**§ 456. Limitations upon powers.** No credit union shall:

1. Pay any commission or compensation for securing members or for the sale of its shares; except that such restrictions shall not prohibit a credit union from issuing or selling shares to other state or federal credit unions through deposit brokers, subject to any regulations prescribed by the superintendent, nor pay any compensation to directors or committee members except that directors and committee members may be reimbursed for reasonable and proper costs incurred while carrying out the responsibilities of their positions. Such reimbursement shall be determined by the board of directors to be appropriate in carrying out the official business of the credit union and shall be in accordance with written policies and procedures, including documentation requirements, established by the board of directors.

2. Make any loan to any member, if, upon the making of that loan, the member would be indebted to the credit union upon loans made to, or guaranteed or endorsed by, such member in an aggregate amount which would exceed ten per centum of the capital and undivided profits of the credit union.

3. Impose a fine, in case of failure of a member to make payments on shares, exceeding two per centum per month or fraction of a month on amounts due.

4. Permit any director, officer, employee, member of the credit committee or supervisory committee to borrow directly or indirectly or become surety for any loan or advance made by such credit union where such loan or advance or aggregate loans or advances exceed twenty thousand dollars, unless the loan or advance is fully secured in accordance with criteria established by the board of directors or unless the loan or advance is approved by a majority of the entire board of directors. Such approval must be given in writing. Complete minutes of such meeting shall be kept which shall include the names of all directors present. The rate of interest or discount charged on any such loan to a director, officer or member of the credit committee or supervisory committee shall not be less than the rate of interest or

discount charged for loans of like character in the ordinary course of business.

5. Issue any shares except as provided in subdivision one of section four hundred fifty-four of this article, and unless there is printed upon the certificate or other evidence of such shares the words "Transferable only to qualified members."

6. Retain physical possession of a passbook or other evidence of membership of any member except that the supervisory committee may retain such passbook or other evidence of membership for a period not to exceed ten days for the purpose of auditing the records of the credit union.

7. Except in the case of a state or federal corporate credit union, make any loan or other extension of credit to, or investment in the shares of, any other credit union other than a state or federal corporate credit union in an amount the aggregate of which shall exceed twenty-five per centum of its assets or twenty-five per centum of the assets of such other credit union; provided, however, that the superintendent may approve a credit union's request to invest a higher per centum of its assets in any other credit union; nor shall a credit union issue or sell one or more shares to another credit union if, by such issuance or sale, the aggregate of its shares held by other credit unions will thereby exceed thirty per centum of its own assets; provided, however, that the superintendent may approve a credit union's request to issue or sell shares which aggregate a higher per centum of its assets to other credit unions. Extension of credit to or investment in the shares of another credit union or the issuance or sale of shares to another credit union, under this subdivision, shall include credit unions chartered by the federal government or federally insured credit unions chartered by a state.

In the case of a corporate credit union, no loan shall be made to a member credit union in an amount in excess of twenty percent of the share capital of the corporate credit union.

8. Permit any member to withdraw any shares pledged as security for any loan on which such member is liable as maker, endorser, guarantor or surety except upon the prior written approval of a majority of the credit committee or the loan officer. In any case, the amount of shares in excess of the liability of such member as maker, endorser, guarantor or surety, may be withdrawn without the approval of the credit committee or the loan officer.

9. Make a loan to a member upon the security of a mortgage which is not a first lien, unless such loan is in compliance with the regulations of the superintendent of financial services. Such regulations may include such restrictions as the superintendent of financial services finds necessary and proper, including without limitation, a restriction as to the percentage of total assets which may be invested in such loans, a restriction on the loan-to-appraisal value of property securing such loan, a restriction on the maximum amount to be loaned to each member, and a limitation on such loans based upon share capital, as determined by the superintendent of financial services.