

**Enrolled**  
**Senate Bill 582**

Sponsored by COMMITTEE ON BUSINESS AND TRANSPORTATION

CHAPTER .....

AN ACT

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

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

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

723.032. (1) A credit union may establish a place of business or change the credit union’s place of business within this state *[upon written notice to the Director of the Department of Consumer and Business Services.]* **30 days after notifying the Director of the Department of Consumer and Business Services in writing.**

*[(2) A credit union may establish additional places of business upon written application to the director. The application must be accompanied by a fee in an amount that the director sets by rule. The fee must be paid only with applications for the establishment of new places of business. Except as provided in subsection (3) of this section, mobile facilities described in subsection (3) of this section are new places of business. The fee is not required to be paid with applications relating to the acquisition or relocation of existing places of business. The director may approve or disapprove the application. If the director does not disapprove an application within 30 days after receiving a completed application, the application is approved.]*

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

*[(4)]* **(3)** **A credit union may establish additional places of business 30 days after notifying the director in writing.** The director may limit or restrict a credit union’s ability to establish additional places of business upon written notice to the credit union if the director determines that **an addition would adversely affect** the credit union’s safety and soundness *[would be adversely affected by an addition].*

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

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

723.172. (1) As used in this section:

(a) “Organization” means a corporation, limited liability company, partnership or association, trust, estate or other entity and a director, officer, employee, member, partner, personal represen-

tative, trustee or volunteer of the corporation, limited liability company, partnership or association, trust, estate or other entity.

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

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

(3) Credit union membership may include:

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

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

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

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

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

(b) The size of the population of the proposed well-defined local community, neighborhood or rural district;

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

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

(6)(a) A credit union may not add a group with a separate bond of occupation or association to the credit union’s membership unless, at the time the **credit union adds the** group *[is added]* to the credit union’s membership, the group does not contain more than 3,000 members.

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

(A) A group the director determines could not feasibly or reasonably establish a new credit union because the group lacks volunteer resources, financial resources or other factors the director considers important *[to the likelihood of the successful formation of]* **for successfully forming** a new credit union; or

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

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

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

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

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

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

(b) Whether the credit union has the capitalization, administrative capability and financial resources to serve the additional group; and

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

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

723.266. *[No officer, director, or committee member, other than the treasurer, a credit manager, a general manager, or a loan officer may be compensated for service as such, but providing reasonable life, health, accident and similar insurance protection for a director or committee member, or indemnification and related insurance, shall not be considered compensation.]* **A credit union may pay to the credit union's directors and supervisory committee members reasonable compensation for service as directors and supervisory committee members and may reimburse directors, [and] supervisory committee members[, while] and other committee members while the directors or committee members are on official business [of the credit union, may be reimbursed] for necessary expenses incidental to [the performance of such] performing the official business.**

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

**Passed by Senate March 10, 2015**

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Lori L. Brocker, Secretary of Senate

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Peter Courtney, President of Senate

**Passed by House June 4, 2015**

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Tina Kotek, Speaker of House

**Received by Governor:**

.....M.,....., 2015

**Approved:**

.....M.,....., 2015

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Kate Brown, Governor

**Filed in Office of Secretary of State:**

.....M.,....., 2015

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Jeanne P. Atkins, Secretary of State