2025-2026 General Assembly

SENATE BILL 595: Various Revenue Laws Changes, Part XI: Credit Union Update

Analysis of:	S.L. 2026-31, Part XI	**Date:**	August 19, 2026
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Part XI of S.L. 2026-31 (Senate Bill 595) expands the powers of the Administrator of Credit Unions (Administrator), expands the powers of credit unions to offer additional financial services, expands the field of membership, expands investment authorities, lowers the number of people needed to organize a new credit union, expands the Administrator's authority for surety bonds, and updates language regarding minor accounts.

<u>Article 14B – Supervision and Regulation</u>:

- Allows the Administrator to assess a civil penalty not to exceed $500.00 for violation of any section of Articles 14A to 15A of Chapter 54.
- Allows the Administrator to increase the penalty for a late report from $75.00 to a range of $75.00 – $750.00 per day.
- Updates record keeping requirements.
- Removes the requirement for the Administrator to establish rules and regulations relating to the selection of attorneys for credit union loan closings.
- Requires administrative hearings to be conducted in accordance with Article 3A of Chapter 150B (Administrative Procedure Act), unless otherwise provided, and provides the procedure for an appeal.
- Expands the Administrator's ability to remove officers, directors, committee members, or employees, makes the removal immediate upon service of the notice of removal, and provides a procedure to appeal for those subject to removal.
- Allows the Administrator to temporarily waive compliance or suspend compliance requirements during a natural disaster or national, regional, State, or local emergency.
- Creates a new cease and desist authority, where the Administrator can issue and serve upon a credit union an order to cease and desist from one or more unsafe or unsound practices or violation if certain conditions are met.
- Gives the Administrator authority to conduct an investigation, with background checks, of any employee, officer, director, or committee member when the Administrator has reason to believe the person is likely to affect the safety or soundness of the credit union, or when considering:
    - Applications for new charters.
    - Changes to those positions in credit unions in a troubled condition.
    - A managing agent or manager in a conserved credit union.

- Makes technical and clarifying changes.

Article 14C – Powers of Credit Union:

- Expands financial services offered, such as safe deposit boxes, custodial services, correspondent services, and electronic transfer of funds.
- Streamlines the procedure to expel any member and provides a right to appeal to the credit union's board.
- Allows parity with federal credit unions upon 45-day written notice to the Administrator, subject to the Administrator's written disapproval, by allowing state-chartered credit unions to engage in any activity or exercise any power that it could if it were federally chartered.
- Makes technical and clarifying changes.

Article 14D – Membership:

- Allows multiple common bonds for membership of a credit union.
- Expands the field of membership by authorizing credit unions organized in North Carolina to extend membership to:
  - Individuals and families, in North Carolina, that earn income at or below the federal poverty threshold in North Carolina, if the account holder is at least 25 years of age.
  - Persons residing in census tracts in North Carolina where the center of population, as defined by the US Census Bureau, is more than nine miles from a bank branch. If the credit union does not already have a branch located in that census tract, one must be established.

Article 14I – Investments:

- Expands allowed investments, including the following:
  - Changes the aggregate amount allowed to be invested from 25% of reserve fund allocations to 12.5% of the credit union's net worth.
  - Small businesses involved in the development or exploitation of fintech products, in an aggregate amount not exceeding 1% of the credit union's net worth.
  - Common trust or mutual funds whose investment portfolios consist of securities otherwise permitted for credit unions.
  - Stock, securities, obligations, or other instruments approved by the Administrator.
- Eliminates mandatory divestment if the status or form of a credit union's investment changes during the life of the investment.
- Allows a credit union to make an otherwise impermissible investment to fund the credit union's employee benefit plan, subject to rules by the Administrator.
- Makes technical and clarifying changes.

Conforming Changes:

- Removes the old appeals process language.
- Inserts references to the new Hearings and Appeals section.
- Makes technical and clarifying changes.

Organization Procedure:

- Lowers the number of residents needed to organize a credit union from 12 to 7.

Duties of Administrator:

- Allows the Administrator to approve a form and adopt rules for blanket surety bond requirements.
- Makes technical and clarifying changes.

Minors:

- Allows the credit union to act on an account held by a minor as if the minor were of full legal age and legal capacity.
- Expands services to minors by allowing a credit union to offer safe deposit box services to a minor and deals with the minor as if the minor had full legal age and legal capacity.
- Makes technical and clarifying changes.

This Part became effective July 1, 2026.