

As Introduced

**132nd General Assembly
Regular Session
2017-2018**

H. B. No. 770

Representative Seitz

A BILL

To amend sections 1733.01, 1733.04, 1733.041, 1733.05, 1733.13, 1733.14, 1733.16, 1733.19, 1733.22, 1733.24, 1733.329, and 1733.39, to enact sections 1733.051 and 1733.152, and to repeal section 1733.26 of the Revised Code to revise the laws governing credit unions.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 1733.01, 1733.04, 1733.041, 1733.05, 1733.13, 1733.14, 1733.16, 1733.19, 1733.22, 1733.24, 1733.329, and 1733.39 be amended and sections 1733.051 and 1733.152 of the Revised Code be enacted to read as follows:

Sec. 1733.01. As used in this chapter, unless the context otherwise requires:

(A) "Credit union" means a corporation organized and qualified as such under this chapter. In addition to the powers enumerated in this chapter and unless restricted in this chapter, every credit union has the general powers conferred upon corporations by Chapter 1701. of the Revised Code. A credit

union is a nonprofit cooperative financial institution and as 18
such is organized and operates for the mutual benefit and 19
general welfare of its members with the earnings, savings, 20
benefits, or services of the credit union being distributed to 21
its members as patron savers and borrowers and not to its 22
members as individuals. 23

(B) "Corporate credit union" means a credit union, 24
eligibility for membership in which is being a credit union 25
qualified to do business in this state. Such credit union shall 26
use the term "corporate" in its official name. 27

(C) "Foreign credit union" means a credit union formed 28
under the laws of another state which are substantially similar 29
to this chapter. 30

(D) "Member" means a person who is a member of a credit 31
union. 32

(E) "Association member" means any member of a credit 33
union other than a credit union or an individual member. 34

(F) "Voting member" means an association member or an 35
individual member who is qualified to vote as provided by law, 36
the articles, or the regulations. 37

(G) "Person" includes, without limitation, an individual, 38
the estate of a deceased individual, a corporation, an 39
unincorporated society or association, or any other organization 40
of individuals. 41

(H) "Articles" includes original articles of 42
incorporation, agreements of merger, amended articles, and 43
amendments to any of these. 44

(I) "Regulations" includes the code of regulations of a 45

credit union and any amendments thereto or an amended code of regulations and any amendments thereto. 46
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(J) Persons having a "common bond of association" include those persons and their families. 48
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~~(K) "Membership share" means a share of the credit union, the subscription to which shall be a prerequisite for membership in the credit union.~~ 50
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~~(L)~~ "Share account" means an account established for a member for which no share certificates are issued but which are included in the registry of shares, which includes all transactions of the credit union pertaining to such shares. 53
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~~(M)~~ (L) "Undivided earnings" consist of all accumulated net earnings and reserves required under division (B) of section 1733.31 of the Revised Code. 57
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~~(N)~~ (M) "State" means the United States, any state, territory, insular possession, or other political subdivision of the United States, including the District of Columbia. 60
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~~(O)~~ (N) An "emergency" exists when an emergency exists for other corporations as the same is defined and described in section 1701.01 of the Revised Code. 63
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~~(P)~~ (O) "Superintendent of credit unions" means the "division of financial institutions," ~~or the "superintendent of the division of financial institutions of this state," or the "deputy superintendent for credit unions";~~ and whenever the context requires it, may be read as "director of commerce" ~~or as "chief of the division of financial institutions."~~ Whenever the division or superintendent of credit unions is referred to or designated in any statute, rule, contract, or other document, the reference or designation shall be deemed to refer to the 66
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division ~~or~~ of financial institutions, the superintendent of 75
financial institutions, or the deputy superintendent for credit 76
unions, as the case may be. 77

~~(Q)~~ (P) "Outside auditor" means an accountant who is 78
licensed to practice as a certified public accountant or public 79
accountant by this state, and who is retained by a credit union 80
to audit its accounts, but who is not otherwise employed by the 81
credit union. 82

