

TITLE 35: COMMONWEALTH GOVERNMENT EMPLOYEES' CREDIT UNION

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Chapter Authority: 4 CMC § 6924(c).

Chapter History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

Commission Comment: The "Commonwealth Government Employees' Credit Union Act of 1995," PL 9-52 (effective Sept. 18, 1995), codified as amended at 4 CMC §§ 6921-6929, dissolved the Saipan Credit Union and authorized the newly created Commonwealth Government Employees' Credit Union (CGECU) to assume its assets and liabilities. See 4 CMC § 6922. 4 CMC § 6924(c) authorizes the Board of Directors to promulgate regulations for the credit union.

Prior to the 1997 CGECU Regulations, the CGECU promulgated emergency regulations, published at 18 Com. Reg. 13934 (Feb. 15, 1996) (effective for 120 days from February 1, 1996).

Part 001 - General Provisions

§ 35-10-001 Statement of Authority

The regulations in this chapter are proposed by the Board of Directors (the "Board") of the Commonwealth Government Employees' Credit Union (the "Credit Union"), pursuant to the authority granted the Board by the "Commonwealth Government Employees' Credit Union Act of 1994," CNMI Public Law 9-52 (the "Act") [6 CMC §§

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6921-6929] to effectuate the purposes of the Credit Union as expressed in the Act, this chapter, and the Credit Union's bylaws.

Modified, 1 CMC § 3806(d), (f), (g).

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

Commission Comment: The Commission moved the comma after "1994" inside of the closing quotation mark.

§ 35-10-005 Gender

Personal pronouns used herein shall not be considered to have gender-specific meaning or application. Thus, the word "his" may be freely substituted with "her."

Modified, 1 CMC § 3806(g).

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

Commission Comment: The Commission moved the final period inside of the closing quotation mark.

§ 35-10-010 Definitions

As used in this chapter, the terms set forth below shall have the following definitions:

(a) "Allotment" means that amount which is deducted directly from a member's compensation paid or payable from the CNMI government and which is paid or payable to the Credit Union pursuant to an allotment form executed by the member.

(b) "Board" means the Board of Directors of the Commonwealth Government Employees' Credit Union.

(c) "Borrowing member" means a credit union member who has borrowed, or applied to borrow, a loan or other credit from the Credit Union, whether or not the member has a cosigner, guarantor or endorser.

(d) "Commonwealth" or "CNMI" refers to the Commonwealth of the Northern Mariana Islands.

(e) "Credit Union or CGECU" means the Commonwealth Government Employees' Credit Union.

(f) "Cosigner" means a member who renders himself or herself liable for the obligation of another person without receiving goods, services, or money in return for the credit obligation, or, in the case of an open-ended credit obligation, without receiving the contractual right to obtain extensions of credit under the obligation. The term includes

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any person whose signature is requested as a condition to granting credit to a member, or as a condition for forbearance on collection of a member's obligation that is in default. The term does not include a spouse whose signature is required on a credit obligation to perfect a security interest pursuant to Commonwealth law.

(g) "Debt" means money that is due or alleged to be due from a member to another person or entity, including the Credit Union.

(h) "Earnings" means compensation paid or payable to an individual or for his or her account for personal services rendered or to be rendered by him or her, whether denominated as wages, salary, commission, bonus, or otherwise, including periodic payments pursuant to a pension, retirement, or disability program, including worker's compensation.

(i) "Field of membership" means that group of persons employed by or retired from the government of the CNMI, and other persons as more fully set forth in § 35-10-101.

(j) "General manager" means the general manager of the Credit Union.

(k) "Immediate family member(s)" means the spouse and minor children of a member, including legally adopted minor children.

(l) "Incompetent person" means a person who is under a physical or psychological disability which prevents his ability to work, provided that the disability is not the result of a substance abuse problem.

(m) "Member" means a person within the field of membership who applies for and receives membership in the Credit Union and is a depositor in the Credit Union by way of allotment.

(n) "Minor child" means a person under the age of 18 years (or under the age of 25 years if a full-time student).

(o) "Obligation" means an agreement between the Credit Union and a member.

(p) "Spouse" means the lawfully married spouse of a member.

Modified, 1 CMC § 3806(c), (d), (f).

