WEST VIRGINIA CODE CHAPTER 31C ARTICLE 5

WV Legislature

§31C-5-1. Authority and responsibility of directors.

The credit union's board of directors shall have the authority and responsibility for directing the business affairs, funds and records of the credit union. In addition to the duties found elsewhere in this article, it shall be the special duty of the credit union's board of directors to:

(a) Purchase adequate fidelity coverage for the chief executive officer and for other active officers and employees handling or having custody of funds or property;

(b) Authorize the employment and compensation of the chief executive officer who shall hire such other persons necessary to carry on the business of the credit union;

(c) Approve an annual operating budget for the credit union;

(d) Authorize the conveyance of property;

(e) Borrow or lend money to carry on the functions of the credit union;

(f) Appoint any special committees deemed necessary;

(g) Perform such other duties as the members from time to time direct, and perform or authorize any action not inconsistent with this chapter and not specifically reserved by the bylaws for the members.

The credit union's board of directors shall meet each month. The board may meet at other times as is necessary. Board meetings may be conducted by means of telephone as provided in the bylaws in a manner consistent with state law.

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§31C-5-2. Election of directors and selection of supervisory and credit committee members.

(a) The credit union's board shall consist of an odd number of directors, at least five in number, to be elected by and from the members. Elections shall be held at the annual meeting or in such other manner as the bylaws provide. All members of the credit union's board shall hold office for such terms as the bylaws provide, except that terms shall be staggered so that an approximately equal number expire each year.

(b) A supervisory committee of not less than three persons shall either be elected by the membership at the annual meeting or appointed by the credit union's board of directors at the organization meeting held within thirty days following each annual election for such terms as the bylaws provide.

(c) At the same organization meeting, the credit union's board of directors shall appoint a credit committee, unless the bylaws provide for the board of directors to act as the credit committee. The committee shall consist of an odd number, not less than three, whose terms shall be as the bylaws provide.

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§31C-5-3. Record of officials; and filling vacancies.

(a) Within twenty days after each organization meeting, a record of the names and addresses of the members of the board and such other committees and officials, as required by the commissioner, shall be filed with the commissioner.

(b) The credit union's board of directors shall fill any vacancies occurring in the board until successors elected at the next annual election have qualified. The credit union's board shall also fill vacancies in the credit committee and, if appointed by them, the supervisory committee. If the supervisory committee is elected by the members, then any vacancies thereon shall be filled by selection by the remaining supervisory committee members.

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§31C-5-4. Compensation of officials; and conflicts of interests.

(a) No officer, director or committee member, other than an employee, may be compensated for services, except as provided in section one, article five of this chapter. However, providing reasonable life, health, accident and similar insurance protection shall not be considered compensation. Directors, officers and committee members may be reimbursed for necessary expenses incidental to the performance of official business of the credit union.

(b) No director, committee member, officer, agent or employee of the credit union shall in any manner, directly or indirectly, participate in the deliberation upon or the determination of any question affecting that person's pecuniary interest or the pecuniary interest of any corporation, partnership or association (other than the credit union) in which that person is directly or indirectly interested.

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§31C-5-5. Officers.

(a) At their organization meeting held within thirty days following each annual election, the credit union's board of directors shall elect from their own number a chairman of the board, one or more vice chairmen, a treasurer and a secretary. The office of secretary and treasurer may, if the bylaws so provide, be held by one person. They shall also elect any other officials that are specified in the bylaws.

(b) The terms of the officers shall be one year, or until their successors are chosen and have been duly qualified.

(c) The duties of the officers shall be prescribed in the bylaws.

(d) The credit union's board of directors shall appoint a president to act as the chief executive officer of the credit union and be in active charge of its operations.

(e) Notwithstanding any other provision of this chapter, a credit union may use any titles it chooses for the officials holding the positions described in this chapter, as long as such titles are not misleading.

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§31C-5-6. Executive committee.

The credit union's board of directors may appoint from its own number an executive committee, consisting of not less than three directors, which may be authorized to act for the board in all respects. These actions are subject to subsequent review by the full credit union's board of directors and any other conditions or limitations prescribed by the board of directors.

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§31C-5-7. Credit committee and loan officers.

(a) The credit committee shall have the general supervision of all loans to members. It may approve or disapprove loans, subject to written policies established by the board of directors.

(b) The credit committee shall meet as often as the business of the credit union requires to consider applications for loans and/or review the work of the loan officers. No loan shall be made by the credit committee unless it is approved by a disinterested majority of the committee who are present at the meeting at which the application is considered.

(c) If the bylaws so provide, the board of directors may act as the credit committee.

(d) The credit union's board of directors or credit committee may appoint one or more loan officers and delegate the power to approve or disapprove loans, subject to such limitations or conditions as the credit committee or credit union's board of directors prescribes.

(e) A member whose application was disapproved by a loan officer may appeal such action to the credit committee or credit union's board of directors, as appropriate under the bylaws.

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§31C-5-8. Audits.

(a) The supervisory committee shall make or cause to be made a comprehensive annual audit of the books and affairs of the credit union. It shall submit a report of each annual audit to the credit union's board of directors and a summary of that report to the members at the next annual meeting of the credit union. Such reports shall be filed and preserved with the records of the corporation.