~~(R)~~ (Q) "Regulated individual" means a director, committee 83
member, officer, or employee of a credit union. 84

~~(S)~~ (R) "Financial institution regulatory authority" 85
includes a regulator of business activity in which a credit 86
union is engaged, or has applied to engage in, to the extent 87
that the regulator has jurisdiction over a credit union engaged 88
in that business activity. A credit union is engaged in a 89
business activity, and a regulator of that business activity has 90
jurisdiction over the credit union, whether the credit union 91
conducts the activity directly or a subsidiary or affiliate of 92
the credit union conducts the activity. 93

Sec. 1733.04. (A) In addition to the authority conferred 94
by section 1701.13 of the Revised Code, but subject to any 95
limitations contained in sections 1733.01 to 1733.45 of the 96
Revised Code, and its articles and regulations, a credit union 97
may do any of the following: 98

(1) Make loans as provided in section 1733.25 of the 99
Revised Code; 100

(2) Invest its money as provided in section 1733.30 of the 101
Revised Code; 102

(3) If authorized by the code of regulations, rebate to 103

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| the borrowing members a portion of the member's interest paid to | 104 |
| the credit union; | 105 |
| (4) If authorized by the regulations, charge a membership | 106 |
| or entrance fee not to exceed one dollar per member; | 107 |
| (5) Purchase group savings life insurance and group credit | 108 |
| life insurance; | 109 |
| (6) Make reasonable contributions to any nonprofit civic, | 110 |
| charitable, or service organizations; | 111 |
| (7) Act as trustee or custodian, for which reasonable | 112 |
| compensation may be received, under any written trust instrument | 113 |
| or custodial agreement created or organized in the United States | 114 |
| and forming part of a tax-advantaged savings plan that qualifies | 115 |
| for specific tax treatment under sections 223, 401(d), 408, | 116 |
| 408A, and 530 of the Internal Revenue Code, 26 U.S.C. 223, | 117 |
| 401(d), 408, 408A, and 530, as amended, for its members or | 118 |
| groups of its members, provided that the funds of such plans are | 119 |
| invested in share accounts or share certificate accounts of the | 120 |
| credit union. These services include, but are not limited to, | 121 |
| acting as a trustee or custodian for member retirement, | 122 |
| education, or health savings accounts. | 123 |
| (8) Participate in and pledge assets in connection with | 124 |
| the business linked deposit program under sections 135.77 to | 125 |
| 135.774 of the Revised Code and the agricultural linked deposit | 126 |
| program under sections 135.71 to 135.76 of the Revised Code. | 127 |
| (B) The authority of a credit union shall be subject to | 128 |
| the following: | 129 |
| (1) A credit union may not borrow money in excess of | 130 |
| twenty-five per cent of its shares and undivided earnings, | 131 |
| without prior specific authorization by the superintendent of | 132 |

credit unions. 133

(2) A credit union may not pay a commission or other 134
compensation to any person for securing members or for the sale 135
of its shares, except that reasonable incentives may be made 136
available directly to members or potential members to promote 137
thrift. 138

~~(3) (C) (1)~~ A credit union, ~~subject to the approval of the~~ 139
~~superintendent,~~ may have service facilities other than its home 140
office. 141

