

533.205 Board of directors — duties — penalties.

1. Within five days following the organizational meeting and each annual meeting, the directors shall elect the following officers from the membership of the board of directors:

- a. A chairperson of the board.
- b. A vice chairperson.
- c. A secretary.
- d. A financial officer whose title shall be designated by the board.

2. a. The board of directors shall appoint the following committees:

- (1) A credit committee of not less than three members.
- (2) An auditing committee of not less than three members.

b. The board may also appoint alternate members of the credit committee or the auditing committee.

c. Only a member of the board or a member of the state credit union may be appointed to the credit committee or to the auditing committee.

d. The board may appoint an executive committee to act on the board's behalf.

3. The duties and responsibilities of a director and of the board of directors shall include but are not limited to all of the following:

- a. General management of the affairs of the state credit union.
- b. Setting the amount of the surety bond that shall be required of all officers and employees handling money.
- c. Attendance at no less than seventy-five percent of the regular board meetings held during the calendar year.

d. Periodic review of the original records of the state credit union, or comprehensive summaries prepared by the officers of the state credit union, pertaining to loans, security interests, and investments.

e. Review of the adequacy of the state credit union's internal controls.

f. Periodic review of utilization of security measures.

g. Establishing education and training programs to ensure that the director possesses adequate knowledge to manage the affairs of the state credit union.

4. a. Directors of a state credit union shall discharge the duties of their position in good faith and with that diligence, care, and skill which ordinarily prudent persons would exercise under similar circumstances in like positions.

b. The directors have a continuing responsibility to assure themselves that the state credit union is being managed according to law and that the practices and policies adopted by the board are being implemented.

5. a. The board of directors shall name or employ an individual who performs active executive or official duties for the state credit union as its chief executive officer.

b. The board shall fix the tenure and provide for the reasonable compensation of the chief executive officer.

c. The chief executive officer may be a member of the board of directors.

6. a. The chief executive officer or the chief executive officer's designee shall determine the compensation and tenure of employees of the state credit union.

b. An employee of the state credit union shall not be a member of the board of directors.

c. For purposes of [this section](#), an "employee of the state credit union" means an individual employed by the state credit union other than the chief executive officer.

7. A state credit union may pay an overdraft of a director, officer, or employee of the state credit union on an account at the state credit union, subject to the rules of the superintendent, when the payment of funds is made in accordance with any of the following:

a. A written, preauthorized, interest-bearing extension of credit plan that specifies a method of repayment.

b. A written, preauthorized transfer of collected funds from another account of the account holder at the state credit union.

c. The overdraft is paid pursuant to an overdraft protection plan or courtesy pay program.

8. A credit union director shall not receive compensation for service as a director. However, a director may be reimbursed for reasonable expenses directly related to such service.

9. The superintendent may impose a penalty, after notice in writing and opportunity for a hearing, for a violation of [this section](#). If a state credit union fails to satisfactorily resolve the matter within sixty days from receipt of such notice, the superintendent may impose a penalty against the state credit union in an amount not to exceed one hundred dollars per day per violation for each day that the violation remains unresolved.

[2007 Acts, ch 174, §22](#); [2011 Acts, ch 34, §124](#); [2012 Acts, ch 1020, §8](#); [2013 Acts, ch 17, §2](#); [2016 Acts, ch 1030, §6](#); [2017 Acts, ch 138, §11](#)

Subsection 7 amended