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## Title 12 - Banks and Banking

### Chapter VII - National Credit Union Administration

#### Subchapter A - Regulations Affecting Credit Unions

#### Part 701 - Organization and Operation of Federal Credit Unions

**Authority:** 12 U.S.C. 1752(5), 1755, 1756, 1757, 1758, 1759, 1761a, 1761b, 1766, 1767, 1782, 1784, 1785, 1786, 1787, 1788, 1789. Section 701.6 is also authorized by 15 U.S.C. 3717. Section 701.31 is also authorized by 15 U.S.C. 1601 *et seq.*; 42 U.S.C. 1981 and 3601-3610. Section 701.35 is also authorized by 42 U.S.C. 4311-4312.

#### § 701.32 Payment on shares by public units and nonmembers.

- (a) **Authority.** A Federal credit union may, to the extent permitted under Section 107(6) of the Act and this section, receive payments on shares, (regular shares, share certificates, and share draft accounts) from public units and political subdivisions thereof (as those terms are defined in § 745.1) and nonmember credit unions, and to the extent permitted under the Act, this section and § 701.34, receive payments on shares (regular shares, share certificates, and share draft accounts) from other nonmembers.
- (b) **Limitations -**
- (1) **Aggregate limit on public unit and nonmember shares.** Except as permitted under paragraph (c) of this section, a federal credit union may not receive public unit and nonmember shares in excess of the greater of:
- (i) 50 percent of the net amount of paid-in and unimpaired capital and surplus less any public unit and nonmember shares, as measured at the time of acceptance of each public unit or nonmember share (i.e.,

*Total public unit and nonmember shares*

*Paid-in and unimpaired capital and surplus – Total public unit and nonmember shares*

*Maximum of 50%); or*

- (ii) \$3 million.
- (2) **Required due diligence.** Before receiving public unit or nonmember shares that, taken together with any borrowings, exceed 70 percent of paid-in and unimpaired capital and surplus, the board of directors must adopt a specific written plan concerning the intended use of these funds that is consistent with prudent risk management principles.
- (c) The limitations herein do not apply to accounts maintained in accordance with § 701.37 (Treasury Tax and Loan Depositories; Depositories and Financial Agents of the Government) and matching funds required by § 705.5(g) (Community Development Revolving Loan Program for Credit Unions). Once a loan granted pursuant to part 705 is repaid, nonmember share deposits accepted to meet the matching requirement are subject to this section.

[54 FR 31184, July 27, 1989, as amended at 54 FR 51384, Dec. 15, 1989; 55 FR 1794, Jan. 19, 1990; 58 FR 21645, Apr. 23, 1993; 59 FR 26102, May 19, 1994; 61 FR 3790, Feb. 2, 1996; 76 FR 67587, Nov. 2, 2011; 77 FR 31991, May 31, 2012; 82 FR 50291, Oct. 30, 2017; 84 FR 58309, Oct. 31, 2019]