~~(4) (2)~~ Real estate may be acquired by lease, purchase, or 142
otherwise as necessary and to the extent required for use of the 143
credit union presently and in the future operation of its office 144
or headquarters, ~~and in case of a purchase of real estate, the~~ 145
~~superintendent must first be notified in writing prior to the~~ 146
~~purchase of the real estate. The superintendent shall notify the~~ 147
~~credit union not more than thirty days after receipt of the~~ 148
~~notification to purchase the real estate if the purchase is~~ 149
~~denied, approved, or modified. If the superintendent does not~~ 150
~~respond within thirty days after receipt of the notification to~~ 151
~~purchase the real estate, it shall be deemed approved. Nothing~~ 152
~~herein contained shall be deemed to prohibit a credit union from~~ 153
~~taking title to real estate in connection with a default in the~~ 154
~~payment of a loan, provided that title to such real estate shall~~ 155
~~not be held by the credit union for more than two years without~~ 156
~~the prior written approval of the superintendent. A credit union~~ 157
~~also may lease space in any real estate it acquires in~~ 158
~~accordance with rules adopted by the superintendent.~~ 159

~~(C) (D) (1)~~ As used in division ~~(C) (D)~~ of this section: 160

(a) "School" means an elementary or secondary school. 161

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| (b) "Student" means a child enrolled in a school. | 162 |
| (c) "Student branch" means the designation provided to the credit union for the in-school services and financial education offered to students. | 163 164 165 |
| (2) A credit union, upon agreement with a school board, in the case of a public school, or the governing authority, in the case of a nonpublic school, and with the permission of the superintendent, may open and maintain a student branch. | 166 167 168 169 |
| (3) Notwithstanding any other provision of this section, any student enrolled in the school maintaining a student branch who is not otherwise qualified for membership in the credit union maintaining the student branch is qualified to be a member of that student branch. | 170 171 172 173 174 |
| (4) The student's membership in the student branch expires upon the student's graduation from secondary school. | 175 176 |
| (5) The student branch is for the express use of students and may not be used by faculty, staff, or lineal ancestors or descendents of students. | 177 178 179 |
| (6) Faculty, staff, or lineal ancestors or descendents of students are not eligible for membership in the credit union maintaining the student branch unless otherwise qualified by this section to be members. | 180 181 182 183 |
| (7) The superintendent may adopt rules appropriate to the formation and operation of student branches. | 184 185 |
| (D) <u>(E)</u> A credit union may guarantee the signature of a member in connection with a transaction involving tangible or intangible property in which a member has or seeks to acquire an interest. | 186 187 188 189 |

Sec. 1733.041. Each credit union operating under this 190
chapter or otherwise authorized to do business in this state 191
shall obtain insurance for the protection of their members' 192
accounts. Such share guarantee insurance may be obtained from 193
the national credit union administration operating under the 194
"Federal Credit Union Act," 84 Stat. 994 (1970), 12 U.S.C. 1751, 195
and any amendments thereto, or from ~~the national deposit a~~ 196
credit union share guaranty corporation, established under 197
Chapter 1761. of the Revised Code, or from any insurer qualified 198
under the laws of this state to write such insurance. 199

Sec. 1733.05. (A) Persons otherwise qualifying for 200
membership in a credit union under this section, the articles, 201
and the regulations, and who are elected to membership by the 202
board of directors, shall become members of a credit union, 203
provided that in lieu of electing persons to membership, the 204
board of directors may elect or appoint one or more membership 205
officers and delegate authority to any such membership officer 206
to accept persons into membership. 207

(B) ~~No~~ (1) A person shall qualified for membership may 208
become a member of a credit union ~~who has not subscribed to or~~ 209
~~purchased at least one upon the occurrence of any of the~~ 210
following: 211

(a) The purchase of a membership share of such in the 212
credit union as provided in the credit union's bylaws; 213

(b) The payment of an entrance fee established from time 214
to time by the board of directors of the credit union; 215

(c) The purchase of one or more shares in the credit union 216
as provided in the credit union's bylaws. 217

(2) Each member is responsible for maintaining a current 218

address with the credit union. 219

(C) The membership of a credit union shall be limited to 220
groups having a common bond of occupation or association or 221
groups within a well-defined neighborhood, community, or rural 222
district; however, except as otherwise provided in the articles 223
or regulations, a person shall be deemed to retain affiliation 224
with the credit union so long as he remains a member of the 225
credit union even though no longer within the field of 226
membership. 227