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

Part 100 - Membership

§ 35-10-101 Field of Membership

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Unless otherwise provided by Commonwealth law, the Credit Union's field of membership shall be limited to the following persons:

(a) Full-time or part-time employees and retirees of the government of the Commonwealth of the Northern Mariana Islands (the "CNMI government"), whether the employee is civil service or excepted service, and the person is employed in and/or resides (as a retiree) in the CNMI, Guam, Hawaii, USA and other US territories and possession.

(b) The spouse and minor children of such CNMI government employee(s) or retiree(s), provided that the employee or retiree is a member of the Credit Union.

(c) Employees of the Credit Union.

Modified, 1 CMC § 3806(f).

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

Commission Comment: The Commission created the section titles in part 100.

§ 35-10-105 Expansion Limited

The Board shall not expand the field of membership to include persons who are not the immediate family members of a member or non-US citizens employed by the CNMI in foreign countries.

Modified, 1 CMC § 3806(f).

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

§ 35-10-110 Membership Application

A person eligible for membership in the Credit Union may become a member of the Credit Union by:

(a) Completing and executing an application for membership on such form(s) as the Board may approve; and

(b) Establishing, and depositing money into a Credit Union savings account by way of an allotment.

Modified, 1 CMC § 3806(f).

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

§ 35-10-115 Members Who Leave Government Service

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A member who leaves government service, or a member who otherwise by his or her action or by operation of law is thereafter considered to be without the field of membership, may maintain his or her membership in the Credit Union so long as that member continues to fulfill those obligations required by this chapter, e.g. payment of an allotment to the Credit Union, and such other requirements as the Board may provide by resolution.

Modified, 1 CMC § 3806(d), (f).

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

§ 35-10-120 Expulsion of Members

A member may be expelled from membership in the Credit Union for failure to pay three consecutive allotments. Such expulsion shall be conducted in the following manner:

(a) Within ten business days of the member's first failure to timely pay a regular allotment, the general manager of the Credit Union shall send that member a letter notifying the member of his or her delinquency.

(b) Within ten business days of the member's second consecutive failure to timely pay an allotment (and pay the previous allotment remaining due), the general manager of the Credit Union shall send the member a second letter notifying the member of his or her delinquency.

(c) Within ten business days of the member's third consecutive failure to timely pay an allotment (and pay the two previous allotments remaining due), the general manager of the Credit Union shall send the member a letter notifying him or her that his membership in the Credit Union has been discontinued.

(d) Expulsion or withdrawal shall not operate to relieve a member of any liability to the Credit Union.

Modified, 1 CMC § 3806(e), (f).

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

Part 200 - Members' Deposits and Savings

§ 35-10-201 Deposits

The Credit Union shall accept money for deposit into the Credit Union savings accounts. All such deposits shall be accounted for as savings and reflected as a current liability of the Credit Union.

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History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

Commission Comment: The Commission created the section titles in part 200.

§ 35-10-205 Withdrawals from Members' Savings

A member may withdraw from his or her Credit Union savings account only such amounts which are not serving as security for a Credit Union loan(s) or credit(s) to that member and/or another member. Only if a borrowing member's savings exceeds his or her loan or credit balance and/or another members' loan or credit balance shall a member (whether the borrowing member or a member who has pledged his/her account as security) be able to withdraw the excess balance of a savings account.

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

§ 35-10-210 Interest

Savings accounts shall accrue interest at the rates established from time to time by resolution of the Board.

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

Part 300 - Investments

§ 35-10-301 Funds Accepted

The Credit Union may accept funds for investment by members, or from any government agency, authority, commission or office. The Board shall establish the rates of return, and other terms and conditions applicable to such investments, including penalties for early withdrawal. Public notice of all such investment terms shall be posted at the Credit Union's offices, and provided to each investor in writing.

Modified, 1 CMC § 3806(f).

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

Commission Comment: The Commission created the section titles in part 300.

§ 35-10-305 Collateral for Loan

A member may offer her savings or investments with the Credit Union as collateral to secure a Credit Union loan by herself or other Credit Union member(s), on such terms as may be established by resolution of the Board.

Modified, 1 CMC § 3806(f).

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History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

§ 35-10-310 Withdrawal of Investments

Except as provided by resolution of the Board, no investment, whether or not mature, may be withdrawn or redeemed if such funds serve as collateral or other security for a Credit Union loan or other credit. However, the interest earned upon maturity of the investment or the principal amount of the investment that exceeds the principal loan balance being secured by the investment may be disbursed and paid to the holder (member) of the investment (debenture) certificate and the balance thereof shall be rolled-over for another term until the principal loan balance is fully satisfied. An investment certificate approved by the Board shall be prepared and issued in accordance with the terms and conditions set forth by this chapter, bylaws, and the resolutions of the Board.

