or from a savings bank;
- (n) participate in federal funds with those banking corporations which are listed as eligible for such an investment, on the list of legal investments prepared pursuant to said section fifteen A of said chapter one hundred and sixty-seven;
- (o) in any obligations, bank stocks, bank holding company stocks, insurance stocks or preferred stocks of public utility companies which appear on the list of legal investments prepared pursuant to said section fifteen A of said chapter one hundred and sixty-seven.

Not more than ten percent of the assets of a credit union shall be invested in bank stocks or bank holding company stocks or insurance stocks or preferred stocks of public utility companies or in all four of such types of stocks appearing on said list and not more than fifteen thousand dollars or two percent of the assets of a credit union, whichever is greater, shall be invested in the stock of any one such bank, bank holding company, insurance company or preferred stock of public utility companies.

Not more than twenty percent of the assets of a credit union shall be invested in railroad obligations appearing on such list and not more than one and one-half percent of the shares and deposits of any such credit union shall be invested in the obligations of any one operating railroad corporation.

Not more than twenty percent of the assets of a credit union shall be invested in the obligations of telephone companies appearing on said list and not more than four percent of the shares and deposits of such credit union shall be invested in the obligations of any one such company.

Not more than twenty-five percent of the assets of a credit union shall be invested in obligations of public utility companies appearing on said list and not more than four percent of the deposits of such credit union shall be invested in the obligations of any one such company.

Not more than ten percent of the assets of a credit union shall be invested in interest bearing obligations authorized for investment under the provisions of section fifteen B of chapter one hundred and sixty-seven and appearing on the list of legal investments prepared pursuant to said section fifteen A of said chapter one hundred and sixty-seven. Not more than one-half of one percent of the shares and deposits of such credit union shall be so invested in the obligations of any one obligor, but the foregoing limitations shall not apply to obligations of telephone companies, of companies engaged primarily in the distribution and sale of electricity or gas, or both, or of railroad companies other than terminal companies.

(p) in shares of one or more investment funds approved by the commissioner and appearing on the list prepared pursuant to section fifteen A of said chapter one hundred and sixty-seven; provided, however, that not more than five percent of assets of a credit union shall be invested in a single such investment fund, and not more than twenty percent of the assets of a credit union shall be invested, in the aggregate, in such investment funds.

(q) in certificates of deposit having a maturity not in excess of two years of a banking corporation; provided, however, that (i) either the banking corporation or a bank holding company as, defined by chapter one hundred and sixty-seven A which owns two-thirds of the outstanding shares of each class of such banking corporation's voting stock has paid, in each of

the five years immediately preceding the date of investment dividends, in cash of not less than four percent of its common stock without having reduced the aggregate par value thereof; (ii) the banking corporation has surplus at least equal to fifty percent of its capital stock; (iii) the banking corporation has a combined total of capital stock, surplus, undivided profits, capital debentures and reserve for contingencies at least equal to six percent of its aggregate deposit liability at the end of the calendar year immediately preceding the date of investment; and (iv) the banking corporation is, if its principal office is located outside the commonwealth, a member of the federal reserve system; provided, however, that in the case of a banking corporation having a combined total of capital stock, surplus, undivided profits and reserve for contingencies equal to at least five hundred million dollars, the said combined total may be less than six percent, but not less than five percent, of its aggregate deposit liability at the end of the calendar year immediately preceding the date of investment. The limitations imposed by clause (i) of this paragraph shall not apply to an aggregate investment of not in excess of one hundred thousand dollars in certificates of deposit of a banking corporation, the deposits of which banking corporation are insured by the Federal Deposit Insurance Corporation;

(r) in bankers' acceptances of the kinds and maturities made eligible by law for rediscount with federal reserve banks; provided, however, that the same are accepted by a bank, banking association or trust company incorporated under the laws of the United States or of this commonwealth, and having its principal place of business within the commonwealth.

Not more than ten percent of the assets of a credit union shall be invested in such bankers' acceptances, and not more than five percent of the assets of such credit union shall be invested in the acceptances eligible by law for rediscount in federal reserve banks of any one accepting bank or trust company; and the aggregate amount of bankers' acceptances of any one bank, banking association or trust company held by any such credit union shall not exceed twenty-five percent of the paid-up capital and surplus of such bank, banking association or trust company;

(s) in bonds of governments or countries friendly to the United States as defined by the United States Department of State;

(t) a credit union may contribute such sums as its board of directors may determine to be reasonable (i) to any private nonprofit organization organized for the purpose of improving the social and economic conditions in the community where such credit union is established, including any educational institution, and to any educational institution located outside that community for the purpose of providing scholarships for the benefit of the residents of that community; or (ii) to any fund being raised by a committee or agency for the purpose of

relieving suffering or distress resulting from disaster or other calamity occurring in any part of the commonwealth; and

(u) in the capital stock of the Federal Home Loan Bank of Boston.

(v) notwithstanding the provisions of paragraph (k), a credit union may invest in mortgage backed securities originated by said credit union when such securities are guaranteed by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation.

For the purposes of paragraphs (a) to (i), inclusive, the words "shares, deposits and accounts" shall include any such term share, term deposit, certificate of deposit, or term account with a maturity not to exceed three years.

Michigan

490.431 Investment of funds not used in member loans; limitations; maintenance of files.

(1) A domestic credit union may invest funds not used in loans to members in any of the following:

(a) Securities, obligations, or other instruments of or issued by or fully guaranteed as to principal and interest by the United States or an agency or instrumentality of the United States, or in any trust or trusts established for investing directly or collectively in those securities, obligations, or instruments.

(b) Securities, obligations, or other instruments of or issued by any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, or a territory organized by Congress, or any of their political subdivisions.

(c) Securities, obligations, or other instruments of any central liquidity facility or corporate credit union established under the laws of this state, the laws of another state or territory of the United States, or the laws of the United States, or any federal reserve bank.

(d) An obligation that meets all of the following:

(i) In the domestic credit union's prudent judgment, which may be based in part upon estimates which it believes are reliable, there is adequate evidence that the obligor of the obligation will be able to perform all it undertakes to perform in connection with the obligation, including all

debt service requirements, and that the obligation may be sold with reasonable promptness at a price that corresponds to its fair value.

(ii) The investment characteristics of the obligation are not considered distinctly or predominantly speculative.

(iii) The obligation is not in default in the payment of principal or interest.

(iv) The obligation is a marketable obligation in the form of a bond, note, or debenture, commonly regarded as an investment security, and salable under ordinary circumstances with reasonable promptness at a fair value.

(e) Shares or certificates of an open-end management investment company registered with the securities and exchange commission under the investment company act of 1940, title I of chapter 686, 54 Stat. 789, 15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 80a-64, if all of the following conditions are met:

(i) Not less than 90% of the fund's assets consist of and are limited to securities in which a domestic credit union may invest directly.

(ii) The domestic credit union has an equitable and undivided interest in the underlying assets of the fund.

(iii) The domestic credit union is not liable for acts or obligations of the fund.

(iv) The domestic credit union's investment in any 1 fund does not exceed the amount of its net worth.

(f) Investments in mortgage-backed securities either issued by or guaranteed by a private organization if the securities involved meet the investment standards for an obligation described in subdivision (d).

(2) A domestic credit union other than a corporate credit union shall not invest more than 25% of its net worth in an obligor or affiliate of the obligor. This subsection does not apply to the extent that the investment is insured or guaranteed by the United States government or an agency of the United States government or a state or local government, or the investment is in a corporate credit union.

(3) A domestic credit union may not invest in or hold common stock or another equity investment except as provided in section 401(2), or in bank and bank holding company stock legally acquired before December 19, 1986. If a domestic credit union possesses capital stock or

another equity investment as the result of a loan default, it shall dispose of that investment within a reasonable period of time that does not exceed 1 year, or a longer period of time approved by the commissioner for that domestic credit union.

(4) In addition to investments authorized by this act, a domestic credit union may make any other type of investment approved by the commissioner by rule, order, or declaratory ruling.

(5) A domestic credit union shall maintain files containing credit and other information adequate to demonstrate evidence of prudent business judgment in exercising the investment powers granted under this act or by rule, order, or declaratory ruling of the commissioner.

Minnesota

52.04 POWERS. Subdivision 1. Generally.

A credit union has the following powers:

(6) to invest in any investment legal for savings banks or for trust funds in the state and, notwithstanding clause (3), to invest in and make loans of unsecured days funds (federal funds or similar unsecured loans) to financial institutions insured by an agency of the federal government and a member of the Federal Reserve System or required to maintain reserves at the Federal Reserve;

Mississippi

SEC. 81-13-11. Power.

In addition to the general powers authorized for corporations in Section 79-3-7, a credit union shall have the following specific powers:

(c) It may invest, through the board of directors, only in accordance with NCUA's rules and regulations, Federal Credit Union Act, and any interpretive rulings issued by the NCUA.