(D) Unless otherwise provided in the articles of 228
incorporation or the code of regulations, and subject to such 229
conditions as the superintendent of credit unions may establish, 230
groups composed of persons within the field of membership of a 231
credit union may become members of such credit union. 232

(1) Any credit union may, with the approval of the 233
superintendent, pursuant to section 1733.33 of the Revised Code, 234
amend its articles of incorporation and, if appropriate, its 235
code of regulations, to permit select groups having a common 236
bond of occupation or association or select groups within a 237
well-defined neighborhood, community, or rural district, to 238
become members of such credit union in accordance with rules 239
adopted by the superintendent. 240

(2) Before the select group is permitted membership in a 241
credit union, the superintendent must approve, in writing, both 242
the select group and the credit union. 243

(E) With the approval of the superintendent, any select 244
group, within a field of membership and described in division 245
(D) (1) of this section, may disaffiliate from the credit union 246
with which it is associated if a majority of the persons within 247

the select group vote for disaffiliation. Any such proposed 248
disaffiliation must be pursuant to a written plan approved by 249
the superintendent. This plan shall be distributed to such 250
persons in advance of the vote on the proposed disaffiliation, 251
which plan must have due regard for the equitable division of 252
assets and liabilities, including share accounts and loans of 253
the select group seeking to disaffiliate, and any other 254
consideration required by the superintendent. 255

(F) Credit unions qualified to do business in this state 256
have a common bond of association for the purpose of forming and 257
operating a corporate credit union. 258

(G) No interstate charter amendment, conversion, merger, 259
or other expansion of a credit union field of membership shall 260
be authorized without the approval of all supervisory 261
authorities affected, whether state or federal, in accordance 262
with rules adopted by the superintendent in terms of 263
administrative control and authority, the location of the 264
surviving credit union in the case of a merger, or the home 265
office in the case of an expansion, is controlling. 266

Sec. 1733.051. (A) The senior management officials of a 267
credit union may terminate the membership of, or some or all 268
services to, a member of the credit union, if the member does 269
any of the following: 270

(1) Causes a loss to the credit union; 271

(2) Commits fraud or any similar misdeed against the 272
credit union or against any person on the premises of the credit 273
union; 274

(3) Engages in inappropriate behavior involving another 275
person, such as physical or verbal abuse of another member or an 276

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| <u>employee of the credit union;</u> | 277 |
| <u>(4) Otherwise engages in conduct detrimental to the credit union.</u> | 278 279 |
| <u>(B) A member that has its membership terminated or services suspended under division (A) of this section may, within ninety days after the termination or suspension, appeal the action to the board of directors of the credit union. The board may affirm, disaffirm, or modify the action, and its decision is final.</u> | 280 281 282 283 284 285 |
| Sec. 1733.13. (A) Each voting member present in person, by proxy, or <u>by mail ballot, by electronic ballot, or as otherwise prescribed by a credit union's bylaws</u> is entitled to cast one vote, irrespective of the number of shares the member owns, on each matter properly submitted to the members for their vote, consent, waiver, release, or other action. | 286 287 288 289 290 291 |
| (B) The chairperson of the board, the president, any vice-president, secretary, or treasurer of any association member of the credit union shall conclusively be presumed to have authority to cast the vote of such association member and to appoint proxies and execute consents, waivers, releases, on its behalf, unless before a vote is taken or a consent, waiver, or release is acted upon, it appears by a certified copy of the code of regulations, bylaws, or a resolution of the trustees, directors, or executive committee of the said association member, that such authority does not exist or is vested in some other officer or person. For the purposes of this section, a person exercising such authority as such officer is prima-facie to be considered duly elected, qualified, and acting as such officer. | 292 293 294 295 296 297 298 299 300 301 302 303 304 305 |

