

# D R A F T

## SUMMARY

Changes date for exercise by state credit unions of powers available to federal credit unions without prior approval.

Modifies laws relating to credit union membership.

Authorizes Director of the Department of Consumer and Business Services to approve merger of credit unions without regard to common bond differences under certain emergency circumstances.

Modifies laws relating to investments of credit unions.

## A BILL FOR AN ACT

1  
2 Relating to credit unions; amending ORS 723.032, 723.156, 723.172, 723.602 and  
3 723.682.

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

5 **SECTION 1.** ORS 723.156 is amended to read:

6 723.156. (1) Notwithstanding any other provision of law, in addition to the  
7 powers and authorities provided under the laws of this state, a credit union  
8 may exercise any of the powers that were available to a federal credit union  
9 as of [*January 1, 2019*] **the effective date of this 2021 Act**. At least 45 days  
10 before exercising a power under this subsection, a credit union shall provide  
11 to the Director of the Department of Consumer and Business Services writ-  
12 ten notice of the credit union's intent to exercise the power. The notice must  
13 describe the power and specify the statutory or regulatory authority or other  
14 legal basis for the federal credit union power the credit union intends to  
15 exercise.

16 (2) Notwithstanding any other provision of law, in addition to the powers  
17 and authorities provided under the laws of this state, a credit union may,  
18 after obtaining approval from the director and subject to any limitations the

**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 director prescribes, exercise any of the powers conferred after [*January 1,*  
2 *2019,*] **the effective date of this 2021 Act** upon a federal credit union that  
3 does business in this state and that is subject to the regulations of the ad-  
4 ministrator of the National Credit Union Administration or the successor  
5 or successors of the administrator, or any of the powers conferred on a credit  
6 union that is chartered under the laws of another state and does business in  
7 this state, if the director finds that exercising the powers:

- 8 (a) Serves the public and members' convenience and advantage; and
- 9 (b) Equalizes and maintains the quality of competition among credit un-  
10 ions chartered under the laws of this state, of another state and under fed-  
11 eral law.

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

13 723.172. (1) As used in this section:

14 (a) "Organization" means a corporation, limited liability company, part-  
15 nership or association, trust, estate or other entity and a director, officer,  
16 employee, member, partner, personal representative, trustee or volunteer of  
17 the corporation, limited liability company, partnership or association, trust,  
18 estate or other entity.

19 (b) "Well-defined [*local*] community, neighborhood or rural district" means  
20 one or more adjacent precincts, districts, cities, counties or other boundaries  
21 defined by the state or a unit of local government or by a state or local  
22 government agency.

23 (2) The membership of a credit union is limited to and consists of the  
24 incorporators to the articles of incorporation and other persons within the  
25 common bond set forth in the bylaws that have been duly admitted as mem-  
26 bers, have paid any required entrance fee or membership fee and have com-  
27 plied with any other requirements that the articles of incorporation or  
28 bylaws specify.

29 (3) Credit union membership may include:

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

1 (b) Persons who live or work in, or organizations located within, a **ge-**  
2 **ographic field-of-membership area that consists of one or more** well-  
3 defined [*local community, neighborhood or rural district*] **communities,**  
4 **neighborhoods or rural districts.**

5 (4) Credit union membership may also include any of the immediate fam-  
6 ily of a person who is eligible for membership in the credit union under  
7 subsection (3) of this section. For the purposes of this subsection, “immediate  
8 family” includes an eligible member’s foster parent or legally appointed  
9 guardian.

10 (5) In determining whether adjacent precincts, districts, cities, counties  
11 or other boundaries defined by the state or a unit of local government or by  
12 any state or local government agency form a well-defined [*local*] community,  
13 neighborhood or rural district, the Director of the Department of Consumer  
14 and Business Services shall consider:

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

17 (b) The size of the population of the proposed well-defined [*local*] com-  
18 munity, neighborhood or rural district;

19 (c) The size of the geographic area of the proposed well-defined [*local*]  
20 community, neighborhood or rural district; and

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

23 (6)(a) A credit union may not add a group with a separate bond of occu-  
24 pation or association to the credit union’s membership unless, at the time  
25 the credit union adds the group to the credit union’s membership, the group  
26 does not contain more than 3,000 members.

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

28 (A) A group the director determines could not feasibly or reasonably es-  
29 tablish a new credit union because the group lacks volunteer resources, fi-  
30 nancial resources or other factors the director considers important for  
31 successfully forming a new credit union; or

1 (B) A group transferred to the credit union in connection with a merger,  
2 consolidation or transfer the director approved, or in connection with the  
3 liquidation of another credit union.