Missouri

370.075. Investment of credit union funds.

1. A credit union by action of its board of directors or the executive committee of the board of directors or an investment committee of the credit union, if the power has been delegated to either committee, may invest its funds in any of the following designated securities:

(1) Obligations of the United States of America or securities fully guaranteed as to principal and interest thereby;

(2) Bonds of the state of Missouri or bonds of any other state in the union provided that the state has not, within ten years previous to the making of the investments by the credit union, defaulted in the payment of any part of either principal or interest thereon;

(3) Bonds of any town, city, county or school district of this state that has not, within ten years previous to the making of the investment by the credit union, defaulted in the payment of any part of either principal or interest thereof provided the town, city, county or school district has been in existence for a period of at least ten years;

(4) Saving share accounts of federal and state chartered savings and loan associations holding certificates of insurance from the Federal Savings and Loan Insurance Corporation;

(5) Shares of other credit unions or credit union associations incorporated under the laws of this state, or of the United States, including shares of a credit union financial agency organized under the laws of this state or of the United States;

(6) Capital stocks of corporations solely and exclusively established to assist credit union operation in bookkeeping and accounting, consumer counseling for members and the insuring of member accounts;

(7) Such other securities and in such amounts as may be approved from time to time by the director of the division of credit unions. Any securities purchased while so approved may be retained if the approval is later withdrawn.

2. No investment in any single type of securities specified in this section, except funds in central credit unions and those securities specified in subdivision (1) of subsection 1 of this section, shall exceed twenty-five percent of the capital, surplus, and reserve fund of the credit union making the investment, nor shall any credit union invest more than five percent of its capital, surplus, and reserve funds in capital stocks specified in subdivision (6) of subsection 1 of this section.

Montana

32-3-701. Investment of funds.

Funds not used in loans to members may be invested in:

- (1) 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 agency thereof, or in any trust or trusts established for investing directly or collectively in the same;
- (2) general obligations of any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and the several territories organized by congress, or any political subdivisions thereof;
- (3) certificates of deposit or passbook type accounts issued by a state or national bank, mutual savings bank, building and loan association, or savings and loan association;
- (4) loans to or in shares or deposits of other credit unions;
- (5) the capital shares, obligations, or preferred stock issues of any agency or association organized either as a stock company, mutual association, or membership corporation, provided the membership or stockholdings, as the case may be, of such agency or association are primarily confined or restricted to credit unions or organizations of credit unions and provided the purposes for which such agency or association is organized are designed primarily to service or otherwise assist credit union operations;
- (6) shares of a cooperative society organized under the laws of this state or of the laws of the United States in the total amount not exceeding 10% of the shares and surplus of the credit union;
- (7) loans to any credit union association or corporation, national or state, of which the credit union is a member, except that such investments shall be limited to 2% of the assets of the credit union.

Nebraska

21-17,102. Authorized investments.

(1) Funds not used in loans to members may be invested:

- (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 agency or instrumentality thereof or in any trust or trusts established for investing directly or collectively in the same;
- (b) In securities, obligations, or other instruments of any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and the several territories organized by Congress or any political subdivision thereof;
- (c) In deposits, obligations, or other accounts of financial institutions organized under state or federal law;

- (d) In loans to or in share accounts of other credit unions or corporate central credit unions;
- (e) In obligations issued by banks for cooperatives, federal land banks, federal intermediate credit banks, federal home loan banks, the Federal Home Loan Bank Board, or any corporation designated in 31 U.S.C. 9101 as a wholly owned government corporation; in obligations, participation certificates, or other instruments of or insured by or fully guaranteed as to principal and interest by the Federal National Mortgage Association or the Government National Mortgage Association; in mortgages, obligations, or other securities which are or ever have been sold by the Federal Home Loan Mortgage Corporation pursuant to section 305 or section 306 of the Federal Home Loan Mortgage Corporation Act, 12 U.S.C. 1454 et seq.; in obligations or other instruments or securities of the Student Loan Marketing Association; or in obligations, participation, securities, or other instruments of or issued by or fully guaranteed as to principal and interest by any other agency of the United States. A state credit union may issue and sell securities which are guaranteed pursuant to section 306(g) of the National Housing Act, 12 U.S.C. 1721(g);
- (f) In participation certificates evidencing a beneficial interest in obligations or in a right to receive interest and principal collections therefrom, which obligations have been subjected by one or more government agencies to a trust or trusts for which any executive department, agency, or instrumentality of the United States or administrator thereof has been named to act as trustee;
- (g) In share accounts or deposit accounts of any corporate central credit union in which such investments are specifically authorized by the board of directors of the credit union making the investment;
- (h) In the shares, stock, or other obligations of any other organization, not to exceed ten percent of the credit union's capital and not to exceed five percent of the credit union's capital in any one corporation's stock, bonds, or other obligations, unless otherwise approved by the director. Such authority shall not include the power to acquire control, directly or indirectly, of another financial institution, nor invest in shares, stocks, or obligations of any insurance company or trade association except as otherwise expressly provided for or approved by the director;
- (i) In the capital stock of the National Credit Union Administration Central Liquidity Facility;
- (j) In obligations of or issued by any state or political subdivision thereof, including any agency, corporation, or instrumentality of a state or political subdivision, except that no credit union

may invest more than ten percent of its capital in the obligations of any one issuer, exclusive of general obligations of the issuer;

(k) In securities issued pursuant to the Nebraska Business Development Corporation Act; and

(l) In participation loans with other credit unions, credit union organizations, or other organizations.

(2) In addition to investments expressly permitted by the Credit Union Act, a credit union may make any other type of investment approved by the department by rule, regulation, or order.

Nevada

NRS 678.760 Authorized investments.

Money not used in loans to members may be invested in:

1. Securities, obligations, participations or other instruments of or issued by or fully guaranteed as to principal and interest by the United States of America or any agency thereof or in any trust or trusts established for investing directly or collectively in these instruments;
2. Obligations of this state or any political subdivision thereof, including, without limitation, a city, county or school district;
3. Certificates of deposit or passbook type accounts issued by a state or national bank, mutual savings bank or savings and loan association;
4. Loans to or shares or deposits of other credit unions as permitted by the bylaws;
5. Capital shares, obligations or preferred stock issues of any agency or association organized either as a stock company, mutual association or membership corporation if the membership or stockholdings, as the case may be, of the agency or association are confined or restricted to credit unions or organizations of credit unions, and the purposes for which the agency or association is organized are designed to service or otherwise assist credit union operations;
6. Shares of a cooperative society organized under the laws of this state or the United States in a total amount not exceeding 10 percent of the shares, deposits and surplus of the credit union;
7. Capital stock and other securities of a corporation for economic revitalization and diversification organized under the provisions of chapter 670A of NRS, if the credit union is a member of the corporation, and to the extent of its loan limit established under NRS 670A.200;

8. Stocks and bonds of United States corporations to a maximum of 5 percent of unallocated reserves, except that such an investment must be limited to stocks or bonds yielding income which are approved by the Commissioner;
9. Loans to any credit union association, national or state, of which the credit union is a member, except that such an investment must be limited to 1 percent of the shares, capital deposits and unimpaired surplus of the credit union; and
10. Negotiable obligations of federal or state banks.

New Hampshire

394-B:16 Use of Funds. –

While awaiting call of its members for loans, a credit union may make use of its funds as described in and according to the limitations of the following paragraphs:

- II. It may invest up to the insured amount in any cooperative bank, building and loan association, savings bank, trust company, federal savings and loan association, or national bank in the United States, which is insured by either the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation.
- IV. It may invest any surplus in obligations of the United States government, including any loans included in the Participation Sales Act of 1966, Public Law 89-429, 80 Stat. 164, or of the state, or of any county, city or town of the state issued pursuant to authority of law.
- V. It may invest in securities, obligations, participations, or other instruments of or issued by or fully guaranteed as to principal and interest by the United States or any agency thereof or in any trust or trusts established for investing directly or collectively in the same.
- VI. Any credit union with assets of \$3,000,000 or more may purchase real estate mortgages secured by real estate wherever situate which are guaranteed by the Federal Housing Administration and may purchase real estate mortgages secured by real estate in this state and in any state which are guaranteed by the United States government through the insured loan program of the Farmer's Home Administration. It may be an originator or participating lender in participating loans as defined in RSA 387:1, provided that its participation in such loans shall be within such limits as are prescribed in RSA 394-B:15.
- VII. The board of directors shall establish and maintain a written investment policy which shall be reviewed not less than annually. The board of directors may, by majority vote of such board, delegate investment authority as prescribed in the credit union's written investment policy to a

committee established by, or officers designated by, the board for such purpose. All investments will be reviewed in every meeting of the board of directors.

394-B:17 Limitations. –

The following limitations shall be observed with respect to the investments of credit unions:

- I. Not exceeding 5 percent of total assets shall be invested in preferred or common stock.
- II. Not exceeding 5 percent of total assets shall be invested in bonds of the Dominion of Canada, its provinces and cities.
- III. Not exceeding 20 percent in aggregate of the total assets shall be invested in corporate securities, New Hampshire securities, banks and bank holding company securities, and investment trust shares; provided, however, that not exceeding 5 percent of the total assets may be invested in preferred and common stock, including shares of investment trusts.
- IV. Unless the value of a credit union's assets as determined by the bank commissioner shall exceed the amount of the shares and deposits by at least 5 percent, it shall be unlawful for such credit union to invest in any preferred or common stocks, including shares of investment trusts, without the written permission of the commissioner.
- V. Whenever in the opinion of the bank commissioner the condition of any credit union is such that the commissioner deems it unwise for the credit union to invest in any preferred or common stocks, including shares of investment trusts, he may by written order forbid such credit union to make such investment, and said credit union shall not thereafter make such investment until such order shall be revoked in writing.
- VI. No investment shall be made which, when added to investments of the same category then held, shall cause the investments in that category to exceed the percentages permitted for such category.
- VII. In determining whether an investment complies with the limitations imposed by this section, the applicable limitation shall be applied to the condition of the credit union at the time of making such investment.