(C) If the articles or regulations so provide, any person, 306
who is entitled to attend a members' meeting to vote thereat, or 307
to execute consents, waivers, or releases, may: 308

(1) Vote thereat, and execute consents, waivers, and 309
releases, and exercise any of the person's other rights, by mail 310
ballot delivered to, or electronic ballot received by, the 311
office of the credit union at least seven days prior to the date 312
set for the meeting. At least thirty days' notice shall be given 313
to all eligible members of the date set for such meeting. No 314
mail ballot or electronic ballot shall be valid after the 315
expiration of eleven months after delivery to or receipt by the 316
credit union. The form of any mail ballot or electronic ballot 317
shall comply with criteria established by the superintendent of 318
financial institutions or have the prior written approval of the 319
superintendent ~~of credit unions~~. 320

(2) Be represented at such meeting or vote thereat, and 321
execute consents, waivers, and releases, and exercise any of the 322
person's other rights, by proxy or proxies appointed by a 323
writing signed by such person. No appointment of a proxy shall 324
be valid after the expiration of eleven months after it is made. 325
The form of any proxy shall comply with criteria established by 326
the superintendent or have the prior written approval of the 327
superintendent. 328

Sec. 1733.14. The quorum for a members' meeting, which may 329
be set forth in the articles or regulations of a credit union, 330
shall include those members present and eligible to vote as 331
provided in section 1733.13 of the Revised Code. Unless the 332
articles or regulations otherwise provide: 333

(A) ~~Ten~~ One per cent of the voting members of a credit 334
union, ~~whether they are present in person, by mail ballot, or by~~ 335

proxy or twenty-five, whichever is lower, constitutes a quorum 336
at any meeting of members—constitute a quorum for such meeting. 337

(B) The act of a majority of the voting members 338
represented in person, by mail ballot, ~~or by electronic ballot,~~ 339
by proxy, or as otherwise prescribed by a credit union's bylaws, 340
at a meeting at which a quorum is present shall control, but no 341
action required by law, the articles, or regulations to be 342
authorized or taken by a designated proportion of the members 343
may be authorized or taken by a lesser proportion. 344

(C) The voting members represented at a meeting, whether 345
or not a quorum is present, may adjourn such meeting from time 346
to time. 347

Sec. 1733.152. (A) The board of directors of a credit 348
union may, in its discretion, appoint one or more associate 349
directors to serve in an advisory, ex officio capacity. The 350
board shall prescribe the duties of an associate director and 351
the manner in which associate directors are appointed and 352
removed. 353

(B) Prior to appointing an associate director, the board 354
shall confirm that the person meets all of the requirements to 355
serve as a director. 356

(C) An associate director may participate in meetings of 357
the board but may not vote or otherwise act as a director. An 358
associate director shall not be considered a director for 359
purposes of this chapter. 360

(D) The board shall require each associate director to 361
sign a confidentiality agreement to ensure that information 362
concerning the credit union remains confidential. 363

Sec. 1733.16. Unless otherwise provided in the articles, 364

regulations, or bylaws, and subject to the exceptions applicable 365
during an emergency, as that term is defined in section 1733.01 366
of the Revised Code: 367

(A) Meetings of the directors may be called by the 368
chairperson, vice-chairperson, president, or any vice-president 369
of the board or any two directors. 370

(B) Regularly scheduled meetings of the directors shall be 371
held in the manner prescribed by the credit union's code of 372
regulations, but not less frequently than quarterly. 373

(C) Meetings of the directors may be held within or 374
without the state. Unless the articles or regulations prohibit 375
participation by directors at a meeting by means of 376
communication equipment, meetings of the directors may be held 377
through any communication equipment if all the persons 378
participating can hear each other, and participation in the 379
meeting pursuant to this division constitutes presence at the 380
meeting. 381

