

# House Bill 2485

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Revenue)

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Provides that credit union has continuing and affirmative obligation to help meet credit needs of community in which credit union has offices or branches. Requires Director of Department of Consumer and Business Services to adopt rules to govern nature and scope of credit union's obligation. Provides that director must consider federal regulations that implement federal Community Reinvestment Act in adopting rules. Specifies other minimal standards that rules must set forth.

Requires director to periodically examine credit union to evaluate whether credit union is meeting obligations. Provides that director may consider results of evaluation when determining whether to approve certain applications from credit union.

Permits director to enter into agreements with regulatory officials in other jurisdictions to conduct evaluations of credit union's compliance with obligations.

Becomes operative January 1, 2014.

Declares emergency, effective on passage.

## A BILL FOR AN ACT

1  
2 Relating to community reinvestment by credit unions; and declaring an emergency.

3 The Legislative Assembly finds that:

4 (1) Banks that do business in Oregon have a continuing and affirmative obligation under the  
5 federal Community Reinvestment Act of 1977, 12 U.S.C. 2901 et seq., to help meet the credit needs  
6 of communities in which the banks are chartered;

7 (2) Credit unions that do business in Oregon are not subject to the Community Reinvestment  
8 Act;

9 (3) In the 35 years since the Community Reinvestment Act became law, credit unions have  
10 grown from small, single-location entities in which members must share a common bond of occupa-  
11 tion or association to large, complex, multi-branch operations, the membership of which is based on  
12 residential communities instead of common bonds of occupation or association;

13 (4) Credit unions enjoy greatly expanded lending authority and other authority and are often  
14 statewide operations; and

15 (5) Exempting credit unions from an obligation to help meet the credit needs of local communi-  
16 ties in which the credit unions conduct their operations is no longer rational, and credit unions  
17 should be subject to obligations that are similar to the obligations banks have under the Community  
18 Reinvestment Act.

19 **Be It Enacted by the People of the State of Oregon:**

20 **SECTION 1. Sections 2, 3, 4, 5 and 6 of this 2013 Act are added to and made a part of**  
21 **ORS chapter 723.**

22 **SECTION 2. (1) As used in this section and sections 3, 4, 5 and 6 of this 2013 Act, "credit**  
23 **union" has the meaning given that term in ORS 723.006.**

24 **(2) A credit union has a continuing and affirmative obligation to help meet the credit**  
25 **needs of the community or contiguous political subdivision, such as a city, town or county,**

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 in which the credit union has offices or branches. The obligation extends to helping to meet  
2 the credit needs of neighborhoods and community residents with low or moderate incomes,  
3 and a credit union must meet the obligation in a manner that is consistent with the safe and  
4 sound operation of the credit union.

5 **SECTION 3.** (1) The Director of the Department of Consumer and Business Services shall  
6 adopt rules to govern the nature and scope of a credit union’s obligation under section 2 of  
7 this 2013 Act. In adopting the rules, the director shall consider the federal regulations that  
8 implement the Community Reinvestment Act of 1977, 12 U.S.C. 2901 et seq., and, to the ex-  
9 tent possible, shall require a credit union to satisfy obligations similar to the obligations set  
10 forth in the federal regulations. The rules, at a minimum, must set standards that a credit  
11 union must follow with respect to:

12 (a) Satisfying an obligation to originate loans and provide other assistance to community  
13 residents with low or moderate incomes that will enable the community residents to remain  
14 in affordable housing in the community;

15 (b) Avoiding systematic patterns or undue concentrations of loan origination or lending  
16 that result in a loss of affordable housing;

17 (c) Investing in community development and redevelopment projects and providing tech-  
18 nical assistance to small businesses;

19 (d) Providing financial services via the Internet or other electronic means to community  
20 residents with low or moderate incomes; and

21 (e) Helping to meet the community’s credit needs in other ways and using methods that,  
22 in the director’s judgment, are reasonable and appropriate and are consistent with the fed-  
23 eral regulations.