Modified, 1 CMC § 3806(d), (f).

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

Part 400 - Loans and Other Credits to Members; Credit Committee

§ 35-10-401 Types of Loans

The Credit Union may offer loans or other types of credit, including, but not limited to, automobile loans, home loans, emergency loans, consumer loans, and lines of credit, to members on such terms and conditions as shall established by resolution of the Board.

Modified, 1 CMC § 3806(f).

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

Commission Comment: The Commission created the section titles in part 400.

§ 35-10-405 Application for Loan

- (a) All members requesting a loan or other credit from the Credit Union shall, at a minimum,
- (1) Complete an application, and
 - (2) Authorize the Credit Union to check his or her credit history.
- (b) By resolution, the Board may require other application procedures to be completed before the Credit Union may extend a loan or other credit to the member.

Modified, 1 CMC § 3806(f).

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History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

Commission Comment: The original paragraphs were not designated. The Commission designated subsections (a) and (b).

§ 35-10-410 General Manager; Authority to Approve Loans

The general manager shall have the authority to approve, without prior approval or other action of the Board or Credit Committee, loans or other credits to any one member in an aggregate amount not exceeding twenty thousand dollars.

Modified, 1 CMC § 3806(e), (f).

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

§ 35-10-415 Credit Committee

(a) The bylaws of the Credit Union shall provide for a Credit Committee to be comprised of members of the Board. The Credit Committee shall be responsible for:

- (1) Reviewing and approving or disapproving requests for loans or other credits in an aggregate amount exceeding twenty thousand dollars by any one member, and
- (2) Reviewing requests for loans or other credits totaling \$20,000 or less if the general manager did not approve such request.

(b) The Credit Committee shall maintain records of its proceedings and complete its duties in a timely fashion. The Credit Committee also shall have such other duties and responsibilities as may be provided in the Credit Union bylaws or as established by resolution of the Board.

Modified, 1 CMC § 3806(e), (f), (g).

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

Commission Comment: The original paragraphs were not designated. The Commission designated subsections (a) and (b).

In subsection (a)(2), the Commission corrected the spelling of the word “totaling.”

§ 35-10-420 Persons Prohibited from Receiving Loans

No loan or other credit shall be extended to:

- (a) Board members or their spouses.
- (b) Members who are minor or incompetent.

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(c) A member's immediate family members unless the member accepts primary responsibility for the repayment of the loan or credit.

(d) A person who was a member of the former Saipan Credit Union (and who becomes a member of the Credit Union) if that person has not fully repaid or refinanced a loan or other credit provided him by the former Saipan Credit Union.

Modified, 1 CMC § 3806(f).

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

Part 500 - Allotments

§ 35-10-501 Authority to Secure Allotments

The Credit Union shall have the authority to secure a portion of each member's CNMI government paycheck to be known generally as an "allotment." A member's agreement to an allotment from his or her bi-weekly paycheck shall be on such forms as the Board or Credit Committee shall approve and amend from time to time. The Board may provide for other terms and conditions on allotments.

Modified, 1 CMC § 3806(f).

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

Commission Comment: The Commission created the section titles in part 500.

§ 35-10-505 Execution of Allotment Form Required

All persons applying for membership in the Credit Union shall execute an allotment form which will serve as the member's promise to a total deposit of not less than twenty-five dollars per CNMI government pay period into the member's Credit Union savings account.

Modified, 1 CMC § 3806(e), (f).

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

§ 35-10-510 Allotment Increase; Condition of Loans

As a condition to receiving any loan or credit from the Credit Union, a member shall execute such documents as the Credit Union may require, to provide for an increase in his allotment each pay period, which is to be used as payment toward the principle and interest on any Credit Union loan or other credit extended to him. This increased allotment may include such amount as determined pursuant to the "equity and term scale"

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and shall remain deductible from the members' paycheck until the loan is fully paid, or as altered with the approval of the general manager.

Modified, 1 CMC § 3806(f).

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

Part 600 - Security, Collateral and Insurance

§ 35-10-601 Collateral Required for Loans

Except as provided by the Board by resolution, the Credit Union shall make no loan or extend any credit in excess of ten thousand dollars unless the borrowing member offers sufficient security or collateral for the loan or credit. The Board shall determine what may constitute sufficient security or collateral for a loan or credit, provided that, at a minimum, the collateral or other security offered for a loan must, on the date the loan is extended, be of a value not less than 105% of the proposed total amount of the loan.