394-B:18 Public Obligations. –

The following described securities are legal investments:

- I. The authorized bonds and notes of the state of New Hampshire or of any municipal government in New Hampshire, including all authorities, commissions, districts or similar

divisions of state or municipal government, provided that:

(a) The direct obligations of the state of New Hampshire or any municipal government in New Hampshire are backed by the issuer's ability to levy taxes for the repayment of principal and interest.

(b) Obligations secured by the revenues of any authorities, commissions, districts or similar divisions of state or municipal government are rated among the first 4 ratings of one or more rating services as defined in RSA 387:1, XVI.

II. The authorized bonds and notes of any other state, commonwealth or territory of the United States or any municipality therein or authorities, commissions, districts or similar divisions of state or municipal government therein, provided:

(a) The direct obligations of any state, commonwealth or territory of the United States or any municipality located therein are backed by the issuer's ability to levy taxes for repayment of principal and interest and are rated among the first 3 ratings of one or more rating services as defined in RSA 387:1, XVI.

(b) Obligations secured by the revenue of any authorities, commissions, districts or similar divisions of state or municipal government are rated among the first 3 ratings of one or more rating services as defined in RSA 387:1, XVI.

394-B:19 Corporate Securities. –

The following described securities are legal investments:

I. Obligations in the form of bonds and notes issued, assumed, or guaranteed by companies incorporated in the United States of America. All such obligations shall be rated among the 3 highest ratings of one or more rating services as defined in RSA 387:1, XVI. Convertible bonds of a lesser rating will be legal if the common stock would otherwise qualify.

II. All preferred stocks issued, assumed or guaranteed by companies incorporated in the United States. All such obligations shall be rated among the 3 highest ratings of one or more rating services as defined in RSA 387:1, XVI.

III. The common stock or senior securities convertible into common stock of companies incorporated in the United States of America provided:

(a) The stock is listed on the New York Stock Exchange or the American Stock Exchange or is listed in Over The Counter Market Issues quoted through the National Association of Security Dealer Automated Quotation System and is ranked among the 3 highest ratings as defined in RSA 387:1, XVI.

(b) At the time of purchase, any common stock investment under this section when added to

the book value of all other common stock securities presently owned of the same company shall not exceed 5 percent of a credit union's capital funds.

IV. (a) The bonds and notes issued, assumed or guaranteed by any company organized under the laws of this state or carrying on its principal manufacturing within this state, provided that:

- (1) Such company shall have, at the date of investment, a net worth of at least \$1,000,000; and
- (2) In at least 4 of the 5 years next preceding the date of investment, the net income available for interest plus the federal income tax of such company shall have been not less than twice the interest on its obligations.

(b) The dividend-paying capital stock of any company organized under the laws of this state or carrying on its principal manufacturing within this state, provided:

(1) All securities, if any, senior to such stock are legal investments hereunder, and such company shall have at the date of such investment a net worth of at least \$1,000,000.

(2) In at least 4 of the 5 years next preceding the date of investment, such company shall have earned net income available for dividends on the entire outstanding issue of the stock in question of not less than 4 percent on the par or stated value of such stock.

(3) No credit union shall hold more than 5 percent of the outstanding stock of any such company.

Section 394-B:20 Bank Stock. -

The following described securities are legal investments:

I. The securities of any bank or bank holding company incorporated in the United States, provided that:

(a) Such bank or bank holding company shall have a total capital and surplus of at least \$50,000,000.

(b) The capital and surplus shall represent not less than 4 percent of the total assets in at least 4 of the 5 years immediately preceding investment.

(c) Net earnings shall have averaged not less than 4/10 of one percent of average total assets over the same 5 years immediately preceding investment.

(d) The total loans to total deposits shall not be greater than 80 percent.

II. (a) The securities of any banking or trust company, or the special deposits of any guaranty savings bank incorporated under the laws of this state and doing business herein, and the capital notes and the capital stock of any federally chartered bank in this state; but the amount of such notes or stock or special deposits held by any credit union as an investment and as

collateral for loans shall not exceed 1/4 of the total capital notes and capital stock of such banking or trust company or guaranty savings bank or federally chartered bank, except if held on or before June 1, 1979.

(b) The securities of any New Hampshire bank holding company which is registered with the board of governors of the Federal Reserve System under 12 U.S.C. section 1844 (1956), but the amount of capital stock held by any credit union in legal form or represented by voting trust certificates as an investment and as collateral for loans shall not exceed 1/4 of the total capital stock of such New Hampshire bank holding company.

394-B:21 Investment Trust Shares. –

The following described shares or units are legal investments if listed on the New York Stock Exchange or authorized for sale in the state of New Hampshire by the New Hampshire insurance department, securities division:

I. The shares of any management type investment company, either open-end or close-end, provided that:

(a) If such fund acts as its own investment manager it must have been in business for at least 5 years, have at least \$50,000,000 of net assets and have paid dividends for at least 4 of the 5 years immediately preceding investment.

(b) In the event that the fund employs outside investment management then those investment managers must have a total of at least \$100,000,000 under management and the fund must have been in business for at least 5 years, have net assets of \$50,000,000 and have paid dividends for at least 4 of the 5 years immediately preceding investment.

II. The shares of any management type investment company that is a member of a group of 3 or more mutual funds under the same investment manager, provided that:

(a) Such manager has at least \$100,000,000 of assets under management, and

(b) The fund has at least \$10,000,000 of net assets.

III. Unit investment trusts with principal of at least \$1,000,000, if authorized for sale in the state of New Hampshire.

394-B:22 Other Legal Investments. –

The following described securities are legal investments:

- I. Acceptances of member banks of the Federal Reserve System of the times and maturities made eligible for rediscount and purchased by Federal Reserve Banks.
- II. Advances of federal funds to banks which also qualify as cash depositories under RSA 387:22, provided that total advances of federal funds under this paragraph shall not exceed 20 percent of the credit union's shares and deposits, and the total of such advances by a credit union to any one bank shall not exceed 10 percent of the latter's capital funds.
- III. The obligations issued or guaranteed by the International Bank for Reconstruction and Development provided that such obligations are payable in dollars in the United States, and that the principal office of the obligor is, at the time of making such investment, located within the United States.

New Jersey

17:13-89 Powers.

- 11. A credit union's powers shall include, but not be limited to, the power to:
 - i. Make deposits and invest in legally chartered banks, savings banks, savings and loan associations, trust companies, and other credit unions, including corporate credit unions, and invest funds as otherwise provided in this act;

17:13-107. Investment of funds.

Funds not used in loans to members may be invested:

- 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 agency thereof or in any trust or trusts established for investing directly or collectively in the same;
- b. In obligations of any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and the several territories organized by Congress, or any political subdivision thereof;
- c. In certificates of deposit or passbook-type accounts issued by a state or federally chartered bank, savings bank, or savings and loan association;
- d. In loans to or in shares or deposits of other credit unions, corporate central credit unions, or a central liquidity facility established under any state or federal law;

e. In shares, stocks, loans or other obligations of any organization, corporation, or association membership or ownership of which is primarily confined or restricted to credit unions, or organizations of credit unions, and the purpose of which is to strengthen or advance the development of credit unions or credit union organizations;

f. In shares of a cooperative society organized under the laws of this State or of the laws of the United States in a total amount not exceeding 10% of the shares, deposits, and surplus of the credit union.

New Mexico

58-11-56. Investments.

A. Funds not required to satisfy member demands for extensions of credit may be invested in:
(1) securities, obligations or other instruments of or issued by or fully guaranteed as to principal and interest by the United States or any agency of the United States or in any trust investing solely, directly or indirectly, in the same;

(2) securities, obligations or other instruments of this state or any political subdivision of this state;

(3) deposits or other accounts of state or federally chartered financial institutions, the accounts of which are insured by an agency of the United States;

(4) loans or extensions of credit to or shares or deposits of other credit unions, central credit unions or corporate credit unions, the accounts of which are insured by the national credit union administration's share insurance fund;

(5) deposits in, loans to or shares of any federal reserve bank or of any central liquidity facility established under federal law;

(6) shares, stocks, loans or extensions of credit to or other obligations of any organization, corporation or association providing services that are associated with the general purposes of the credit union or that engage in activities incidental to the operations of a credit union. Those investments in the aggregate shall not exceed five percent of the credit union's capital;

(7) shares of a cooperative society organized under the laws of this state or of the laws of the United States in a total amount not exceeding ten percent of the capital of the credit union, subject to prior approval by the director;

(8) fixed assets, not to exceed six percent of the credit union's capital and deposits, unless with the written approval of the director. For the purpose of this subsection, "fixed assets" means structures, land, computer hardware and software and heating and cooling equipment that are affixed to the premises;

(9) common trusts or mutual funds whose investment portfolios consist of mortgages, securities and obligations and bonds of the federal national mortgage association, federal home loan mortgage corporation, government national mortgage association and other government-sponsored enterprises;

(10) other investments, or in amounts in excess of the thresholds listed in this section, as approved by the director in written application; and

(11) activities that the director determines are a part of or incidental to the operations of a credit union notwithstanding any provision to the contrary in the Credit Union Act [[58-11-1 NMSA 1978](#)].

