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TESTIMONY IN SUPPORT OF HB 3370
Before the House Committee on Commerce and Consumer Protection

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My name is Hal Scoggins. I am an attorney with Farleigh Wada Witt, outside counsel for the GoWest Credit Union Association. Our firm also represents many individual credit unions throughout Oregon and across the U.S. I appreciate the opportunity to talk with you today about HB 3370. The bill does three things:

- Corrects a technical error in the statutes governing claims by the Oregon Health Authority or Department of Human Services to accounts of deceased members.
- Makes an adjustment to the process by which an expelled credit union member can appeal their expulsion.
- Clarifies the potential makeup of a credit union's supervisory committee.

Claims to Decedents' Accounts (Sections 1, 2, and 3)

Identical provisions in the Credit Union Act (723.466) and the Bank Act (708A.430) specify the timing and procedure for claims to a decedent's account. A surviving spouse may assert a claim. If they fail to do so within 45 days after the account owner's death, the Oregon Health Authority (OHA) or Department of Human Services (DHS) may assert a claim at any time between 46 days and 75 days after death. After that, a claim can be asserted by other specified family members.

There is currently a conflict between two portions of these statutes. The first specifies the 46 to 75 day timeframe in which OHA or DHS may assert a claim to the account funds. The second requires a credit union or a bank to accept an affidavit or declaration submitted by OHA or DHS between 46 and 76 days (not 75 days) after the account owner's death. Sections 1 and 2 of HB 3370 corrects this discrepancy by changing the outer limit of the affidavit or declaration timeframe to 75 days. Section 3 corrects a reference to this declaration or affidavit in ORS 192.589.

Member Expulsion Appeals (Section 4)

When a credit union member is expelled, ORS 723.202 requires the credit union to provide the member with an opportunity to appeal the expulsion and request reinstatement as a member. That appeal is considered by the board of directors. Section 4 of this bill would allow the board of directors to delegate consideration of the appeal to the credit union's management.

Expulsion usually occurs when a member has abused or harassed employees or other members or has taken other actions that cause risk to the credit union or its employees or other members. Unfortunately, those situations are increasing in frequency. Especially in a larger credit union, the board needs to be able to focus on important strategic, risk management, financial, and environmental challenges. Delegating expulsion appeals to management can help keep the board's focus on the critical big picture issues that are its central mission.

Makeup of Supervisory Committee (Section 5)

The credit union supervisory committee is a group that is not a part of the board, although it is appointed by the board. Board and Supervisory Committee interaction is a critical element of credit union governance. In recent years, discussions on credit union governance have included the degree to which the makeup of these two groups may intersect. This provision clarifies that each credit union may make its own decision about how many members of the Supervisory Committee may also serve on the board. The only exception is a prohibition on the Board Chair's service on the Supervisory Committee.

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