Modified, 1 CMC § 3806(e), (f).

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

Commission Comment: The Commission created the section titles in part 600.

§ 35-10-605 Real Property as Security

The general manager shall take such steps as necessary to insure that all real property which is to be subject of, or which is offered as security for any Credit Union loan, is secured with good preliminary title research (PTR) report. If the property is subject for a second or third mortgage Credit Union loan or credit, the property shall be appraised by a licensed professional appraisal company, prior to the date the loan is approved or extended.

Modified, 1 CMC § 3806(f).

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

§ 35-10-610 Members' Credit Union Accounts Pledged as Security

A borrowing member and any loan co-maker, co-signer, endorser, or guarantor, shall be deemed to have assented to a pledge, and in fact pledged, such amount(s) of his, her or their Credit Union savings account(s), investments and future allotments with the Credit Union in an amount equivalent to the principle amount borrowed plus interest thereon, as security for such loan or credit until the loan or credit is fully paid, including any penalties applicable thereto. In no case shall this section be read to mean that a borrowing

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member does not have an obligation to repay a loan or credit through payments allotted from his or her bi-weekly paycheck.

Modified, 1 CMC § 3806(f).

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

§ 35-10-615 Insurance Against Loss or Damage

All property, whether real or personal, which is either:

- (a) Offered as security or collateral for a loan or credit; or
- (b) Purchased, leased or otherwise obtained using the loan or credit taken for that purpose (such as an automobile or home);

shall be insured against loss or damage in such manner as the Board shall provide by resolution.

Modified, 1 CMC § 3806(f).

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

Commission Comment: The Commission added the colon after the word “either” and the semicolons after the words “credit” and “home” pursuant to 1 CMC § 3806(a).

Part 700 - Default

§ 35-10-701 Default

By resolution, the Board shall determine what constitutes a borrowing member “default” on a loan or credit extended by the Credit Union to him or her, or by a member acting as a guarantor or other surety on any collateral provided as security for a loan or credit. The Board also shall provide the procedures to be followed by the general manager upon any such default.

Modified, 1 CMC § 3806(e), (f).

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

Part 800 - Cosigner, Endorser and Guarantor

§ 35-10-801 Member as Cosigner, Endorser or Guarantor

A Credit Union member may serve as the cosigner, endorser or guarantor of any Credit Union loan or credit to another member, provided that the prospective cosigner, endorser,

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or guarantor agree in writing to comply, and does comply with, those applicable terms and conditions established by the Board by resolution.

Modified, 1 CMC § 3806(f).

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

Commission Comment: The Commission created the section titles in part 800.

§ 35-10-805 Credit Union Board, Employees Prohibited

No member of the Board, a Credit Union committee, the general manager, or any Credit Union employee shall serve as the cosigner, endorser, or guarantor of any Credit Union loan or credit.

Modified, 1 CMC § 3806(f).

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

Commission Comment: The Commission inserted a comma after the word “endorser” pursuant to 1 CMC § 3806(g).

Part 900 - Fees

§ 35-10-901 Reasonable Fees for Transactions

As may be established by the Board, the general manager may charge such reasonable fees for Credit Union transactions, including loans.

Modified, 1 CMC § 3806(f).

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

Commission Comment: The Commission created the section titles in part 900.

§ 35-10-905 Fees Deducted from Allotments

The general manager may deduct applicable fees or points from the borrowing member's first (or subsequent) allotment payment(s).

Modified, 1 CMC § 3806(f).

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

Part 1000 - Petty Cash and Change Funds; Handling of Cash by Credit Union Employees

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§ 35-10-1001 Petty Cash Fund

The Credit Union shall have a petty cash fund for purchasing necessary items of low cost such as, but not limited to, office supplies. The total amount in the petty cash fund at any one time shall not exceed one hundred dollars, provided that no purchase shall exceed the amount of \$20.00. This fund may be comprised of either cash on hand and/or credit account(s) maintained at vendors from which the Credit Union may purchase items from time to time. The Board may adopt additional controls over the fund by resolution.

Modified, 1 CMC § 3806(e), (f).

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

Commission Comment: The Commission created the section titles in part 1000.