B. Credit unions with minimum undivided earnings of one million dollars (\$1,000,000) and with capital in excess of seven and one-half percent after required reserves may also invest funds not required to satisfy member demands for extensions of credit. The aggregate of a credit union's investments as provided in this subsection shall not exceed ten percent of the credit union's undivided earnings. Such investments may only be in or through:

(1) common trusts or mutual funds whose investment portfolios consist of the bonds or other obligations of insured financial institutions organized pursuant to the laws of another state or the United States, or corporations organized in any state, the District of Columbia, the commonwealth of Puerto Rico or the territories organized by congress; provided that the investment portfolios are representative of a recognized broadly traded bond index, as defined in the credit union's board-approved investment policy, and provided that the portfolios shall be limited to such bonds and other obligations having maturities of less than fifteen years with an average weighted life not to exceed seven years and being rated among the three highest ratings established by one or more national rating services; and

(2) common trusts or mutual funds whose investment portfolios consist of the stock of corporations organized in any state, the District of Columbia, the commonwealth of Puerto Rico

or the territories organized by congress, provided that the investment portfolios of such common trusts or mutual funds are representative of a recognized broadly traded stock index as defined in the credit union's board-approved investment policy.

New York

§ 454. General powers.

In addition to the powers conferred by the provisions of this chapter, a credit union shall, subject to the restrictions and limitations contained in this article, in its bylaws, and in any regulations promulgated by the superintendent, or in any regulations of the superintendent of financial services as may be specifically authorized under this section, have the following powers:

18. (a) To invest its funds in: (i) Those securities authorized as permissible investments for savings banks by subdivisions one, two, three, four, twelve, paragraph (a) of subdivision twelve-a, and subdivisions fifteen, seventeen, twenty-seven and twenty-eight-a of section two hundred thirty-five of this chapter.

(ii) Advances of federal funds as authorized for savings banks by subdivision twelve-b of section two hundred thirty-five of this chapter.

(iii) Common trust units of a credit union investment pool organized for the purchase of:

(A) obligations of the United States of America, or securities fully guaranteed as to principal and interest thereby;

(B) obligations issued by banks for cooperatives, federal land banks, federal intermediate credit banks, federal home loan banks, the Federal Home Loan Bank Board, or any corporation designated in section 846 of Title 31 of the United States Code as a wholly owned government corporation, or in obligations, participations, or other instruments of or issued by, or fully guaranteed as to principal and interest by, the Federal National Mortgage Association or the Government National Mortgage Association, or in mortgages, obligations, or other securities which are or ever have been sold by the Federal Home Loan Mortgage Corporation pursuant to section 1454 or 1455 of Title 12 of the United States Code, or in obligations or other instruments or securities of the Student Loan Marketing Association;

(C) participation certificates evidencing beneficial interests in obligations, or in the right to receive interest and principal collections therefrom, which obligations have been subjected by one or more government agencies to a trust or trusts for which any executive department, agency, or instrumentality of the United States (or the head thereof) has been named to act as trustee; provided that such investment pool has been approved by the superintendent; or

(D) securities, obligations or other instruments of, or issued by, any agency of the United States.

(iv) Where the assets of a credit union are in excess of three million dollars, such credit union is further authorized to invest its funds in the securities enumerated in subdivisions thirteen and fourteen of section two hundred thirty-five of this chapter, subject in each case to those limitations applicable to such investment in the case of savings banks.

(b) All such securities, except those purchased in a common trust unit pursuant to subparagraph (iii) of paragraph (a) of this subdivision, must be registered in the name of the credit union; provided that where

any such securities are non-registerable, except those purchased in a common trust investment pool, as hereinbefore provided, they shall be placed in the custody of a bank, trust company, national bank, or state or federal corporate credit union in the name of the credit union, and shall be retained by such bank, trust company, national bank, or state or federal corporate credit union until such securities are liquidated at maturity or sold, in either of which events the proceeds of such securities shall be deposited in the name of the credit union in any institution specified in subdivision eight of this section.

(c) Notwithstanding the provisions of this subdivision, a credit union may invest the lesser of ten percent of its capital or net worth, but at least ten thousand dollars, in the shares of investment companies; provided that the portfolio of such investment company consists solely of securities in which credit unions are permitted to invest directly. The term "investment companies" means open-end and close-end investment companies and unit investment trusts as these terms are used in an Act of Congress entitled "Investment Company Act of 1940."

19. Subject to regulations and restrictions of the superintendent of financial services, a credit union may invest its funds in and make loans to credit union organizations; provided that such loans or investments shall be approved by the board of directors. No such loan or investment shall be made by a credit union pursuant to this subdivision if the amount of such

loan or investment exceeds three per centum of the total sum due to the members on shares and deposits. For the purpose of this subdivision, a credit union organization is any organization established primarily to serve the needs of its member state and federal credit unions, and whose business relates to the daily operations of the credit unions it serves.

20. To purchase, sell, service, pledge or discount, or otherwise receive or dispose of, eligible obligations to the same extent as authorized pursuant to Title 12 U.S.C. section 1757(13) and any regulations promulgated thereunder, as such laws or regulations may be amended from time to time.

21. To purchase, hold, lease and convey a plot whereon there is or may be erected a building suitable for the transaction of its business, from portions of which not required for its own use a revenue may be derived, and a plot whereon parking accommodations are or are to be provided, with or without charge, primarily for its members or employees or both; provided that the net aggregate of all investments of any credit union in such plots and building shall be limited to six per centum of the capital and retained earnings of such credit union, except with the approval of the superintendent.

36. To invest its funds in a collateralized mortgage obligation/real estate mortgage investment conduit. A credit union may invest in a fixed or variable rate collateralized mortgage obligation/real estate mortgage investment conduit, subject to the same extent and under the same conditions as federal credit unions are authorized to so invest, pursuant to the Federal Credit Union Act (12 U.S.C 1757(15)(B)) and any regulations related thereto, as amended.

North Carolina

§ 54-109.82. Investment of funds.

The capital, deposits, undivided profits and reserve fund of the corporation may be invested only in any of the following ways:

(1) They may be lent to the members of the corporation in accordance with the provisions of this Chapter.

(2) In capital shares, obligations, or preferred stock issues of any agency, company, or association organized either as a stock company, mutual association, or membership corporation, provided the membership or stockholdings, as the case may be, of the agency, company, or association are confined or restricted to credit unions or organizations of credit

unions, or provided the purpose for which the agency, company, or association is organized or designed is to service or otherwise assist credit union operations.

(3) In obligations of the State of North Carolina or any subdivision thereof.

(4) In obligations of the United States, including bonds and securities upon which payment of principal and interest is fully guaranteed by the United States.

(5) They may be deposited to the credit of the corporation in savings institutions, credit unions, or State banks or trust companies incorporated under the laws of the State, or in national banks located in the State.

(6) In loans to other credit unions in any amount not to exceed twenty-five percent (25%) of the shares and unimpaired surplus of the lending credit union.

(7) In an aggregate amount not to exceed twenty-five percent (25%) of the allocations to the reserve fund in any agency, company, or association of the type described in subdivision (2) of this section provided the purposes of the agency, company, or association are designed to assist in establishing and maintaining liquidity, solvency, and security in credit union operations.

(8) In the North Carolina Savings Guaranty Corporation.

(9) In any form of investment allowed by law to the State Treasurer under G.S. 147-69.1.

(10) Debentures issued by an agency of the United States government.

(11) In the College Foundation in any amount not to exceed ten percent (10%) of the shares and unimpaired surplus of the investing credit union.

(12) They may be deposited in any bank or savings institution insured by the federal government or any of its agencies.

North Dakota

6-06-06. Powers of credit unions.

A credit union has the following powers:

5. To invest in the following:

- a. In bonds of the United States without limitation in securities issued as direct obligations by the United States government or any agency thereof and in any trust established for investing directly or collectively in such securities.
 - b. In bonds or evidences of debt of this state or in bonds of states of the United States.
 - c. In bonds or certificates of indebtedness of any county, city, or school district in this state, issued pursuant to authority of law, but not to exceed thirty percent of the assets of any credit union may be invested in such bonds or certificates of indebtedness.
 - d. In notes or bonds secured by mortgage or deed of trust upon unencumbered, improved real estate in this state, if such investment does not exceed sixty-five percent of the market value of the property mortgaged, and fire and tornado insurance policies are maintained and deposited as collateral to such mortgage, subject to such restriction and regulations as may be imposed by the state credit union board.
 - e. In notes or bonds secured by a security interest or lien upon unencumbered personal property, if the investment does not exceed ninety percent of the market value of the property secured.
 - f. In first lien, public utility, industrial, corporation, or association bonds, notes, or other evidences of debt issued by corporations located in the United States of America to the extent authorized by the state credit union board.
 - g. Subject to rules of the state credit union board, in shares of investment companies registered under the Investment Companies Act of 1940 and which invest only in investments otherwise permissible under this section.
 - h. In investments or insurance products otherwise prohibited by this section if the investments are directly related to a benefit plan for credit union employees.
9. A credit union may invest in a credit union office building, including the lot, piece, or parcel of land on which the same is located, and in furniture and fixtures, to the extent authorized by regulations issued by the state credit union board.

