§ 701.38 Borrowed funds from natural persons.
(a) Federal credit unions may borrow from a natural person, provided:
(1) The borrowing is evidenced by a signed promissory note which sets forth the terms and conditions regarding maturity, prepayment, interest rate, method of computation, and method of payment;

(b) Federal credit unions must comply with the maximum borrowing authority of §741.2 of this chapter.

§ 701.39 Statutory lien.
(a) Definitions. Within this section, each of the following terms has the meaning prescribed below:
(1) Except as otherwise provided by law or except as otherwise provided by federal law is a qualifying phrase referring to a federal and/or state law, as the case may be, which supersedes a requirement of this section. It is the responsibility of the credit union to ascertain whether such statutory or case law exists and is applicable;
(2) Impress means to attach to a member’s account and is the act which makes the lien enforceable against that account;
(3) Member means any member who is primarily, secondarily or otherwise responsible for an outstanding financial obligation to the credit union, including without limitation an obligor, maker, co-maker, guarantor, co-signer, endorser, surety or accommodation party;
(4) Notice means written notice to a member disclosing, in plain language, that the credit union has the right to impress and enforce a statutory lien against the member’s shares and dividends in the event of failure to satisfy a financial obligation, and may enforce the right without further notice to the member. Such notice must be given at the time, or at any time before, the member incurs the financial obligation;

(b) Superior claim. Except as otherwise provided by law, a statutory lien gives the federal credit union priority over other creditors when claims are asserted against a member’s account(s).

(c) Impressing a statutory lien. Except as otherwise provided by federal law, a credit union can impress a statutory lien on a member’s account(s)—
(1) Account records. By giving notice thereof in the member’s account agreement(s) or other account opening documentation; or
(2) Loan documents. In the case of a loan, by giving notice thereof in a loan document signed or otherwise acknowledged by the member(s); or
(3) By-Law or policy. Through a duly adopted credit union by-law or policy of the board of directors, of which the member is given notice.

(d) Enforcing a statutory lien—(1) Application of funds. Except as otherwise provided by federal law, a federal credit union may enforce its statutory lien against a member’s account(s) by debiting funds in the account and applying them to the extent of any of the member’s outstanding financial obligations to the credit union.
(2) Default required. A federal credit union may enforce its statutory lien against a member’s account(s) only when the member fails to satisfy an outstanding financial obligation due and payable to the credit union.
(3) Neither judgment nor set-off required. A federal credit union need not