§ 35-10-1005 Change Fund

The Credit Union shall have a change fund of a total amount of five hundred dollars or less. The change fund shall be maintained in accordance with procedures established by the Board.

Modified, 1 CMC § 3806(e), (f).

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

§ 35-10-1010 Procedures for Handling Cash

The Board shall establish procedures to be followed by all Credit Union employees concerning the handling, disbursing, and depositing of cash or monetary instruments to and from the Credit Union.

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

Part 1100 - Interest or Patronage Refunds

§ 35-10-1101 Requirements for Payment of Refunds

At the end of each Credit Union fiscal year, but not later than 14 days prior to the annual membership meeting, the Board may declare and pay to members such interest or patronage refunds from the Credit Union's profits for that fiscal year, and on such terms as it deems advisable, if the Board does first:

- (a) Obtain and consider the advice of the Credit Union's accountant(s) and counsel;
- and

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(b) Conducts a thorough review of the Credit Union's financial stability, including a determination that the Credit Union has earned, and most likely will continue to earn profits in an amount sufficient to justify the payment of such interest or patronage refund.

Modified, 1 CMC § 3806(f).

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

Commission Comment: The Commission created the section titles in part 1100.

§ 35-10-1105 Profits Defined

As used in this part, "profits" means that amount of earnings above the Credit Union's operating expenses.

Modified, 1 CMC § 3806(d).

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

§ 35-10-1110 Members' Approval Required

Upon approval by the Board of any such interest or patronage refund, the issue shall be subject to approval by a majority of the members present at the next succeeding annual general membership meeting. The members' vote on whether to approve such interest or patronage refund shall be final.

Modified, 1 CMC § 3806(f).

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

Part 1200 - Reserves

§ 35-10-1201 Reserves

The Board shall establish such reserves or reserve accounts as necessary to comply with applicable law and in keeping with sound business practices. Reserves shall be deposited only with those banks meeting the minimum requirements under Commonwealth law.

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

Part 1300 - Record Keeping, Auditing and Accounting

§ 35-10-1301 Accounting Year

The Credit Union's accounting year, also known as its fiscal year, shall be the same as the calendar year, January 1 through December 31.

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History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

Commission Comment: The Commission created the section titles in part 1300.

§ 35-10-1305 Retention of Records

The Credit Union's books and records, including minutes of all Board and Committee meetings, shall be maintained by the general manager in a safe place at least for the minimum period required by resolution of the Board, but in no event for less than three years. All Credit Union books and records shall be disposed of only in the manner authorized by the Board. Public access to, and retrieval of all Credit Union records shall be in accordance with the limits and restrictions imposed by applicable federal and Commonwealth laws, and the Credit Union's bylaws.

Modified, 1 CMC § 3806(e), (f).

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

§ 35-10-1310 Audits; Certified Public Accountancy Firm

In the event that the Commonwealth Public Auditor is unable or unwilling to perform such audits of the Credit Union as may be required by Commonwealth law, the Board shall timely authorize the general manager to seek private certified public accountancy (CPA) firm to conduct such audit, which CPA firm shall first be approved by the Board.

Modified, 1 CMC § 3806(f).

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

§ 35-10-1315 Record Keeping; CPA Firm

The Credit Union's records may be kept and maintained by an independent CPA firm, provided that the Board determines that use of an outside CPA firm is within the Credit Union's budget and approves the specific CPA firm to be hired. In addition to the use of services of an independent CPA firm, the general manager, with the Board's approval, may hire one person to serve as the Credit Union's internal professional accountant.

Modified, 1 CMC § 3806(f).

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

Part 1400 - Board of Directors

§ 35-10-1401 Bylaws Provisions

TITLE 35: COMMONWEALTH GOVERNMENT EMPLOYEES' CREDIT UNION

The Board shall adopt bylaws, which shall include provisions pertaining to and governing, at a minimum, the Board, executive committees, including the credit committee, regular and special meetings of the membership and the Board, the duties and responsibilities of the general manager and all Credit Union employees, and other matters which the Board deems in the best interest of the Credit Union members.

Modified, 1 CMC § 3806(f).

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

§ 35-10-1405 Meetings

There shall be a general meeting of all members held each year on the evening of the last Saturday of April at a specific time and place duly approved by the Board on or before its regular monthly meeting in that same month.

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

Commission Comment: The notice of adoption of the 1997 CGECU Regulations modified this section. See 19 Com. Reg. at 15380 (May 15, 1997).

