

A-Engrossed
House Bill 3079

Ordered by the House March 23
Including House Amendments dated March 23

Sponsored by COMMITTEE ON BUSINESS AND LABOR (at the request of Northwest 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.

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 723.156, 723.602 and 723.682.

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

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

5 723.156. (1) Notwithstanding any other provision of law, in addition to the powers and authori-
6 ties provided under the laws of this state, a credit union may exercise any of the powers that were
7 available to a federal credit union as of [*January 1, 2019*] **the effective date of this 2021 Act**. At
8 least 45 days before exercising a power under this subsection, a credit union shall provide to the
9 Director of the Department of Consumer and Business Services written notice of the credit union's
10 intent to exercise the power. The notice must describe the power and specify the statutory or reg-
11 ulatory authority or other legal basis for the federal credit union power the credit union intends to
12 exercise.

13 (2) Notwithstanding any other provision of law, in addition to the powers and authorities pro-
14 vided under the laws of this state, a credit union may, after obtaining approval from the director
15 and subject to any limitations the director prescribes, exercise any of the powers conferred after
16 [*January 1, 2019,*] **the effective date of this 2021 Act** upon a federal credit union that does business
17 in this state and that is subject to the regulations of the administrator of the National Credit Union
18 Administration or the successor or successors of the administrator, or any of the powers conferred
19 on a credit union that is chartered under the laws of another state and does business in this state,
20 if the director finds that exercising the powers:

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

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

24 **SECTION 2.** ORS 723.682 is amended to read:

25 723.682. (1)(a) A credit union chartered in this state may, with the approval of the Director of
26 the Department of Consumer and Business Services, merge with another credit union under the ex-

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 isting charter of the other credit union pursuant to a plan that the majority of each board of di-
2 rectors of each credit union joining in the merger agrees to and that is approved by the affirmative
3 vote of a majority of the members of the merging credit union that vote on the merger.

4 **(b) The director may approve a merger without regard to common bond differences be-**
5 **tween the credit unions if one of the credit unions is insolvent or in danger of insolvency,**
6 **and:**

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

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

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

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

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

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

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

17 (d) The time of the meeting of the members at which the members approved the plan.

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

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

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

26 (5) This section permits a credit union chartered under the laws of another state or of the
27 United States to merge with a credit union chartered under the laws of this state, and a credit union
28 chartered under the laws of this state to merge with a credit union chartered under the laws of
29 another state or of the United States, to the same extent that the laws of this state permit two or
30 more credit unions chartered under the laws of this state to merge.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

39 (f)(A) A credit union member may appeal to the director the credit union's decision under par-
40 agraph (e)(A) of this subsection not to disseminate the credit union member's statement of oppo-
41 sition. An appeal under this paragraph is not a contested case, as defined in ORS 183.310, and a
42 party to the appeal is not entitled to notice and an opportunity for a hearing under ORS 183.413 to
43 183.470. As part of the appeal, the credit union member shall provide the director with:

44 (i) The proposed statement of opposition;

45 (ii) A statement of reasons for disagreeing with the credit union's decision under paragraph

1 (e)(A) of this subsection not to disseminate the statement of opposition; and

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

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

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

14 **SECTION 3.** ORS 723.602 is amended to read:

15 723.602. A credit union may invest funds not used in loans to members in:

16 (1) Securities, obligations or other instruments of or issued by or fully guaranteed as to principal
17 and interest by the United States or an agency of the United States or in a trust or trusts estab-
18 lished directly or collectively in the securities, obligations or instruments described in this sub-
19 section.

20 (2) Obligations of a state of the United States, the agencies or instrumentalities of the federal
21 government, the District of Columbia, the Commonwealth of Puerto Rico and the several territories
22 organized by Congress, or a political subdivision of a state, district, commonwealth or territory
23 identified in this subsection.

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

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

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

29 *[(a) The ownership, membership or loan, as applicable, is primarily confined to credit unions or*
30 *organizations of credit unions; and]*

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

33 (6) Shares of a credit union cooperative society organized under the laws of this state or of the
34 laws of the United States in a total amount not exceeding one percent of the shares, deposits and
35 surplus of the credit union.

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

39 (8) Other investments the Director of the Department of Consumer and Business Services ap-
40 proves by rule or order.

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