Ohio

1733.30 Investments.

(A) A credit union may make any investment of any funds not required for the purpose of loans, in state or national banks or state or federally chartered savings and loan associations , savings

banks, or credit unions, doing business in this state; in accounts, deposits, or shares of federally insured savings and loan associations or savings banks or insured credit unions, doing business outside this state; in deposits or accounts of federally insured banks, trust companies, and mutual savings banks doing business outside this state; in the shares of a corporate credit union subject to the regulations of that corporate credit union; in shares, stocks, or obligations of any other organization providing services that are associated with the routine operations of credit unions; or in United States government securities or municipal bonds issued by municipalities of this state; and, with the approval of the superintendent of credit unions, in securities other than those specified in this division. All investments under this division shall be made in United States dollars.

(B) In accordance with rules adopted by, and subject to the approval of, the superintendent, notes or loans made by or to individual members of a credit union may be purchased by another credit union at such prices as may be agreed upon between the credit unions.

(C) A corporate credit union may make investments provided the investments are in accordance with rules adopted by the superintendent, are consistent with the safety and soundness of the credit union, and are made with due regard to the investment requirements established by the applicable insurer recognized under section 1733.041 of the Revised Code.

Oklahoma
O.S. §, 2006

A credit union shall have succession in its corporate name during its existence and shall have power:

Section 8. To invest its funds in accordance with the following:

a. investments shall be made in conformity with criteria established by the board of directors of the credit union and in accordance with any rules or regulations as may be prescribed and adopted from time to time by the State Credit Union Board, and

b. the following investments shall be authorized for credit unions:

(1) loans to credit union members and other loans authorized for credit unions under the laws of this state,

- (2) obligations of the United States of America and obligations fully guaranteed as to principal and interest by any instrumentality or agency of the United States of America,
- (3) general obligations and revenue obligations of any state or any political subdivision thereof; provided the aggregate of such investments shall not exceed ten percent (10%) of the paid-in and unimpaired capital and surplus of the credit union; and provided that such investments shall be limited to obligations rated among the three highest rating categories established by one or more national rating services for governmental obligations,
- (4) obligations issued by banks for cooperatives, federal land banks, federal intermediate credit banks, federal home loan banks, the Federal Home Loan Bank Board or any corporation designated by federal law as a wholly owned government corporation, or obligations, participations or other instruments of or issued by, or fully guaranteed as to principal and interest by, the Federal National Mortgage Association or the Government National Mortgage Association, or in mortgages, obligations or other securities which are or ever have been sold by the Federal Home Loan Mortgage Corporation pursuant to the Federal Home Loan Mortgage Corporation Act, or in other obligations or other instruments or securities of the Student Loan Marketing Association, or obligations, participations, securities or other instruments of or issued by or fully guaranteed as to principal and interest by any other agency of the United States of America,
- (5) shares of, deposits with or loans to other federally insured credit unions in a total amount, in either case, not exceeding twenty-five percent (25%) of the paid-in and unimpaired capital and surplus of the investing credit union,
- (6) shares of, or accounts or deposits with any state or federal banks, mutual savings banks and savings and loan associations, the accounts of which are insured by an agency of the federal government,
- (7) shares of, deposits with or loans to any Federal Reserve Bank or any central liquidity facility established under state or federal law,
- (8) shares of, deposits with or loans to any central credit union or corporate credit union organized under state or federal law,
- (9) shares of, deposits with or loans to any organization, corporation or association providing services associated with the general purposes of the investing credit union or engaging in activities incidental to the operations of any credit union; provided that such investments in the

aggregate may not exceed one percent (1%) of the unimpaired capital and surplus of the investing credit union,

(10) any obligations or securities authorized for investment by federal credit unions under the laws of the United States of America. However, such investments shall be in compliance with any restrictions or limitations pertaining thereto under the laws of the United States of America or under the regulations of the National Credit Union Administration,

(11) money market funds rated among the three highest rating categories established by one or more national rating services for corporate or governmental securities,

(12) shares of mutual funds if the investments and investment transactions of the fund are authorized for credit unions under the laws of this state, or

(13) such other investments or types of investments as may be authorized from time to time by the State Credit Union Board; provided that the State Credit Union Board shall not be permitted under this specific grant of authority to authorize a credit union to purchase or own real estate solely for investment purposes;

Oregon

723.602 Investment of funds; rules.

A credit union may invest funds not used in loans to members in:

(1) Securities, obligations or other instruments of or issued by or fully guaranteed as to principal and interest by the United States or an agency of the United States or in a trust or trusts established directly or collectively in the securities, obligations or instruments described in this subsection.

(2) Obligations of a state of the United States, the agencies or instrumentalities of the federal government, the District of Columbia, the Commonwealth of Puerto Rico and the several territories organized by Congress, or a political subdivision of a state, district, commonwealth or territory identified in this subsection.

(3) Certificates of deposit or passbook type accounts issued by a state or national bank, mutual savings bank or savings and loan association.

(4) Loans to or in shares or deposits of other credit unions.

(5) Stocks, membership units or other ownership interests in, or loans to, a corporation, limited liability company or mutual association in an amount not to exceed five percent of assets if:

(a) The ownership, membership or loan, as applicable, is primarily confined to credit unions or organizations of credit unions; and

(b) The purposes for which the corporation, limited liability company or mutual association is organized are primarily to service or otherwise assist credit union operations.

(6) Shares of a credit union cooperative society organized under the laws of this state or of the laws of the United States in a total amount not exceeding one percent of the shares, deposits and surplus of the credit union.

(7) Loans to a national or state credit union association or corporation of which the credit union is a member, except that the loans must be limited to not more than five percent of the assets of the credit union.

(8) Other investments the Director of the Department of Consumer and Business Services approves by rule or order.

Pennsylvania

§ 501. Powers.

(b) Special powers.--A credit union shall have the following special powers:

(7) To invest its funds in the following investments:

(i) Securities, obligations or other instruments of or fully guaranteed as to principal and interest by the United States or any agency thereof or in any trust established for investing directly or collectively in the same.

(ii) Bonds or other interest-bearing obligations of the Commonwealth or any political subdivision thereof or an authority which has been created as a body corporate and politic under any law of this Commonwealth.

(iii) Shares of any savings and loan association or credit union, organized under the laws of this Commonwealth, or of any Federal savings and loan association or Federal credit union, to the

extent to which the withdrawal or repurchase value of such shares is insured by any agency of the United States or any other insurer approved by the department.

(iv) Bonds and notes of the Pennsylvania Housing Agency created by the act of December 3, 1959 (P.L.1688, No.621), known as the Housing Finance Agency Law.

(v) Capital stock, obligations or other securities of any service corporation organized under the laws of this Commonwealth or under the laws of any other state and duly qualified to do business in this Commonwealth, if the entire capital stock of such corporation is available for purchase only by credit unions, organized and existing under the laws of this Commonwealth and by Federal credit unions or association of credit unions. A complete description of the service corporation and its activities must be furnished to the department and its approval obtained by the credit union before investing in such corporation. No credit union may make an investment in a service corporation if its then aggregate outstanding investments under this subparagraph would exceed 1% of its assets.

(vi) Obligations issued by banks for cooperatives, Federal land banks, Federal intermediate credit banks or any corporation designated in 31 U.S.C. § 9101(2) and (3) (relating to definitions) as a "government corporation."

(vii) Obligations, participations or other instruments of or issued by, or fully guaranteed as to principal and interest by, the Federal National Mortgage Association or the Government National Mortgage Association.

(viii) Mortgages, obligations or other securities which are or ever have been sold by the Federal Home Loan Mortgage Corporation pursuant to 12 U.S.C. § 1454 (relating to purchase and sale of mortgages; residential mortgages; conventional mortgages; terms and conditions of sale or other disposition; authority to enter into, perform, and carry out transactions) or 1455 (relating to obligations and securities of the corporation).

(ix) Obligations or other instruments or securities of the Student Loan Marketing Association.

(x) Participation certificates evidencing beneficial interests in obligations, or in the right to receive interest and principal collections therefrom, which obligations have been subjected by one or more government agencies to a trust or trusts for which any executive department, agency or instrumentality of the United States (or the head thereof) has been named to act as trustee.

(xi) Bankers' acceptances issued by State banks, bank and trust companies and savings banks, and national banking associations the accounts of which are Federally insured. Before making

the investments described in subparagraphs (vi) through (xi), a credit union shall be in compliance with investment standards established by the department.