§ 35-10-1410 Resolutions of the Board

The Board shall have the authority to enact such resolutions as may be necessary to further the business of the Credit Union, and in light of the requirements of this chapter, the bylaws, and other matters as may from time to time arise. These resolutions shall be considered and enacted at regular or special meetings of the Board, and the text of any such enacted resolution(s) shall be available for inspection by any member during regular business hours of the Credit Union.

Modified, 1 CMC § 3806(d), (f).

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

Part 1500 - Privatization; Debt; Community Service

§ 35-10-1501 Privatization

Pursuant to Commonwealth law, within three years of operation, the Credit Union will convert from a CNMI government corporation to a private, non-profit corporation. Not later than ten months prior to the date on which the Credit Union is to convert to a private sector entity, the Board shall approve a comprehensive plan to complete all phases of such conversion.

Modified, 1 CMC § 3806(e).

TITLE 35: COMMONWEALTH GOVERNMENT EMPLOYEES' CREDIT UNION

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

§ 35-10-1505 Debt

Excepting those debts incurred by the Credit Union which are incidental to its daily operations, debts of the Credit Union shall be authorized by the Board by resolution, and may include short-term or long-term loans on such terms and conditions as the Board shall deem favorable.

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

§ 35-10-1510 Community Service

As a general policy, the Credit Union shall endeavor to serve the needs of the community through contributions to worthy causes and charities that benefit the community as a whole. The Board shall take such action, including appropriation of funds, as it deems advisable to further this general policy of community service.

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

Part 1600 - Procurement; Assets and Liabilities

§ 35-10-1601 Procurement

The Board shall establish such procurement policy as it deems advisable, taking into account that the Credit Union will be privatized within three years.

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

§ 35-10-1605 Assets and Liabilities

All right, title and interest in any assets and/or liabilities procured by the Credit Union with Credit Union funds, including any funds obtained by the Credit Union through any loan from a CNMI government agency or entity, shall remain Credit Union's assets and liabilities and shall not be appropriated in whole or in part by, or inure to, any government agency or entity, unless pursuant to rights under a loan agreement, security agreement, or other, similar agreement.

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

Part 1700 - Prohibited Activities; Penalties for Violation

§ 35-10-1701 Prohibited Activities

TITLE 35: COMMONWEALTH GOVERNMENT EMPLOYEES' CREDIT UNION

No Credit Union director, officer, or employee, member (or their family members) shall directly or indirectly solicit or obtain any compensation, refund, or commission for assisting, or attempting to assist, any member or other person in applying for or obtaining any loan, credit, or an investment.

Modified, 1 CMC § 3806(f).

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

§ 35-10-1705 Penalties for Violation

So long as the Credit Union is a government corporation, violations of § 35-10-1701 and/or violations of the applicable provisions of the Government Ethics Code Act of 1992, as amended (1 CMC §§ 8501, et seq.) by a Credit Union director, officer or employee, or their family members shall be punishable in accordance with the provisions in that Act.

Modified, 1 CMC § 3806(c).

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

Part 1800 - Miscellaneous Provisions

§ 35-10-1801 Amendment

The Board may propose amendments to the regulations in this chapter, if such proposed amendment is approved by the Board. All such proposed amendments must be published in the Commonwealth Register in accordance with applicable law.

Modified, 1 CMC § 3806(d), (f).

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

§ 35-10-1805 Emergency Regulations

In the event of a true emergency, the general manager may propose Credit Union emergency regulation(s) for the Credit Union as follows:

- (a) A written copy of the proposed emergency regulation is to be delivered to each Board Member by hand delivery or facsimile;
- (b) The Board shall thereafter have two days to respond;
- (c) The Board Members individually may communicate their approval or disapproval of the proposed emergency regulation by telephone, facsimile or hand-delivered letter;

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(d) Approval by a majority of those Board members responding shall be required to approve the proposed emergency regulation.

Modified, 1 CMC § 3806(e), (f).

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

§ 35-10-1810 Severability

If any part, section or other provision of this chapter be declared invalid by a court of competent jurisdiction, the remainder of this chapter shall not be affected thereby.

Modified, 1 CMC § 3806(d), (f).

History: Adopted 19 Com. Reg. 15380 (May 15, 1997); Proposed 19 Com. Reg. 15076 (Feb. 15, 1997).

Commission Comment: The Commission corrected “effected” to “affected” pursuant to 1 CMC § 3806(g).