~~(C)~~ (D) Notice of the place, if any, and time of each 382
meeting of the directors shall be given to each director either 383
by personal delivery or by mail, telegram, cablegram, overnight 384
delivery service, or any other means of communication authorized 385
by the director at least two days before the meeting, unless 386
otherwise specified in the regulations or bylaws. The notice 387
described in this division need not specify the purpose of the 388
meeting. 389

~~(D)~~ (E) Notice of adjournment of a meeting need not be 390
given, if the time and place to which it is adjourned are fixed 391
and announced at the meeting. 392

Sec. 1733.19. (A) The regulations may provide for the 393

creation by the directors of an executive committee consisting 394
of not less than three directors, and may authorize the 395
delegation to any such committee of any of the authority of 396
directors other than any action requiring more than a majority 397
vote of the board of directors; provided, that the executive 398
committee shall exercise only such authority in the interim 399
between the meetings of the board and shall make a full report 400
of, and the board shall review, all actions taken at any meeting 401
of such committee at the next regular meeting of the board of 402
directors following the meeting of the executive committee. 403

(B) Unless the articles or regulations provide a different 404
method for the establishment of a supervisory audit committee, 405
the board of directors shall appoint a supervisory audit 406
committee of not less than three individual voting members for 407
such term as is provided in the regulations. The committee shall 408
audit the books of the credit union at least annually, using 409
generally accepted auditing procedures and standards, and shall 410
report its findings to the board. Under the supervision of the 411
supervisory audit committee, accounts showing installment 412
payments by members upon shares of the credit union shall be 413
verified at least annually. 414

(C) In lieu of the appointment of a supervisory audit 415
committee as provided in division (B) of this section, the board 416
of directors may employ a public accountant or a firm of public 417
accountants to perform the functions of a supervisory audit 418
committee. The board of directors may appoint an audit committee 419
to oversee the public accountant or firm of public accountants. 420

(D) The superintendent of credit unions may require at any 421
time that a credit union have its accounts audited in accordance 422
with generally accepted auditing standards by an outside 423

auditor. The outside auditor shall be retained, and expense of 424
any such audit shall be paid, by the credit union. 425

(E) (1) Unless the articles or regulations provide for the 426
appointment of loan officers in lieu of a credit committee, the 427
board of directors shall appoint, or the members shall elect, a 428
credit committee composed of not less than three individual 429
voting members, which committee shall have such powers in the 430
granting of loans and the supervision of lending practices as 431
shall be delegated to it by the articles, regulations, or 432
resolutions of the board of directors. The credit committee 433
shall make regular reports of their activities to the board of 434
directors, and the board of directors shall review the reports. 435

(2) The credit committee may be delegated the authority to 436
appoint one or more loan officers, and delegate to them power to 437
approve loans within limits fixed by the regulations, bylaws, or 438
resolutions of the board of directors. Such loan officers also 439
may be loan originators registered with the nationwide mortgage 440
licensing system and registry as provided in section 1733.352 of 441
the Revised Code. 442

(3) If loan officers are appointed pursuant to division 443
(E) (2) of this section, all applications for loans denied by a 444
loan officer may be reviewed by the credit committee, and the 445
approval of the majority of the members of the committee who are 446
present at the meeting when the review is undertaken shall be 447
required to reverse the decision of the loan officer, provided 448
that a majority of the full committee is present. 449

(4) In the absence of a credit committee, the board shall, 450
upon the written request of a member, review a loan application 451
denied by a loan officer. 452

(F) If the articles or regulations so provide, a credit union may establish an advisory board consisting of persons selected by the board of directors or their designee. Persons serving on the advisory board need not be members of the credit union, they may be paid per diem not exceeding thirty dollars per day and expenses for their services on such board, and their duties shall be to make recommendations on financial and policy matters of the credit union.

(G) A credit union may establish such other committee or committees as shall be provided for in the articles, regulations, bylaws, or by resolution of the board of directors.