Rhode Island

§ 19-5-15 Investment of funds – Powers. –

The capital, deposits, and surplus of the credit union shall be lent to the members for the purposes and upon the security and terms as the credit committee shall approve, as authorized by a written loan policy, duly adopted by the board of directors. Funds not used in loans to members may be deposited in authorized reserve agents, or invested in the same manner as allowed by the national credit union administration rules and regulations, or in the following manner:

(1) Without limitation, in securities issued as direct obligations of the United States government and in securities guaranteed by the United States government or an agency thereof, as to principal and interest, and in any trust or trusts established for investing directly or collectively in these securities only;

(2) An amount not exceeding one third (1/3) of the assets may be invested in:

(i) Investments other than those described above but which are legal for the investment of funds of financial institutions of this state, subject to the same limitations and restrictions by which financial institutions are governed, provided that credit unions with assets of less than ten million dollars (\$10,000,000) may not invest pursuant to the "prudent person" provisions.

(ii) Deposits in financial institutions incorporated under the laws of this state or under federal law and doing business in this state or in those other institutions that may be approved by the director or the director's designee.

(iii) Any corporation incorporated by CUNA International, Inc. or its successor, or any associated or subsidiary corporation, for the purpose of providing investment opportunity for credit unions, or any investment or interlending program managed or sponsored by any of these corporations; provided that deposit or investment under this subsection shall be made only after the director or the director's designee has approved the corporation for investment, or the investment or interlending program.

(iv) Common or preferred stocks other than those permitted above to the extent of not over five percent (5%) of the assets of investing credit unions with assets less than ten million dollars (\$10,000,000) and to the extent of not over ten percent (10%) of the assets of investing credit

unions with assets of ten million dollars (\$10,000,000) or more; provided, however, that any of these securities shall be listed on a national stock exchange or on the National Market System of the NASDAQ stock market; that dividends have been paid by the corporation issuing the security and any predecessor corporation or corporations for at least four (4) of the last five (5) years; that the issuing corporation has, as shown by its last audited statement, total assets of at least one hundred million dollars (\$100,000,000), and a stockholders' equity of not less than forty percent (40%) of the amount of its total assets; and provided, further, that the security shall have been approved for investment by the director or the director's designee. The director or the director's designee shall have absolute discretion in approving individual securities, provided they meet the requirements set forth above. No credit union shall invest in securities under the terms of this subdivision unless it shall have at least one million dollars (\$1,000,000) in total assets as shown by its last annual report. No credit union shall invest more than one percent (1%) of its assets in any one security under the terms of this section.

(v) Funds not used in loans to members may be invested in capital shares, obligations, preferred stock issues of any agency or association organized either as a stock company, mutual association, or membership corporation, provided the membership or stockholding, as the case may be, of the agency or association is confined or restricted to credit unions or organizations of credit unions, and provided the purposes for which the agency or association is organized are designed to serve or otherwise assist credit union operations and provided the investment is authorized by law or regulation for federal credit unions, including, without limitation, an investment in credit union service organizations ("CUSO") as described in subsection 19-5-15(2)(vi).

(vi) Subject to the department of business regulation and the National Credit Union Administration's power to limit any CUSO activities or services at any time based upon supervisory, legal or safety and soundness reasons or to refuse to permit any CUSO activities or services, a credit union may invest in, loan to and/or contract with only those CUSOs that are sufficiently bonded or insured for their specific operations and engaged in the preapproved activities and services related to the routine daily operations of credit unions. The director, or director's designee, shall promulgate regulations delineating specific preapproved activities and criteria.

In applying the limitations and restrictions as to percentages prescribed in the law governing investments by financial institutions, percentages shall be computed based on the total assets of the credit union.

South Carolina

SECTION 34-26-1020. Permissible investments of credit union funds.

Funds not used in loans to members may be invested:

- (1) in any investment which is legal for state-chartered banks;
- (2) in deposits, obligations, or other accounts of financial institutions organized under state or federal law;
- (3) in loans to or in shares or deposits of other credit unions or corporate credit unions;
- (4) in deposits, in loans to, or shares of any Federal Reserve Bank, U.S. Central Credit Union, or of any central liquidity facility established under state or federal law;
- (5) in shares, stocks, deposits in, loans to, or other obligations of any credit union service organization, or association exclusively providing services associated with the credit union or engaging in activities incidental to the operations of a credit union. Such investments in the aggregate may not exceed fifteen percent of the credit union's reserves and undivided profits;
- (6) in participation loans with other credit unions; and
- (7) in fixed assets, not to exceed sixty percent of the credit union's reserves and undivided profits, unless with the prior written approval of the Board of Financial Institutions.

Tennessee

45-4-501. Powers generally.

A credit union has the following powers:

- (3) It may invest, through its board of directors, any of its capital, undivided profits, reserve funds, and other assets not required for loans to members as provided by this chapter, in any of the following ways:
 - (A) In any legally chartered bank or trust company;
 - (B) In any state or federal savings and loan association;
 - (C) In credit unions, with state or federal charters, in an amount not to exceed ten percent (10%) of the shares, members' special accounts and reserve funds of the investing credit union

or of the credit union in which the investment is made, whichever amount is the smaller; and in any central credit union, state or federal, approved for the investments by the commissioner of financial institutions, in an amount not to exceed twenty-five percent (25%) of the shares, members' special accounts and reserve funds of the investing credit union or of the credit union in which the investment is made, whichever amount is smaller;

(D) In any agency or association organized either as a stock company, mutual association, or membership corporation; provided, that the membership or stockholders, as the case may be, of the agency or association are restricted to credit unions or organizations of credit unions; and provided further, that the purposes for which the agency or association is organized are designed to service or otherwise assist credit union operations in an aggregate amount not to exceed twenty-five percent (25%) of the allocations to the reserve fund of the investing credit union. Investment in the foregoing stock company, mutual association or membership corporation shall not be legal if the company or association is authorized or empowered to make loans to any person or corporation who is not a member of the credit union organization;

(E) In obligations of or securities fully guaranteed as to principal and interest by the government of the United States or of the state of Tennessee;

(F) In any bonds or other obligations issued by the Tennessee valley authority pursuant to the Tennessee Valley Authority Act of 1933, and any amendment thereto;

(G) In investments authorized under § 35-3-120, and in any investment that is lawful for federal credit unions chartered under title 12 of the United States Code;

(H) In any bonds of the state of Tennessee or any of its political subdivisions;

(I) In addition to the powers otherwise conferred upon credit unions by this chapter, central credit unions, as defined in § 45-4-101(c) and (d), have the power to invest in the obligations as are permitted for state banks under § 45-2-607(a)(4) and (a)(5); and

(J) In the volunteer corporate credit union;

Texas

Sec. 124.351. PERMITTED INVESTMENTS.

(a) A credit union may invest money not used in loans to members in:

- (1) capital shares, obligations, participation certificates, or common or preferred stock of an agency, association, or company, subject to Section 124.352(a);
- (2) loans to a national or state credit union association or corporation of which the credit union is a member;
- (3) obligations, bonds, notes, or other evidences of indebtedness of a state or political subdivision of a state;
- (4) certificates of deposit or other accounts issued by a state or national bank, savings and loan association, savings association, or mutual savings bank;
- (5) securities, obligations, participations, or other instruments of or issued by the United States, or in a trust established for investing directly or collectively in those investments;
- (6) loans to, shares of, or deposits in another credit union, a central credit union, a corporate credit union, a central liquidity facility established under state or federal law, a trust, or an organization established for lending directly or collectively to credit unions;
- (7) securities, obligations, participations, or other instruments fully or partially guaranteed as to principal, interest, or both by the United States, or in a trust established for investing directly or collectively in those investments;
- (8) participation loans with another credit union, corporation, credit organization, or financial organization;
- (9) notes receivable, loans to members, or other assets of a credit union operating under this subtitle or the Federal Credit Union Act (12 U.S.C. Section 1751 et seq.); and
- (10) other investments authorized by rules adopted by the commission that satisfy Subsection (b).

(b) A rule adopted under Subsection (a)(10) must be responsive to:

- (1) changes in economic conditions or competitive practices; and
- (2) the need for safety and soundness of credit union investments.

Sec. 124.352. LIMITATIONS ON INVESTMENTS.

(a) An investment under Section 124.351(a)(1) may be made only if:

- (1) the membership or ownership of the agency, association, or company is restricted to credit unions and their members or organizations of credit unions; and
- (2) the agency, association, or company is designed primarily to serve or otherwise assist credit union operations.

(b) An investment under Section 124.351(a)(1) or (2) in any one agency, association, or company may not exceed the lesser of the amount equal to:

- (1) five percent of the credit union's total assets; or
- (2) its reserves and undivided earnings.

(c) Notwithstanding Subsection (a), the commission by rule may authorize an investment under Section 124.351(a)(1) in an agency, association, or company:

- (1) whose membership or ownership is not restricted to credit unions and their members or organizations of credit unions; or
- (2) that is not designed primarily to serve or otherwise assist credit union operations.

Utah

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

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.

Vermont

§ 32104. Investments.

(a) A Vermont credit union may invest its assets prudently in accordance with the best judgment of its governing body, subject to the limitations set forth in this section and in the credit union's adopted investment policy.

(b) A Vermont credit union's governing body shall establish a written investment policy, which it shall review and ratify at least annually, that addresses, at a minimum, the following:

(1) Investment quality parameters.

(2) Investment mix and diversification.

(3) Investment maturities.

(4) Delegation of authority to officers and committees responsible for administering the portfolio.