(b) The supervisory committee of not less than three elected or appointed members shall make or cause to be made such supplementary audits, examinations and verifications of members' accounts as it deems necessary or as are required by the commissioner or by the credit union's board of directors, and submit reports of these supplementary audits to the credit union's board of directors.

(c) The workpapers of any audit, including any materials associated with an audit of the credit union's electronic data procedures, shall be made available to the commissioner or to the examiners of the department of banking upon request, and will be accorded confidentiality in conformity with section four, article two, chapter thirty-one-a of this code.

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§31C-5-9. Fidelity bonds, required oaths and hazard insurance.

(a) As a condition precedent to qualification or entry upon the discharge of their duties, all active officers, as well as every person appointed or elected to any position requiring the receipt, payment or custody of money or other personal property owned by a credit union or in its custody or control as collateral or otherwise, shall give a bond in some responsible corporate surety company, licensed to do business in this state, in such sufficient amount as the credit union directors shall require and approve. The bonds shall provide for indemnity to the credit union on account of any losses sustained by it as the result of any dishonest, fraudulent or criminal act or omission by such persons acting independently or in collusion or combination with others. The bonds may be in individual, schedule or blanket form, and the premiums therefor shall be paid by the credit union.

(b) No officer or employee who is required to give bond shall be deemed qualified nor shall be permitted to enter upon the discharge of their duties until their bond shall have been approved by a majority of the credit union's board of directors.

(c) The credit union's board of directors shall also direct and require suitable insurance protection to the credit union against burglary, robbery, theft and other insurable hazards to which the credit union may be exposed in the operations of its business on the premises or elsewhere.

(d) The credit union's board of directors shall be responsible for prescribing at least once each year the amount or penal sum of the bonds or policies and the sureties or underwriters thereon, after giving due and careful consideration to all known elements and factors constituting such risk or hazard. This action shall be recorded in the minutes of the board of directors. At any time the commissioner may require additional bond or security, when, in his or her opinion, the bonds then executed and approved are insufficient.

(e) Upon their election or appointment each director, officer and member of a committee shall individually make an oath that they will, as far as the duty devolves upon them, diligently and honestly administer the affairs of the credit union, and will not knowingly violate, or willingly permit to be violated, any of the provisions of law applicable to the credit union, and that they are each the owner in good faith in their own right on the books of the credit union of at least one share therein. This oath shall be subscribed by the individual making it, and be certified by the officer before whom it was taken, and shall immediately be transmitted to the commissioner and filed and preserved in his or her office.

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§31C-5-10. Suspension and removal of officials.

(a) The supervisory committee by a two-thirds vote of the entire committee may suspend any member of the credit committee and shall report such action to the credit union's board of directors. The credit union's board of directors shall meet not less than seven nor more than twenty-one days after such suspension to take appropriate action.

(b) The supervisory committee by a two-thirds vote of the entire committee may recommend suspension of any officer or member of the credit union's board of directors. A meeting of a quorum of the remaining board members shall convene in person and take action on the recommendation, which meeting shall be held not less than seven nor more than twenty-one days after such proposed suspension. The suspension matter shall be acted upon at the board meeting and the person shall either be removed for cause or restored to office. If the supervisory committee is not satisfied with the board's action, it may call a special meeting of the members or elect to bring the matter before the next member's regular meeting, and the issue will be acted upon at the meeting by the members and the person shall either be removed for cause, or reaffirmed to office. At any such member's meeting the person at issue shall have the right to appear and be heard.

(c) Any member of the supervisory committee or of the credit committee may be suspended or removed for cause by the board of directors by a two-thirds vote of those present at a meeting for failure to perform duties in accordance with this chapter, the articles of incorporation or the bylaws. The committee member shall have the right to appear and be heard at such meeting.

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§31C-5-11. Inspection of books and records by members.

(a) Each credit union shall keep at its principal office in this state a record of the names and addresses of its members entitled to vote. A credit union shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its members, board of directors and committees having any of the authority of the board of directors. Any member or group of members of a credit union, upon making a demand stating a proper purpose, shall have the right to examine, in person or by agent or attorney, at any reasonable time or times, nonconfidential portions of its books and records of account, minutes and records of members and to make extracts therefrom.

(b) The right to examination authorized by subsection (a) of this section and any right to inspect the list of members provided by a credit union's bylaws to an extent greater than that provided by this section may be denied to any member or group of members upon the refusal of any such member or group of members to furnish the credit union with an affidavit that such examination or inspection is not desired for any purpose which is in the interest of a business or object other than the business of the credit union.

(c) Notwithstanding any provision of this section or common law, no member or group of members shall have the right to obtain, inspect or copy any portion of any books or records of a credit union containing:

(1) Individual deposit or loan balances or records regarding other credit union members or information respecting their personal affairs; or

(2) Any data from which such information could be reasonably constructed.

(d) For purposes of this section, a confidential record includes, but is not limited to, the following:

(1) Any document or information relating to a nonpublic market strategy or plan of the credit union;

(2) Any document or information relating to matters declared confidential under state or federal law, including, but not limited to, credit union regulatory reports; and

(3) Any document or information deemed by the credit union as proprietary relating to the loan policy established by the credit union.

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