

REVENUE: No revenue impact
FISCAL: No fiscal impact

Action: Do Pass
Vote: 10 - 0 - 0
Yeas: Barton, Cowan, Gilliam, Krieger, Matthews, Riley, Tomei, Weidner, Wingard, Holvey
Nays: 0
Exc.: 0
Prepared By: Victoria Cox, Administrator
Meeting Dates: 5/11

WHAT THE MEASURE DOES: Defines “organization” for purposes of determining credit union membership. Increases maximum loan that may be made by credit union to member of credit unions’ management team, without approval of board of directors, from \$25,000 to \$100,000. Requires that credit manager, if appointed in lieu of a credit committee, be appointed by the credit union board of directors. Increases amount of fidelity bond required of credit unions.

ISSUES DISCUSSED:

- Loans guaranteed by directors
- Geographic versus field-of-interest membership
- Credit union performance during sub-prime lending crisis
- Loan limits set in statute exceeded by administrative rule

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: Oregon’s 83 credit unions are not-for-profit financial institutions created to meet the needs of members. To become members, individuals must meet eligibility requirements within each credit union’s field of membership. Credit Union deposits are insured by the National Credit Union Administration (NCUA), currently to the amount of \$250,000. To provide additional security, SB 438-A increases minimum fidelity bond amounts as follows:

<u>Credit Union Assets</u>	<u>Current</u>	<u>Required by SB 438-A</u>
Up to \$10,000	Equal to assets	\$250,000 or equal to assets, whichever less
\$10,000 to \$1 million	\$10,000 for each \$100,000	\$250,000 or equal to assets, whichever less
\$1 million to \$4 million	\$100,000 plus \$50,000 for each \$1 million	\$250,000
* \$4 million to \$50 million	\$100,000 plus \$50,000 for each \$1 million	\$100,000 plus \$50,000 for each \$1 million
* \$50 million to \$295 million	\$2.55 million plus \$10,000 for each \$1 million	\$2.55 million plus \$10,000 for each \$1 million
\$295 million to \$500 million	\$5 million	\$2.55 million plus \$10,000 for each \$1 million, maximum \$5 million
More than \$500 million	\$5 million	One percent of assets, maximum \$9 million

* No change