(c) Funds not used in loans to members may be invested:

(1) In loans to or in shares or deposits of other credit unions and central credit unions, corporate credit unions, or a central liquidity facility established under state or federal law.

(2) In the capital shares, obligations, or preferred stock issues of any agency or an association organized either as a stock company, mutual association or membership corporation; provided the membership or stockholdings, as the case may be, of such agency or association are primarily confined or restricted to credit unions or organizations of credit unions, and provided

the purposes for which the agency or association is organized are designed primarily to service or otherwise assist credit union operations.

(3) In shares of a cooperative society organized under the laws of this state or of the laws of the United States in the total amount not exceeding ten percent of the shares, deposits, and surplus of the credit union.

(4) In loans to any credit union association or corporation, national or state, of which the credit union is a member, except that the investments shall be limited to two percent of the assets of the credit union.

(5) In any investment legal for financial institutions as they are defined in subdivision 11101(32) of this title, but in no event common stock.

Virginia

§ 6.2-1376. Authorized investments.

The funds of a credit union that are not used in loans to members may be invested only:

1. In loans to other insured credit unions to the extent permitted in the bylaws;
2. In shares, share accounts, or deposits of other insured credit unions to the extent authorized in its bylaws, but not to exceed 25 percent of the investing credit union's outstanding shares and reserve fund;
3. Notwithstanding any other provision of this section, in shares or deposits of any corporate credit union provided such investments are specifically authorized by the board of directors making the investment;
4. In federally insured banks and savings institutions;
5. In the capital stock of the National Credit Union Central Liquidity Facility or any central liquidity facility established under the laws of the Commonwealth;
6. In obligations of the United States and securities fully guaranteed as to principal and interest thereby;
7. In obligations of the Commonwealth and any political subdivision thereof, including, but not limited to, revenue bonds;

8. In such stock, securities, obligations, or other investments as may be approved from time to time by the Commission;

9. In real estate, office buildings, equipment, and furnishings of the credit union, provided that the aggregate investment in all such fixed assets shall not exceed five percent of the total of the members' share accounts and retained earnings without the prior written authorization of the Commissioner;

10. In shares, stock, deposits in, loans, or other obligations of any credit union service organization, corporation, or association, if (i) the membership or ownership, as the case may be, of such organization, corporation, or association is primarily confined or restricted to credit unions or organizations of credit unions and (ii) the purpose for which such organization, corporation, or association is organized is to strengthen or advance the development of credit unions or credit union organizations. Such investment by any credit union shall not exceed five percent of the credit union's outstanding shares and reserves without the prior approval of the Commissioner;

11. In deposits in, loans to, or shares of any Federal Reserve Bank; and

12. In cooperative loans with other credit unions or credit union organizations. Such investment shall not exceed 10 percent of outstanding shares and reserves of the investing credit union.

Washington

RCW 31.12.436 Investment of funds.

A credit union may invest its funds in any of the following, as long as they are deemed prudent by the board:

(1) (a) Loans held by credit unions, out-of-state credit unions, or federal credit unions; loans to members held by other lenders; and loans to nonmembers held by other lenders, with the approval of the director;

(b) Bonds, securities, or other investments that are fully guaranteed as to principal and interest by the United States government, and general obligations of this state and its political subdivisions;

(c) Obligations issued by corporations designated under 31 U.S.C. Sec. 9101, or obligations, participations or other instruments issued and guaranteed by the federal national mortgage

association, federal home loan mortgage corporation, government national mortgage association, or other government-sponsored enterprise;

(d) Participations or obligations which have been subjected by one or more government agencies to a trust or trusts for which an executive department, agency, or instrumentality of the United States has been named to act as trustee;

(e) Share or deposit accounts of other financial institutions, the accounts of which are federally insured or insured or guaranteed by another insurer or guarantor approved by the director. The shares and deposits made by a credit union under this subsection (1) (e) may exceed the insurance or guarantee limits established by the organization insuring or guaranteeing the institution into which the shares or deposits are made;

(f) Common trust or mutual funds whose investment portfolios consist of securities issued or guaranteed by the federal government or an agency of the government;

(g) Up to five percent of the capital of the credit union, in debt or equity issued by an organization owned by the Washington credit union league;

(h) Shares, stocks, loans, or other obligations of organizations whose primary purpose is to strengthen, advance, or provide services to the credit union industry or credit union members. A credit union may in the aggregate invest an amount not to exceed one percent of its assets in organizations under this subsection (1) (h). In addition, a credit union may in the aggregate lend an amount not to exceed one percent of its assets to organizations under this subsection (1) (h). These limits do not apply to investments in, and loans to, an organization:

(i) That is wholly owned by one or more credit unions or federal or out-of-state credit unions; and

(ii) Whose activities are limited exclusively to those authorized by this chapter for a credit union;

(i) Loans to credit unions, out-of-state credit unions, or federal credit unions. The aggregate of loans issued under this subsection (1) (i) is limited to twenty-five percent of the total shares and deposits of the lending credit union;

(j) Key person insurance policies, the proceeds of which inure exclusively to the benefit of the credit union;

(k) A registered investment company or collective investment fund, as long as the prospectus of the company or fund restricts the investment portfolio to investments and investment transactions that are permissible for credit unions; or

(1) Other investments approved by the director upon written application.

(2) If a credit union has lawfully made an investment that later becomes impermissible because of a change in circumstances or law, and the director finds that this investment will have an adverse effect on the safety and soundness of the credit union, then the director may require that the credit union develop a reasonable plan for the divestiture of the investment.

RCW 31.12.438

Investment in real property or leasehold interests for own use — Future expansion.

(1) A credit union may invest in real property or leasehold interests primarily for its own use or the use of a credit union service organization in conducting business, including, but not limited to, structures and fixtures attached to real property, subject to the following limitations:

(a) The credit union's net worth equals at least five percent of the total of its share and deposit accounts;

(b) The board approves the investment; and

(c) The aggregate of all such investments does not exceed seven and one-half percent of the total of its share and deposit accounts.

(2) If the real property or leasehold interest is acquired for future expansion, the credit union must partially occupy the premises within three years after the credit union makes the investment, if the premises are improved at the time of acquisition, or within six years after the credit union makes the investment, if the premises are unimproved at the time of acquisition.

(3) The director may, upon written application, waive any of the limitations listed in subsection (1) or (2) of this section, and the director may adopt rules to interpret this section.

West Virginia

§31C-9-2. Authorized investments.

Funds not used in loans to members may be invested:

- (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 agency or instrumentality thereof or in any trust or trusts established for investing directly or collectively in the same;
- (b) In securities, obligations, or other instruments of any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and the several territories organized by Congress or any political subdivision thereof;
- (c) In deposits, obligations or other accounts of banking institutions organized under state or federal law;
- (d) In loans to or in shares or deposits of other credit unions or corporate credit unions;
- (e) In deposits in, loans to, or shares of any federal reserve bank or of any central liquidity facility established under state or federal law;
- (f) In shares, stocks, deposits in, loans to or other obligations of any organization, corporation or association providing services associated with the general purposes of the credit union or engaging in activities incidental to the operations of a credit union. Such investments in the aggregate may not exceed two percent of the credit union's equity capital and shares without written permission of the commissioner;
- (g) In any investment legal for banking institutions or trust funds chartered in this state;
- (h) In participation loans with other credit unions, credit union organizations or other organizations;
- (i) In fixed assets, not to exceed five percent of the credit union's equity capital and shares, unless with the prior written approval of the commissioner.

Wisconsin

186.11 Investments.

(1) General. The board of directors may invest credit union funds in any of the following:

(a) United States government direct and agency obligations.

(b) Municipal bonds.

(c) A corporate central credit union organized under s. 186.32 or under any other state or federal law.

(d) Deposits and debt instruments of federally insured banks, credit unions, savings banks and savings and loan associations.

(e) With the approval of the office of credit unions, other investment instruments.

(2) Credit union property.

(a) Subject to par. (b), a credit union may purchase, hold and dispose of property as necessary for or incidental to its operations.

(b) The board of directors may purchase, lease or construct a building for the operation of the credit union, if the aggregate depreciated value of the building, including any associated remodeling of the building or land improvements, land acquisition, office furnishings and equipment, does not exceed the greater of 5% of the credit union's total assets, including the building to be acquired, or 100% of the credit union's irrevocable reserve unless prior approval for greater amounts is given by the office of credit unions. Nothing in this subsection authorizes a credit union to lease a building owned by a director or by a corporation, limited liability company, partnership or association controlled by a director. The credit union may rent or lease a portion of its building or property.

(3) Cooperative housing. A credit union may invest an amount not to exceed 10% of its regular reserve in agreements with other corporations or its members to provide cooperative housing and related facilities for its members.

(4) Investments in credit union service organizations.

(a) Unless the office of credit unions approves a higher percentage, a credit union may invest not more than 1.5% of its total assets in the capital shares or obligations of credit union service

organizations that, in the opinion of the office of credit unions, are sufficiently bonded and insured and that satisfy all of the following:

1. Are corporations, limited partnerships, limited liability companies, or other entities that are permitted under the laws of this state and that are approved by the office of credit unions.
2. Are organized primarily to provide goods and services to credit unions, credit union organizations and credit union members.