Sec. 1733.22. (A) ~~No officer, director, or employee of any credit union shall receive any commission, salary, or other emolument for services arising out of the officer's, director's, or employee's association with the credit union except per diem, wages, or salary which the officer, director, or employee receives, subject to rules adopted under section 1733.411 of the Revised Code, as compensation for services to the credit union.~~

~~(B) No director or member of any committee shall receive any compensation for services as such; however, unless otherwise provided in the articles or regulations, a~~ A credit union may provide, at its expense, a director or committee member reasonable health, accident, and related types of personal insurance protection. A director or committee member is entitled, subject to rules adopted under section 1733.411 of the Revised Code and when so authorized by the board of directors, to reimbursement for the director's or committee member's expenses incurred in connection with the business of the credit union.

(B) A credit union may provide any of the following to its

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| <u>directors and supervisory audit committee members:</u> | 483 |
| <u>(1) Reasonable compensation for their service as directors</u> | 484 |
| <u>or supervisory audit committee members;</u> | 485 |
| <u>(2) Gifts of minimal value;</u> | 486 |
| <u>(3) Insurance coverage or other benefits that are</u> | 487 |
| <u>available to employees generally;</u> | 488 |
| <u>(4) Reimbursement for reasonable expenses incurred on</u> | 489 |
| <u>behalf of themselves and their spouses in the performance of</u> | 490 |
| <u>their duties as directors or supervisory audit committee</u> | 491 |
| <u>members.</u> | 492 |
| <u>(C) The superintendent of financial institutions may, in</u> | 493 |
| <u>accordance with Chapter 119. of the Revised Code, adopt any rule</u> | 494 |
| <u>necessary for the implementation of this section.</u> | 495 |
| Sec. 1733.24. (A) A credit union is authorized to receive | 496 |
| funds for deposit in share accounts, share draft accounts, and | 497 |
| share certificates from its members, from other credit unions, | 498 |
| and from an officer, employee, or agent of the federal, state, | 499 |
| or local governments, or political subdivisions of the state, in | 500 |
| accordance with such terms, rates, and conditions as may be | 501 |
| established by its board of directors, and for purposes of the | 502 |
| agricultural linked deposit program created under sections | 503 |
| 135.71 to 135.76 of the Revised Code and the business linked | 504 |
| deposit program created under sections 135.77 to 135.774 of the | 505 |
| Revised Code. | 506 |
| (B) The shares and share accounts of the credit union may | 507 |
| be of one or more classes, as designated by the board of | 508 |
| directors, subject to approval of the superintendent of credit | 509 |
| unions based on rules that shall assure equitable distribution | 510 |
| of dividends among classes, considering costs and advantages of | 511 |

each class to the members of the credit union, including without 512
limitation special services rendered, length of ownership, 513
minimum investment, conditions of repurchase, and other 514
appropriate standards or combinations thereof. In the event the 515
articles of incorporation of the credit union indicate the 516
authorized number of shares to be unlimited, the designation of 517
classification of shares and share accounts of the credit union 518
may be effected by the board of directors, subject to the 519
approval of the superintendent, and does not require amendment 520
of the articles of incorporation. All shares of the credit union 521
shall have a par value per share as set by the board of 522
directors. Redemptions and liquidating dividends shall be 523
prorated to each member on the basis of the price paid the 524
credit union for such share, irrespective of the class of such 525
shares. 526

(C) (1) Each credit union shall have one class of shares 527
designated as "membership share." The membership shares, or if a 528
credit union has but one class of shares, then all of the shares 529
of the credit union, shall have a par value as set by the board 530
of directors. 531

(2) Two or more persons that are eligible for membership 532
that have jointly subscribed for one or more shares under a 533
joint account each may be admitted to membership. 534

(D) A credit union need not issue certificates for any or 535
all of its classes of shares but irrespective of whether 536
certificates are issued, a registry of shares must be kept, 537
including all of the transactions of the credit union pertaining 538
to such shares. 539