24 (2) The director by rule shall specify criteria by which the director shall evaluate the  
25 credit union’s compliance with the obligations set forth in subsection (1) of this section and  
26 in section 2 of this 2013 Act. The criteria must include:

27 (a) A description of the standards of evaluation the director will use and the facts and  
28 evidence the director will consider as support for the standards of evaluation; and

29 (b) A rating scale that provides a single, easy to understand summary of the director’s  
30 evaluation and that is substantially in this form:

---

RATING	SIGNIFICANCE
A	Outstanding record of meeting the credit union’s obligations to help with community credit needs
B	Highly satisfactory record of meeting the credit union’s obligations to help with community credit needs

1           **C**           **Satisfactory record of meeting**  
2                           **the credit union’s obligations**  
3                           **to help with community credit**  
4                           **needs**

5  
6           **D**           **Must improve the credit union’s**  
7                           **record of meeting the credit**  
8                           **union’s obligations to help**  
9                           **with community credit needs**

10  
11          **F**           **Substantial noncompliance with**  
12                           **the credit union’s obligations**  
13                           **to help with community credit**  
14                           **needs**

---

15  
16  
17  
18  
19          **SECTION 4.** (1) **The Director of the Department of Consumer and Business Services shall**  
20 **periodically examine each credit union to evaluate the extent to which the credit union has**  
21 **complied with the credit union’s obligations under section 2 of this 2013 Act and under the**  
22 **rules the director adopts under section 3 of this 2013 Act. After conducting the examination,**  
23 **the director shall prepare a written assessment of the credit union’s compliance. The written**  
24 **assessment is a public record.**

25           (2) **The written assessment described in subsection (1) of this section must:**

26           (a) **Describe the criteria the director used to evaluate the credit union;**

27           (b) **Summarize the director’s findings for each of the criteria the director used;**

28           (c) **Set forth the evidence that supports the director’s findings; and**

29           (d) **Rate the credit union’s performance according to the rating scale the director**  
30 **adopted under section 3 (2) of this 2013 Act and provide a brief description of what the rating**  
31 **signifies.**

32           (3) **In addition to any other criteria the director applies to evaluate a credit union’s sat-**  
33 **isfaction of the obligations set forth under sections 2 and 3 of this 2013 Act, the director may**  
34 **evaluate the extent to which the credit union provided state-of-the-art computers and**  
35 **Internet access at minimal cost or no cost to community residents with low or moderate**  
36 **incomes as part of the director’s evaluation of the credit union’s satisfaction of the credit**  
37 **union’s obligation under section 3 (1)(d) of this 2013 Act.**

38          **SECTION 5.** (1) **The Director of the Department of Consumer and Business Services shall**  
39 **consider the results of the director’s evaluation under section 4 of this 2013 Act of a credit**  
40 **union’s compliance with the credit union’s obligations under sections 2 and 3 of this 2013 Act**  
41 **when the director determines whether to approve a credit union’s application to:**

42           (a) **Establish a branch or other facility at which the credit union may accept deposits;**

43           (b) **Relocate a main office or branch office; or**

44           (c) **Merge or consolidate with or acquire the assets or assume the liabilities of another**  
45 **credit union.**

1       **(2) The director may deny an application described in subsection (1) of this section based**  
2 **on the results of the director's evaluation under section 4 of this 2013 Act.**

3       **SECTION 6. (1) The Director of the Department of Consumer and Business Services may**  
4 **enter into a cooperative agreement with regulatory officers in jurisdictions other than this**  
5 **state to:**

6       **(a) Coordinate or participate jointly in an examination of a credit union or an interstate**  
7 **credit union in order to evaluate the credit union's or interstate credit union's compliance**  
8 **with the obligations set forth in sections 2 and 3 of this 2013 Act;**

9       **(b) Set a schedule of fees for the examination that the regulatory official may charge a**  
10 **credit union;**

11       **(c) Specify the actions the regulatory official may take in an examination and the**  
12 **enforcement actions the regulatory official may pursue against the credit union; and**

13       **(d) Accept reports concerning the credit union's compliance with the obligations set forth**  
14 **in sections 2 and 3 of this 2013 Act from regulatory officials in other jurisdictions.**

15       **(2) This section does not affect the director's authority under this chapter to examine**  
16 **or pursue an enforcement action against a credit union that has a certificate of approval to**  
17 **transact business in this state.**

18       **SECTION 7. (1) Sections 2, 3, 4, 5 and 6 of this 2013 Act become operative January 1, 2014.**

19       **(2) The Director of the Department of Consumer and Business Services may take any**  
20 **action before the operative date specified in subsection (1) of this section that is necessary**  
21 **for the director to exercise, on and after the operative date specified in subsection (1) of this**  
22 **section, all of the duties, functions and powers conferred on the director by sections 2, 3, 4,**  
23 **5 and 6 of this 2013 Act.**

24       **SECTION 8. This 2013 Act being necessary for the immediate preservation of the public**  
25 **peace, health and safety, an emergency is declared to exist, and this 2013 Act takes effect**  
26 **on its passage.**

27