4 (7) Notwithstanding subsection (3) of this section, a credit union, the  
5 membership of which includes one or more groups that have a common bond  
6 of occupation or association, may add to the credit union's membership per-  
7 sons who live or work in, or organizations located within, a well-defined  
8 [local] community, neighborhood or rural district if:

9 (a) The director determines that the well-defined [local] community,  
10 neighborhood or rural district is underserved by other depository insti-  
11 tutions, as defined in section 19(b)(1)(A) of the Federal Reserve Act, 12  
12 U.S.C. 461(b)(1)(A), based on data of the National Credit Union Adminis-  
13 tration and the federal banking agencies, as defined in section 3 of the Fed-  
14 eral Deposit Insurance Act, 12 U.S.C. 1813; and

15 (b) The credit union establishes and maintains an office or facility in the  
16 well-defined [local] community, neighborhood or rural district at which credit  
17 union services are available.

18 (8) In reviewing a proposed amendment to a credit union's bylaws that  
19 would include an additional group within the credit union's membership, the  
20 director shall consider:

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

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

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

26 **SECTION 3.** ORS 723.032 is amended to read:

27 723.032. (1) A credit union may establish a place of business or change the  
28 credit union's place of business within this state 30 days after notifying the  
29 Director of the Department of Consumer and Business Services in writing.

30 (2) A credit union may establish one or more mobile facilities to engage  
31 in credit union operations. Mobile facilities of a credit union that have the

1 membership described in ORS 723.172 (3)(a) may operate in this state or in  
2 other states. Mobile facilities of a credit union that have the membership  
3 described in ORS 723.172 (3)(b) may operate only within the well-defined  
4 [local] community, neighborhood or rural district that the credit union  
5 serves.

6 (3) A credit union may establish additional places of business 30 days af-  
7 ter notifying the director in writing. The director may limit or restrict a  
8 credit union's ability to establish additional places of business upon written  
9 notice to the credit union if the director determines that an addition would  
10 adversely affect the credit union's safety and soundness.

11 (4) A credit union may share office space with one or more credit unions  
12 and contract with a person or corporation to provide facilities or personnel.

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

14 723.682. (1)(a) A credit union chartered in this state may, with the ap-  
15 proval of the Director of the Department of Consumer and Business Services,  
16 merge with another credit union under the existing charter of the other  
17 credit union pursuant to a plan that the majority of each board of directors  
18 of each credit union joining in the merger agrees to and that is approved by  
19 the affirmative vote of a majority of the members of the merging credit union  
20 that vote on the merger.

21 **(b) The director may approve a merger without regard to common**  
22 **bond differences between the credit unions if one of the credit unions**  
23 **is insolvent or in danger of insolvency, and:**

24 **(A) An emergency requiring expeditious action exists;**

25 **(B) Other alternatives are not reasonably available; and**

26 **(C) The public interest would best be served by approving the**  
27 **merger.**

28 (2) After the directors agree to a plan and the members of the merging  
29 credit union approve the plan, the president and secretary of the credit union  
30 shall execute a certificate of merger, which shall set forth all of the follow-  
31 ing:

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

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

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

6 (d) The time of the meeting of the members at which the members ap-  
7 proved the plan.

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

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

12 (4) After the director returns the certificate, all property, property rights  
13 and members' interest of the merged credit union shall vest in the continuing  
14 credit union without deed, indorsement or other instrument of transfer, and  
15 the continuing credit union under whose charter the merger was effected  
16 assumes all debts, obligations and liabilities of the merged credit union. The  
17 rights and privileges of the members of the merged credit union remain in-  
18 tact.

19 (5) This section permits a credit union chartered under the laws of an-  
20 other state or of the United States to merge with a credit union chartered  
21 under the laws of this state, and a credit union chartered under the laws of  
22 this state to merge with a credit union chartered under the laws of another  
23 state or of the United States, to the same extent that the laws of this state  
24 permit two or more credit unions chartered under the laws of this state to  
25 merge.

26 (6)(a) After the board of directors of a credit union that is chartered in  
27 this state has approved a plan to merge with another credit union, if a  
28 member of the credit union opposes the plan to merge and wishes to inform  
29 other members of the credit union of the member's opposition, the member  
30 may submit a proposed statement of opposition to the credit union and may  
31 ask the credit union to disseminate the statement of opposition to the other

1 members.

