

TITLE 4: ECONOMIC RESOURCES
DIVISION 6: BANKING AND FINANCIAL INSTITUTIONS

§ 6924. Administration of Credit Union.

(a) *Board of Directors.* There shall be a board of directors of the credit union (hereafter “the credit union board” or “the board”). The board shall consist of five members appointed by the Governor. Any person who is appointed must be eligible to be a member of the credit union. Each member shall serve a term of four years unless and until the credit union is officially privatized, at which time the board shall be elected as provided by the bylaws of the credit union.

(b) *Northern Mariana Islands Retirement Fund Representation on Credit Union Board.* The Northern Marianas Retirement Fund Board of Trustees (hereafter “board of trustees” or “trustees”) shall designate one person from among its trustees or the administrator of the Northern Mariana Islands Retirement Fund (hereafter “fund”) to serve as an ex officio member of the board for as long as the credit union is indebted to the fund, for the purpose of ensuring compliance by the credit union with the terms and conditions of any loan agreement made between the fund and the credit union. This ex officio member shall serve at the pleasure of the board of trustees.

(c) *Bylaws and Regulations.* The board may draft, promulgate, amend and enforce appropriate bylaws and regulations for the credit union.

(d) *Privatization.* The board shall make provisions for the eventual transfer of the credit union to wholly private ownership and control by means of regulations issued in the appropriate manner. The board shall consider privatization to be the first priority of the credit union once it has been established on a sound financial basis. The board shall obtain the concurrence of the Public Auditor in determining when the credit union has been established on a sound financial basis and is ready to be privatized.

(e) *Administration: Board Immunity; No Liability to the Fund.* Notwithstanding any law to the contrary, no member of the board of trustees of the fund, the fund administrator, nor of the credit union board, shall be liable in any civil action founded upon a statute or the case law of this Commonwealth for damage, injury or loss caused by or resulting from the member’s performing or failing to perform any duty which is required or authorized to be performed by a person holding the position to which the member was appointed, unless the member acted with a malicious or improper purpose, except when the plaintiff in a civil action is the Commonwealth. No liability shall attach to the fund, under any circumstances, for any liability of, or arising out of any action or obligation of, the credit union. No tax liability shall attach to the fund for any profit, loss, accrual, transfer of funds, or other action of the credit union. All books and accounts of the credit union shall be kept wholly separate from all books and accounts of the fund, and there shall be no commingling of funds between the two entities, excepting only the loan approved in PL 9-52, § 10, or to subsection (i) of this section.

(f) *Administration: General Manager.* While under the administration of the board, the credit union shall be managed by a general manager, who shall be

TITLE 4: ECONOMIC RESOURCES
DIVISION 6: BANKING AND FINANCIAL INSTITUTIONS
DIVISION 6: BANKING AND FINANCIAL INSTITUTIONS

appointed by the board and shall serve at the board's pleasure. The general manager shall have authority over the day-to-day operations of the credit union, subject to the supervision of the board. He shall have the authority to hire, discipline, and dismiss employees. The general manager may not approve loans, loan guarantees, or other extensions of credit to any person in excess of \$20,000 without first receiving the approval of the board. No loan may ever be made to a minor, a person who has been adjudicated incompetent to handle their own affairs, a voting member of the board, or the spouse of a voting board member.

(g) *Administration: Employees of the Credit Union.* Employees of the credit union shall be considered government employees, and shall be entitled and required to make medical insurance and fund payments in the same manner as other government employees. The general manager and all employees shall be excepted service employees, until the credit union has been officially privatized or is otherwise no longer a public entity.

(h) *Administration: Procurement.* The credit union may adopt its own procurement policy. All properties of the former Saipan Credit Union assumed under this article, or otherwise procured by the credit union, shall remain the exclusive property of the credit union.

(i) *Loan Services Authorized.* The credit union may enter into agreements with the fund or the Northern Marianas Housing Corporation (NMHC) to implement, administer, or service all or any part of any loan program operated by the fund or NMHC.

Source: PL 9-52, § 7, modified; amended by PL 10-37, § 6.

Commission Comment: PL 9-52, § 10, to which subsection (e) refers, provides:

Section 10. Loan from Retirement Fund authorized, and Backed by Full Faith and Credit of the Commonwealth.

(a) Authorization. The Northern Mariana Islands Retirement Fund, by and through its Board of Trustees, is hereby authorized to loan up to and including the sum of TWO MILLION DOLLARS (\$2,000,000) to the Credit Union on such terms and conditions as the Fund deems advisable or necessary. The Legislature, by a vote of at least two-thirds of the members of each house, hereby approves and authorized the borrowing of up to TWO MILLION DOLLARS (\$2,000,000) from the Fund, by the Commonwealth Government Employees' Credit Union to pay off its obligations and establish itself on a financially sound basis. The loan shall be for a reasonable period of time, not to exceed thirty years, and shall be at an interest rate that is at least equal to or greater than the actuarial assumption rate adopted by the Retirement Fund, and in any event is at least Seven and One-Half Percent (7.5 percent) per annum.

(b) General obligation, backed by full faith and credit. This loan shall be accepted as a general obligation of the Commonwealth Government and shall be backed by the full faith and credit of the Commonwealth

TITLE 4: ECONOMIC RESOURCES
DIVISION 6: BANKING AND FINANCIAL INSTITUTIONS

Government. The Commonwealth Government shall be a party to any loan agreement between the Fund and the Credit Union authorized by this Act and shall be fully, absolutely, and unconditionally liable for performance and payments due by the Credit Union under the terms and conditions of any such loan agreement. The Secretary of the Department of Finance is authorized and directed to pay when due, out of the General Fund, all obligations of the Commonwealth Government incurred pursuant to the borrowing authorized by this Act. Any such payment shall be made without appropriation or fiscal year limitation.

(c) Other security may be required if deemed necessary. The Fund may, as a condition of the loan, require the Commonwealth government to pledge assets sufficient to secure the loan in full, including, but not limited to, land and other interests in real property.

(d) CDA deemed satisfied. The requirement of 4 CMC, Division 10, Chapter 2 [4 CMC § 10201 et seq.] with regard to the Commonwealth Development Authority are deemed satisfied insofar as they apply to the loan described in this Section.