(b) A credit union service organization under par. (a) may provide any of the following services related to the routine daily operations of credit unions:

1. Checking and currency services, check cashing services, money order services, savings bond services, traveler's check services, and services regarding the purchase and sale of U.S. mint commemorative coins.
2. Clerical, professional, and management services, including, but not limited to, accounting, courier, credit analysis, facsimile transmission and copying, internal credit union audit, locator, management and personnel training and support, marketing, research, and supervisory committee audit services.
3. Consumer mortgage loan origination services.
4. Electronic transaction services, including, but not limited to, remote terminal, credit and debit card, data processing, electronic fund transfer, electronic income tax filing, payment item processing, wire transfer, and Internet financial services.
5. Tax preparation services, services regarding the development and administration of individual retirement accounts, Keogh plans, deferred compensation plans, and other personnel benefit plans, and financial counseling services, including, but not limited to, estate planning.
6. Fixed asset services, including, but not limited to, the management, development, sale, or lease of fixed assets and the sale, lease, or servicing of computer hardware or software.
7. Insurance brokerage or agency services, including, but not limited to, providing vehicle warranty programs, providing group insurance purchasing programs, and acting as an agent for the sale of insurance.
8. Services with regard to the leasing of real property owned by the credit union service organization or personal property.

9. Loan support services, including, but not limited to, debt collection and loan processing, servicing, and sales services and services regarding the sale of repossessed collateral.
10. Record retention, security, and disaster recovery services, including, but not limited to, alarm monitoring, data storage and retrieval, and record storage services and providing forms and supplies.
11. Securities brokerage services.
12. Shared credit union branch operations.
13. Student loan origination services.
14. Travel agency services.
15. Trust and other fiduciary services, including, but not limited to, acting as an administrator for prepaid legal services plans or acting as a trustee, guardian, conservator, estate administrator, or in any other fiduciary capacity.
16. Real estate brokerage services.

(bd) The office of credit unions may expand the list of services under par. (b) that are related to the routine daily operations of credit unions. Any service approved under this paragraph shall be authorized for all credit union service organizations under par. (a). A credit union may file a written request with the office of credit unions to exercise its authority under this paragraph and may include, along with the request, a description of any proposed service and an explanation of how that service is related to the routine daily operations of credit unions. Within 60 days after receiving a request under this paragraph, the office of credit unions shall approve or disapprove the request.

(bh) A credit union service organization under par. (a) may provide any service described under par. (b) or approved under par. (bd) through an investment by the credit union service organization in a 3rd-party service provider. The amount that a credit union service organization may invest in a 3rd-party service provider under this paragraph may not exceed the amount necessary to obtain the applicable services, or a greater amount if necessary for the credit union service organization to obtain the services at a reduced cost.

(c) A credit union service organization may be subject to audit by the office of credit unions.

Authorized Investments																										
	AL	AK	AZ	AR	CA	CO	CT	FL	GA	HI	ID	IL	IN	IA	KS	KY	LA	ME	MD	MA	MI	MN	MS	MO		
Any investment legal for savings banks or trust funds in the state	•	•														•		•		•		•				
Loans to other credit unions (with limits)		•	•	•					•							•										
US obligations or securities guaranteed by the US (with limits)		•	•	•	•	•		•	•	•	•	•	•	•	•			•		•	•				•	
Accounts insured by FDIC (with limits)		•									•					•		•								
Accounts insured by a federal government agency			•			•						•						•								
Accounts in certain banks (with limits)			•						•					•		•	•			•		•			•	
Obligations issued by banks (for certain entities)		•							•																	
Participation certificates (with limits)		•	•					•	•																	
Central credit unions (with limits)		•	•			•										•				•						
Shares of federally insured credit unions		•																								
Shares of other credit unions			•									•		•			•								•	
CUSOs (with limits)		•	•	•	•			•		•	•	•	•	•		•	•	•							•	
NCUA		•																•								
Investments authorized by NCUA														•										•		
Stocks, bonds and securities of certain corporations (with limits)		•	•		•			•		•			•	•		•										
Bankers' acceptances (with limits)		•						•																		
A federal home loan bank (with limits)		•	•						•												•					
Obligations of a state or political subdivision (with limits)		•	•	•		•		•	•	•		•		•		•		•			•					
Investments approved by the regulator			•		•			•	•						•		•				•				•	
Time CDs issued by a bank within the state and guaranteed by FDIC (with limits)											•		•								•					
Time deposits in depositories insured by FDIC or NCUA														•												
Corporate credit unions (with limits)			•					•			•		•			•				•	•					
Central liquidity facilities under state or federal law			•					•								•					•					
Homestead stock																	•									
Real estate (with limits)								•		•			•					•								

Credit Unions May Invest In:

	AL	AK	AZ	AR	CA	CO	CT	FL	GA	HI	ID	IL	IN	IA	KS	KY	LA	ME	MD	MA	MI	MN	MS	MO
State share insurance corporation (with limits)																					•			
Certain discretionary obligations																						•		
Investment companies (with limits)													•									•		
Mortgage backed securities (with limits)								•	•	•			•								•	•		
Financial institutions insured by the federal government and a member of the Federal Reserve (with limits)																							•	
State bonds (with limits)									•	•		•		•							•			•
Town, city, county or school district bonds (with limits)									•															•
Loans to credit union associations (with limits)																								
Financial institutions organized under state or federal law (with limits)																								
Wholly owned government corporations									•															
Obligations pursuant to certain acts													•											
Fixed assets (with limits)			•																					
Secured notes or bonds (with limits)					•																			
Investments related to benefit plans for credit union employees																								
Money market funds (with limits)																								
Mutual funds (with limits)																								
Corporations incorporated by CUNA																								
Public housing authority obligations								•																
State board of education obligations								•																
Tax anticipation certificates or warrants (with limits)								•																
Assets of liquidating credit unions (with limits)								•						•										
Federal funds								•					•											
Certain personal property (with limits)										•														
The state of Israel												•												
Bonds of countries friendly to the US																					•			
Commercial paper (with limits)														•										

Credit Unions May Invest In:																							
	MT	NE	NV	NH	NJ	NM	NY	NC	ND	OH	OK	OR	PA	RI	SC	TN	TX	UT	VT	VA	WA	WV	WI
Any investment legal for savings banks or trust funds in the state															•								
Loans to other credit unions (with limits)	•	•	•		•	•	•				•	•			•		•	•	•	•	•		
US obligations or securities guaranteed by the US (with limits)	•	•	•	•	•	•	•	•	•	•	•	•	•	•		•	•	•		•	•		
Accounts insured by FDIC (with limits)																					•		
Accounts insured by a federal government agency										•								•					
Accounts in certain banks (with limits)	•	•	•	•	•	•	•	•		•	•		•			•	•			•			
Obligations issues by banks (for certain entities)																							
Participation certificates (with limits)		•		•									•		•		•			•	•		
Central credit unions (with limits)		•			•	•					•					•	•	•	•				
Shares of federally insured credit unions											•		•					•					
Shares of other credit unions	•	•	•		•	•	•			•		•	•		•		•			•			
CUSOs (with limits)	•		•		•	•	•	•		•	•		•	•	•	•	•	•	•	•			
NCUA		•																					
Investments authorized by NCUA																							
Stocks, bonds and securities of certain corporations (with limits)		•	•	•								•			•								
Bankers' acceptances (with limits)																							
A federal home loan bank (with limits)																							
Obligations of a state or political subdivision (with limits)	•	•	•			•					•	•	•				•	•		•	•		
Investments approved by the regulator		•				•			•	•	•	•					•			•			
Time CDs issued by a bank within the state and guaranteed by FDIC (with limits)												•											
Time deposits in depositories insured by FDIC or NCUA																							
Corporate credit unions (with limits)		•			•	•				•	•				•		•	•	•	•			
Central liquidity facilities under state or federal law					•	•					•				•		•	•	•	•			
Homestead stock																							
Real estate (with limits)							•		•											•			

Credit Unions May Invest In:																							
	MT	NE	NV	NH	NJ	NM	NY	NC	ND	OH	OK	OR	PA	RI	SC	TN	TX	UT	VT	VA	WA	WV	WI
State share insurance corporation (with limits)																							
Certain discretionary obligations																							
Investment companies (with limits)				•			•		•														
Mortgage backed securities (with limits)		•		•		•	•					•											
Financial institutions insured by the federal government and a member of the Federal Reserve (with limits)																							
State bonds (with limits)			•	•	•			•	•	•	•		•			•	•						
Town, city, county or school district bonds (with limits)			•	•				•	•	•													
Loans to credit union associations (with limits)	•		•									•			•		•		•				
Financial institutions organized under state or federal law (with limits)		•												•	•	•			•				
Wholly owned government corporations		•	•								•		•								•		
Obligations pursuant to certain acts		•		•									•			•	•						
Fixed assets (with limits)						•									•								
Secured notes or bonds (with limits)									•														
Investments related to benefit plans for credit union employees									•														
Money market funds (with limits)											•												
Mutual funds (with limits)											•												
Corporations incorporated by CUNA														•									
Public housing authority obligations																							
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The state of Israel																							
Bonds of countries friendly to the US																							
Commercial paper (with limits)																							