

D R A F T

SUMMARY

Removes requirement that credit union apply and pay fee to Director of Department of Consumer and Business Services in order to open additional places of business.

Removes limitation on credit union membership that is conditioned on member subscribing for and paying initial installment on one or more shares of credit union. Provides that foster parent or legal guardian of eligible member may also be member of credit union.

Provides that credit union may pay directors and supervisory committee members of credit union reasonable compensation for directors' or committee members' services and may reimburse directors and committee members for necessary expenses in performing credit union's official business.

Repeals requirement that credit union that provides membership to employees of State of Oregon also provide membership to person that serves as foster parent in home that Department of Human Services certifies or that maintains developmental disability child foster home that department certifies.

A BILL FOR AN ACT

1
2 Relating to credit unions; amending ORS 723.032, 723.172 and 723.266; and
3 repealing ORS 723.188.

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

5 **SECTION 1.** ORS 723.032 is amended to read:

6 723.032. (1) A credit union may establish a place of business or change the
7 credit union's place of business within this state upon written notice to the
8 Director of the Department of Consumer and Business Services.

9 [(2) *A credit union may establish additional places of business upon written*
10 *application to the director. The application must be accompanied by a fee in*
11 *an amount that the director sets by rule. The fee must be paid only with ap-*

1 *plications for the establishment of new places of business. Except as provided*
 2 *in subsection (3) of this section, mobile facilities described in subsection (3)*
 3 *of this section are new places of business. The fee is not required to be paid*
 4 *with applications relating to the acquisition or relocation of existing places of*
 5 *business. The director may approve or disapprove the application. If the di-*
 6 *rector does not disapprove an application within 30 days after receiving a*
 7 *completed application, the application is approved.]*

8 [(3)] (2) A credit union may establish one or more mobile facilities to
 9 engage in credit union operations. Mobile facilities of a credit union that
 10 have the membership described in ORS 723.172 (3)(a) may operate in this
 11 state or in other states. Mobile facilities of a credit union that have the
 12 membership described in ORS 723.172 (3)(b) may operate only within the
 13 well-defined local community, neighborhood or rural district [*served by*] **that**
 14 **the credit union serves.** [*An application and fee are not required under this*
 15 *section for mobile facilities that exercise permissible credit union powers or*
 16 *engage in permissible credit union activities but that do not accept deposits.]*

17 [(4)] (3) **A credit union may establish additional places of business.**
 18 The director may limit or restrict a credit union's ability to establish addi-
 19 tional places of business upon written notice to the credit union if the di-
 20 rector determines that **an addition would adversely affect** the credit
 21 union's safety and soundness [*would be adversely affected by an addition*].

22 [(5)] (4) A credit union may share office space with one or more credit
 23 unions and contract with a person or corporation to provide facilities or
 24 personnel.

25 **SECTION 2.** ORS 723.172 is amended to read:

26 723.172. (1) As used in this section:

27 (a) "Organization" means a corporation, limited liability company, part-
 28 nership or association, trust, estate or other entity and a director, officer,
 29 employee, member, partner, personal representative, trustee or volunteer of
 30 the corporation, limited liability company, partnership or association, trust,
 31 estate or other entity.

1 (b) “Well-defined local community, neighborhood or rural district” means
2 one or more adjacent precincts, districts, cities, counties or other boundaries
3 defined by the state or a unit of local government or by a state or local
4 government agency.

5 (2) The membership of a credit union is limited to and consists of the
6 incorporators to the articles of incorporation and other persons within the
7 common bond set forth in the bylaws that have been duly admitted as mem-
8 bers, have paid [*the*] **any** required entrance fee or membership fee[, *or both,*
9 *have subscribed for one or more shares and have paid the initial installment*
10 *on the shares,*] and have complied with [*such*] **any** other requirements [*as*]
11 **that** the articles of incorporation or bylaws specify.

12 (3) Credit union membership may include:

13 (a) One or more groups, each having a common bond of occupation or
14 association; or

15 (b) Persons who live or work in, or organizations located within, a well-
16 defined local community, neighborhood or rural district.

