

House Bill 2426

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Business and Labor for NW Credit Union Association)

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**.

Permits credit unions to prescribe terms of executive officers in bylaws.

Changes threshold date to January 1, 2019, from January 1, 2017, for exercise by state credit unions of powers available to federal credit unions without Director of Department of Consumer and Business Services approval.

Modifies laws relating to meetings of members of credit unions.

A BILL FOR AN ACT

Relating to credit unions; amending ORS 723.156, 723.196, 723.276 and 723.682.

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

SECTION 1. ORS 723.276 is amended to read:

723.276. (1) At the organizational meeting of the board of directors and within 60 days after each annual meeting of the members, the directors shall elect an executive officer, whom the directors may designate as chairperson of the board or president, a vice chairperson of the board or one or more vice presidents, a treasurer and a secretary. The treasurer and the secretary may be the same individual. The persons that the board of directors elects are the executive officers of the corporation.

(2) The terms of the officers are one year, *[or]* **unless the bylaws prescribe a different term. Officers may continue to serve** until the successors of the officers are chosen and have duly qualified.

(3) The bylaws must prescribe the duties of the officers.

SECTION 2. ORS 723.156 is amended to read:

723.156. (1) Notwithstanding any other provision of law, in addition to the powers and authorities provided under the laws of this state, a credit union may exercise any of the powers that were available to a federal credit union as of January 1, *[2017]* **2019**. At least 45 days before exercising a power under this subsection, a credit union shall provide to the Director of the Department of Consumer and Business Services written notice of the credit union's intent to exercise the power. The notice must describe the power and specify the statutory or regulatory authority or other legal basis for the federal credit union power the credit union intends to exercise.

(2) Notwithstanding any other provision of law, in addition to the powers and authorities provided under the laws of this state, a credit union may, after obtaining approval from the director and subject to any limitations the director prescribes, exercise any of the powers conferred after January 1, *[2017]* **2019**, upon a federal credit union that does business in this state and that is subject to the regulations of the administrator of the National Credit Union Administration or the successor or successors of the administrator, or any of the powers conferred on a credit union that is chartered under the laws of another state and does business in this state, if the director finds that

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 exercising the powers:

2 (a) Serves the public and members' convenience and advantage; and

3 (b) Equalizes and maintains the quality of competition among credit unions chartered under the
4 laws of this state, of another state and under federal law.

5 **SECTION 3.** ORS 723.196 is amended to read:

6 723.196. (1) The annual meeting and any special meetings of the members of the credit union
7 shall be held at the time [*and place*] and in the manner indicated by the bylaws.

8 (2) At meetings described in subsection (1) of this section, a member has one vote, irrespective
9 of the amount of that member's shareholdings. A member may not vote by proxy, but a member may
10 vote by mail or electronic ballot if allowed by the bylaws of the credit union. The board of directors
11 shall establish procedures to safeguard the confidentiality and integrity of the voting process. As
12 used in this subsection, "electronic" has the meaning given that term in ORS 84.004.

13 (3) The board may establish a minimum age as a qualification of eligibility to vote at meetings
14 of the members.

15 **SECTION 4.** ORS 723.682 is amended to read:

16 723.682. (1) A credit union chartered in this state may, with the approval of the Director of the
17 Department of Consumer and Business Services, merge with another credit union under the existing
18 charter of the other credit union pursuant to a plan that the majority of each board of directors of
19 each credit union joining in the merger agrees to and that is approved by the affirmative vote of a
20 majority of the members of the merging credit union that vote on the merger.

21 (2) After the directors agree to a plan and the members of the merging credit union approve the
22 plan, the president and secretary of the credit union shall execute a certificate of merger, which
23 shall set forth all of the following:

24 (a) The time and place of the meeting of the board of directors at which the board agreed to the
25 plan.

26 (b) The vote in favor of adopting the plan.

27 (c) A copy of the resolution or other action by which the board agreed to the plan.

28 (d) The time [*and place*] of the meeting of the members at which the members approved the plan.

29 (e) The vote by which the members approved the plan.

30 (3) The certificate and a copy of the plan of merger must be forwarded to the director, certified
31 by the director and returned to the continuing credit union within 30 days.

32 (4) After the director returns the certificate, all property, property rights and members' interest
33 of the merged credit union shall vest in the continuing credit union without deed, indorsement or
34 other instrument of transfer, and the continuing credit union under whose charter the merger was
35 effected assumes all debts, obligations and liabilities of the merged credit union. The rights and
36 privileges of the members of the merged credit union remain intact.

37 (5) This section permits a credit union chartered under the laws of another state or of the
38 United States to merge with a credit union chartered under the laws of this state, and a credit union
39 chartered under the laws of this state to merge with a credit union chartered under the laws of
40 another state or of the United States, to the same extent that the laws of this state permit two or
41 more credit unions chartered under the laws of this state to merge.

