



NV State Charter Bill Updates

The Nevada Credit Union League is advocating in support of SB 375 sponsored by Senator Julie Pazina. This bill reflects a much-needed update to current Nevada Credit Union Law, allowing state-chartered credit unions to better serve their members, adapt to modern financial practices, and compete more effectively in today's financial landscape.

The proposed legislation includes several critical updates:

1. **Enhanced Emergency Powers:** The bill grants the Commissioner of the Nevada Financial Institutions Division (FID) the authority to suspend certain rules during declared emergencies or when deemed in the public interest. This authority includes safeguards such as a 90-day time limit, clear documentation requirements, and greater flexibility to address unforeseen challenges specific to credit unions.
2. **Simplified Par Value Requirements:** Par value refers to the minimum amount a member must maintain in their share account to establish and retain membership in a credit union. The bill provides credit unions with the flexibility to set share par values as low as \$1. While the par value must still be stated in the application as required by current law, the amendment allows credit unions to either specify the dollar amount in their bylaws or authorize the Board to establish and adjust the amount as needed by resolution, aligning with modern practices.
3. **Streamlined Office Approvals:** By removing the "reasonably necessary" requirement and setting a 60-day deadline for application decisions by the Nevada Financial Institutions Division (FID), the bill will simplify the process for credit unions to open new branches, improving service access for members.
4. **Board Flexibility and Governance:** The bill enhances board governance by allowing boards to fill vacancies for the remainder of an unfinished term. It allows for flexibility in the number of board meetings that the credit union must have from monthly to not less than six times during each calendar year, including not less than one time during each quarter. It allows for the Commissioner to require a board to meet more frequently if the Commissioner determines it is necessary. SB 375 also incorporated the existing authorization for virtual meetings directly into Nevada Credit Union Law for clarity.
5. **Delegation of Board Duties:** It clarifies that membership-related duties can be delegated to professional staff, enhancing operational efficiency.
6. **Modernized Membership Eligibility:** Updates include allowing credit unions to waive entrance fees or purchase initial shares for prospective members as part of promotional efforts, aligning

community charter definitions with federal National Credit Union Administration (NCUA) rules and regulations, and enhancing access for low-income individuals.

7. **Virtual Member Meetings:** The bill explicitly incorporates current authorization for virtual member meetings into Nevada Credit Union Law, unless restricted by the credit union's articles of incorporation or bylaws. It also establishes minimum requirements for electronic membership meetings to ensure secure voting by authorized members and proper recordkeeping.
8. **Alignment with Federal Prompt Corrective Action Rules:** Prompt corrective action (PCA) is a regulatory framework designed to ensure credit unions maintain sufficient capital to remain financially stable and protect members' deposits. The bill updates Nevada's regular reserve requirements to align with federal National Credit Union Administration (NCUA) PCA standards, ensuring parity with federal regulations.
9. **Nonmember Loan Participation:** It establishes clear authority for nonmembers to serve as co-borrowers or guarantors, increasing credit unions' lending flexibility.
10. **Expanded Investment Authority:** The bill allows credit unions to invest in non-Nevada municipal bonds. Current law restricts investment options, and Nevada's limited municipal bond issuance makes diversification challenging. Expanding investment authority improves portfolio management, reduces risk, and enhances financial stability for credit unions.
11. **Fixed Asset Investment Flexibility:** The bill eliminates the 7% cap on fixed asset investments, aligning with federal National Credit Union Administration (NCUA) rules and regulations, empowering credit unions to make prudent investment decisions.

The Nevada Credit Union League would like to thank Senator Pazina for sponsoring this important measure on behalf of the credit unions of Nevada. If you have any questions please contact Robert Wilson, SVP of State Government Affairs, at Robertw@ccul.org or 916-601-7626.