

**REVENUE:** No revenue impact

**FISCAL:** No fiscal impact

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**Action:** Do Pass as Amended and Be Printed Engrossed

**Vote:** 5 - 0 - 0

**Yeas:** Bonamici, Boquist, George, Monroe, Shields

**Nays:** 0

**Exc.:** 0

**Prepared By:** Patrick Brennan, Administrator

**Meeting Dates:** 3/9, 4/11

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**WHAT THE MEASURE DOES:** Reduces the required frequency of meetings of credit union boards of directors from monthly to 10 times per calendar year in separate months. Allows a credit union to appoint a chief credit officer in lieu of a credit committee; chief credit officer is required to approve loans or designate loan officers with authority to do so under conditions prescribed by the chief credit officer. Permits credit unions to make loans, under certain conditions, to the president or chief executive officer of the credit union, or to officers who have policymaking or credit approval authority. Specifies how credit unions may invest funds not used in loans to members. Allows credit unions chartered under Oregon law to merge with credit unions chartered under laws of another state in same manner as mergers between two credit unions chartered under Oregon law. Establishes procedure for credit union members opposed to merger proposal to provide information to fellow members regarding their views about the merger proposal.

**ISSUES DISCUSSED:**

- Historical trends of mergers among credit unions
- Services provided by credit unions to members
- Ability of dissenting voices to be heard during merger process

**EFFECT OF COMMITTEE AMENDMENT:** Deletes provision expressly permitting credit unions to make employee discount loans available to management team and directors. Adds reporting requirement for loans to senior managers and directors. Prohibits directors and senior managers from participating in approval or disbursement of loans in which they have direct or indirect interest. Allows credit unions chartered under Oregon law to merge with credit unions chartered under laws of another state in same manner as mergers between two credit unions chartered under Oregon law. Establishes procedure for credit union members opposed to merger proposal to provide information to fellow members regarding their views about the merger proposal.

**BACKGROUND:** Credit unions are cooperative financial institutions that are owned and controlled by members and operated for the purpose of promoting thrift, providing credit at reasonable rates and providing other financial services to members. In Oregon, credit unions are regulated under ORS 723.

Senate Bill 177-A makes several changes to statutes relating to credit unions. The measure revises the requirement that a credit union's board of directors meets monthly with a requirement that the board meets at least ten times in a calendar year, provided that those ten meetings occur in different calendar months. The measure also replaces the allowance for appointment of a credit manager in lieu of a credit committee with an allowance for creation of a chief credit officer. Senate Bill 177-A also revises language regulating the conditions under which a credit union may make loans to the president or chief executive officer of the institution. The measure specifies how credit unions may invest funds not loaned to members, including provisions allowing investment of up to five percent of assets in two categories: stocks, membership units or other ownership interests in, or loans to, corporations; and loans to national or state credit union associations or corporations of which the credit union is a member. Finally, the measure specifies that mergers between Oregon credit unions and credit unions chartered out-of-state may occur in a manner similar to that of mergers between two Oregon-chartered credit unions. The measure outlines a process by which credit union members who do not support a merger proposal may have their views disseminated to other credit union members.

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*This summary has not been adopted or officially endorsed by action of the committee.*