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

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

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

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

17 (ii) The estimated reasonable cost to reproduce and mail the statement  
18 of opposition as a stand-alone document or the estimated cost to include the  
19 statement of opposition in any informational or persuasive material con-  
20 cerning the plan to merge that the credit union disseminates to credit union  
21 members. The credit union's estimate of the cost of including the statement  
22 of opposition in the credit union's material may not exceed two cents  
23 multiplied by the number of the credit union's members.

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

1 (d) For purposes of paragraph (c) of this subsection, informational and  
2 persuasive material concerning the plan to merge does not include a notice  
3 of the meeting at which the credit union's members are to consider the plan  
4 to merge, a summary of the merger plan or other items that state or federal  
5 law requires the credit union to send to credit union members.

6 (e)(A) The credit union shall notify the credit union member within seven  
7 days after receiving the proposed statement of opposition if the credit union  
8 declines to disseminate the statement of opposition because the statement  
9 of opposition:

10 (i) Is false or misleading with respect to a material fact at the time and  
11 in light of the circumstances in which the statement is made;

12 (ii) Omits a material fact that is necessary for the statement of fact not  
13 to be false or misleading;

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

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

17 (v) Impugns, directly or indirectly, a person's character, integrity or per-  
18 sonal reputation or without an expressed factual basis charges a person with  
19 illegal, improper or immoral conduct; or

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

21 (B) The credit union may decline to disseminate the proposed statement  
22 of opposition if the credit union member does not agree to the limits the  
23 credit union imposes on the length of the statement of opposition or fails  
24 within the time limits set in paragraph (c) of this subsection to pay the cost  
25 of mailing the statement or including the statement with the credit union's  
26 informational or persuasive material concerning the plan to merge.

27 (C) The credit union may not decline to disseminate the statement of op-  
28 position for reasons other than the reasons identified in subparagraph (A)  
29 or (B) of this paragraph.

30 (f)(A) A credit union member may appeal to the director the credit union's  
31 decision under paragraph (e)(A) of this subsection not to disseminate the



1 credit union member's statement of opposition. An appeal under this para-  
2 graph is not a contested case, as defined in ORS 183.310, and a party to the  
3 appeal is not entitled to notice and an opportunity for a hearing under ORS  
4 183.413 to 183.470. As part of the appeal, the credit union member shall pro-  
5 vide the director with:

6 (i) The proposed statement of opposition;

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

10 (iii) The credit union member's name, address and telephone number or  
11 other contact information.

12 (B) Before issuing an order under this paragraph, the director shall re-  
13 quest from the credit union a statement of reasons for declining to dissem-  
14 inate the proposed statement of opposition. The director shall consider the  
15 credit union member's proposed statement of opposition and statement of  
16 reasons and the credit union's statement of reasons and shall arrive at an  
17 independent determination as to whether the credit union correctly declined  
18 to disseminate the credit union member's proposed statement for the reasons  
19 identified in paragraph (e)(A) of this subsection.

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

25 **SECTION 5.** ORS 723.602 is amended to read:

26 723.602. A credit union may invest funds not used in loans to members in:

27 (1) Securities, obligations or other instruments of or issued by or fully  
28 guaranteed as to principal and interest by the United States or an agency  
29 of the United States or in a trust or trusts established directly or collectively  
30 in the securities, obligations or instruments described in this subsection.

31 (2) Obligations of a state of the United States, the agencies or instru-

1 mentalities of the federal government, the District of Columbia, the Com-  
2 monwealth of Puerto Rico and the several territories organized by Congress,  
3 or a political subdivision of a state, district, commonwealth or territory  
4 identified in this subsection.

5 (3) Certificates of deposit or passbook type accounts issued by a state or  
6 national bank, mutual savings bank or savings and loan association.

7 (4) Loans to or in shares or deposits of other credit unions.

8 (5) Stocks, membership units or other ownership interests in, or loans to,  
9 a corporation, limited liability company or mutual association in an amount  
10 not to exceed five percent of assets if[.]

11 [(a) *The ownership, membership or loan, as applicable, is primarily con-*  
12 *finned to credit unions or organizations of credit unions; and]*

13 [(b)] the purposes for which the corporation, limited liability company or  
14 mutual association is organized are primarily to service or otherwise assist  
15 credit union operations.

16 (6) Shares of a credit union cooperative society organized under the laws  
17 of this state or of the laws of the United States in a total amount not ex-  
18 ceeding one percent of the shares, deposits and surplus of the credit union.

19 (7) Loans to a national or state credit union association or corporation  
20 of which the credit union is a member, except that the loans must be limited  
21 to not more than five percent of the assets of the credit union.

22 (8) Other investments the Director of the Department of Consumer and  
23 Business Services approves by rule or order.

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