17 (4) Credit union membership may also include any of the immediate fam-
18 ily of a person who is eligible for membership in the credit union under
19 subsection (3) of this section. **For the purposes of this subsection, “im-
20 mediate family” includes an eligible member’s foster parent or legally
21 appointed guardian.**

22 (5) In determining whether adjacent precincts, districts, cities, counties
23 or other boundaries defined by the state or a unit of local government or by
24 any state or local government agency form a well-defined local community,
25 neighborhood or rural district, the Director of the Department of Consumer
26 and Business Services shall consider:

27 (a) Interactions or shared interests that tie the precincts, districts, cities,
28 counties or other boundaries together;

29 (b) The size of the population of the proposed well-defined local commu-
30 nity, neighborhood or rural district;

31 (c) The size of the geographic area of the proposed well-defined local

1 community, neighborhood or rural district; and

2 (d) Other criteria that the director considers relevant in accordance with
3 the purposes of this chapter.

4 (6)(a) A credit union may not add a group with a separate bond of occu-
5 pation or association to the credit union's membership unless, at the time
6 the **credit union adds the** group [*is added*] to the credit union's member-
7 ship, the group does not contain more than 3,000 members.

8 (b) The limitation in paragraph (a) of this subsection does not apply to:

9 (A) A group the director determines could not feasibly or reasonably es-
10 tablish a new credit union because the group lacks volunteer resources, fi-
11 nancial resources or other factors the director considers important [*to the*
12 *likelihood of the successful formation of*] **for successfully forming** a new
13 credit union; or

14 (B) A group transferred to the credit union in connection with a merger,
15 consolidation or transfer [*approved by*] the director **approved**, or in con-
16 nection with the liquidation of another credit union.

17 (7) Notwithstanding subsection (3) of this section, a credit union, the
18 membership of which includes one or more groups that have a common bond
19 of occupation or association, may add to the credit union's membership per-
20 sons who live or work in, or organizations located within, a well-defined lo-
21 cal community, neighborhood or rural district if:

22 (a) The director determines that the well-defined local community, neigh-
23 borhood or rural district is underserved by other depository institutions, as
24 defined in section 19(b)(1)(A) of the Federal Reserve Act, 12 U.S.C.
25 461(b)(1)(A), based on data of the National Credit Union Administration and
26 the federal banking agencies, as defined in section 3 of the Federal Deposit
27 Insurance Act, 12 U.S.C. 1813; and

28 (b) The credit union establishes and maintains an office or facility in the
29 well-defined local community, neighborhood or rural district at which credit
30 union services are available.

31 (8) In reviewing a proposed amendment to a credit union's bylaws that

1 would include an additional group within the credit union's membership, the
2 director shall consider:

3 (a) Whether, within the preceding year, the credit union has engaged in
4 any unsafe or unsound practice that is material;

5 (b) Whether the credit union has the capitalization, administrative capa-
6 bility and financial resources to serve the additional group; and

7 (c) Other factors the director may prescribe by rule.

8 **SECTION 3.** ORS 723.266 is amended to read:

9 723.266. [*No officer, director, or committee member, other than the treasurer,*
10 *a credit manager, a general manager, or a loan officer may be compensated for*
11 *service as such, but providing reasonable life, health, accident and similar*
12 *insurance protection for a director or committee member, or indemnification*
13 *and related insurance, shall not be considered compensation.] **A credit union**
14 **may pay to the credit union's directors and supervisory committee**
15 **members reasonable compensation for service as directors and super-**
16 **visory committee members and may reimburse** directors, [*and*] super-
17 **visory** committee members[, *while*] **and other committee members while**
18 **the directors or committee members are** on official business [*of the credit*
19 *union, may be reimbursed*] for necessary expenses incidental to [*the perform-*
20 *ance of such*] **performing the official** business.*

21 **SECTION 4.** ORS 723.188 is repealed.

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