42 (6)(a) After the board of directors of a credit union that is chartered in this state has approved
43 a plan to merge with another credit union, if a member of the credit union opposes the plan to
44 merge and wishes to inform other members of the credit union of the member's opposition, the
45 member may submit a proposed statement of opposition to the credit union and may ask the credit

1 union to disseminate the statement of opposition to the other members.

2 (b) If the credit union maintains on the Internet and publicizes to the credit union's members a
 3 public forum for communications concerning the plan to merge or other issues related to the credit
 4 union, the credit union, within 14 calendar days after receiving the proposed statement of opposition
 5 from the member and subject to paragraph (e) of this subsection, shall publish the statement of op-
 6 position on the public forum.

7 (c) If the credit union does not make a public forum available on the Internet and if the credit
 8 union received the member's proposed statement of opposition at least 28 days before the date on
 9 which the members of the credit union are to vote on the plan to merge, subject to paragraph (e)
 10 of this subsection, the credit union shall:

11 (A) Notify the member, within seven days after receiving the statement of opposition, of:

12 (i) Any limit, which may not be less than 500 words, that the credit union may impose on the
 13 length of the statement of opposition; and

14 (ii) The estimated reasonable cost to reproduce and mail the statement of opposition as a
 15 stand-alone document or the estimated cost to include the statement of opposition in any informa-
 16 tional or persuasive material concerning the plan to merge that the credit union disseminates to
 17 credit union members. The credit union's estimate of the cost of including the statement of oppo-
 18 sition in the credit union's material may not exceed two cents multiplied by the number of the credit
 19 union's members.

20 (B) Reproduce and mail the statement of opposition to the credit union's members or include the
 21 statement of opposition in the credit union's informational or persuasive materials concerning the
 22 plan to merge, within 10 days after receiving payment of the cost estimated in subparagraph (A)(ii)
 23 of this paragraph, if the member agrees to the limit the credit union imposes on the length of the
 24 statement of opposition and pays the cost at least 14 days before the date on which the members
 25 of the credit union are to vote on the plan to merge.

26 (d) For purposes of paragraph (c) of this subsection, informational and persuasive material con-
 27 cerning the plan to merge does not include a notice of the meeting at which the credit union's
 28 members are to consider the plan to merge, a summary of the merger plan or other items that state
 29 or federal law requires the credit union to send to credit union members.

30 (e)(A) The credit union shall notify the credit union member within seven days after receiving
 31 the proposed statement of opposition if the credit union declines to disseminate the statement of
 32 opposition because the statement of opposition:

33 (i) Is false or misleading with respect to a material fact at the time and in light of the circum-
 34 stances in which the statement is made;

35 (ii) Omits a material fact that is necessary for the statement of fact not to be false or mislead-
 36 ing;

37 (iii) Relates to a personal claim or grievance or solicits personal gain by or business advantage
 38 for any party;

39 (iv) Is not sufficiently related to the credit union's business or affairs;

40 (v) Impugns, directly or indirectly, a person's character, integrity or personal reputation or
 41 without an expressed factual basis charges a person with illegal, improper or immoral conduct; or

42 (vi) Impugns the stability or soundness of the credit union.

43 (B) The credit union may decline to disseminate the proposed statement of opposition if the
 44 credit union member does not agree to the limits the credit union imposes on the length of the
 45 statement of opposition or fails within the time limits set in paragraph (c) of this subsection to pay

1 the cost of mailing the statement or including the statement with the credit union's informational
 2 or persuasive material concerning the plan to merge.

3 (C) The credit union may not decline to disseminate the statement of opposition for reasons
 4 other than the reasons identified in subparagraph (A) or (B) of this paragraph.

5 (f)(A) A credit union member may appeal to the director the credit union's decision under par-
 6 agraph (e)(A) of this subsection not to disseminate the credit union member's statement of oppo-
 7 sition. An appeal under this paragraph is not a contested case, as defined in ORS 183.310, and a
 8 party to the appeal is not entitled to notice and an opportunity for a hearing under ORS 183.413 to
 9 183.470. As part of the appeal, the credit union member shall provide the director with:

10 (i) The proposed statement of opposition;

11 (ii) A statement of reasons for disagreeing with the credit union's decision under paragraph
 12 (e)(A) of this subsection not to disseminate the statement of opposition; and

13 (iii) The credit union member's name, address and telephone number or other contact informa-
 14 tion.

15 (B) Before issuing an order under this paragraph, the director shall request from the credit un-
 16 ion a statement of reasons for declining to disseminate the proposed statement of opposition. The
 17 director shall consider the credit union member's proposed statement of opposition and statement
 18 of reasons and the credit union's statement of reasons and shall arrive at an independent determi-
 19 nation as to whether the credit union correctly declined to disseminate the credit union member's
 20 proposed statement for the reasons identified in paragraph (e)(A) of this subsection.

21 (C) The director by order shall uphold the credit union's decision under paragraph (e)(A) of this
 22 subsection or shall require the credit union to disseminate the credit union member's proposed
 23 statement of opposition in accordance with the provisions of this subsection. The director's order is
 24 subject to appeal only as provided in ORS 183.484.

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