(E) A credit union is authorized to maintain share draft 540
accounts in accordance with rules prescribed by the 541

superintendent. The credit union may pay dividends on share 542
draft accounts, may pay dividends at different rates on 543
different types of share draft accounts, and may permit the 544
owners of such share draft accounts to make withdrawals by 545
negotiable or transferable instruments or other orders for the 546
purpose of making transfers to third parties. 547

(F) Unless otherwise provided by written agreement of the 548
parties, the rights, responsibilities, and liabilities attaching 549
to a share draft withdrawn from, transferred to, or otherwise 550
handled by a credit union are defined in and governed by 551
Chapters 1303. and 1304. of the Revised Code, as if the credit 552
union were a bank. 553

(G) Unless otherwise provided in the articles or 554
regulations, a member may designate any person or persons to own 555
or hold shares, or share accounts with the member in joint 556
tenancy with right of survivorship and not as tenants in common. 557

(H) Shares or share accounts may be issued in the name of 558
a custodian under the Ohio transfers to minors act, a member in 559
trust for a beneficiary, a fiduciary or custodian in trust for a 560
member beneficiary, or a fiduciary or custodian in trust upon 561
the death of a member. Redemption of such shares or payment of 562
such share accounts to a member, to the extent of the payment, 563
discharges the liability of the credit union to the member and 564
the beneficiary, and the credit union shall be under no 565
obligation to see to the application of the payment. Unless 566
prior to the death of a member, the member has notified the 567
credit union in writing in a form approved by the credit union 568
of a different beneficiary to receive the proceeds of such 569
shares or share accounts, then the proceeds shall be paid to the 570
beneficiary or to the beneficiary's parent or legal 571

representative. Any payment made pursuant to written 572
instructions of the member or pursuant to the provisions herein 573
contained shall be a valid and sufficient release and discharge 574
of the credit union in connection with any such share or share 575
accounts. 576

(I) (1) Except as otherwise provided in the articles or 577
regulations, and subject to the provisions thereof, a minor may 578
purchase shares, share accounts, or other depository 579
instruments, and except for qualification as a voting member, 580
the credit union may deal with the minor with respect to shares, 581
share accounts, or other depository instruments owned by the 582
minor as if the minor were a person of legal age. 583

(2) If shares, share accounts, or other depository 584
instruments are issued in the name of a minor, redemption of any 585
part or all of the shares or withdrawal of funds by payment to 586
the minor of the shares or funds and any declared dividends or 587
interest releases the credit union from all obligation to the 588
minor as to the shares reduced or funds withdrawn. 589

(J) The regulations may require advance written notice of 590
a member's intention to withdraw the member's shares. Such 591
advance notice shall not exceed sixty days. 592

(K) Notwithstanding any provision of law to the contrary, 593
funds deposited in a share account, share certificate, or in any 594
other manner pursuant to a program offered by a credit union to 595
promote consumer savings do not constitute valuable 596
consideration for purposes of a scheme of chance under Chapter 597
2915. of the Revised Code. 598

Sec. 1733.329. (A) There is hereby created in the division 599
of financial institutions the credit union council, which shall 600

consist of seven members. The deputy superintendent for credit unions shall be a member of the council and its chairperson. The governor, with the advice and consent of the senate, shall appoint the remaining six members.

(B) (1) At least five of the six members appointed to the council shall have had credit union experience.

(2) At least four of the six members appointed to the council shall be, at the time of appointment, individuals currently engaged in the exercise of duties, responsibilities, rights, and powers of a director or chief executive officer of a state-chartered credit union having its principal office in this state and doing business in this state pursuant to this chapter under the authority of the superintendent of financial institutions.

(3) At least one of the six members appointed to the council shall be a director or chief executive officer of a state-chartered, federally insured credit union.

(4) At least one of the six members appointed to the council shall be a director or chief executive officer of a state-chartered, privately insured credit union.

(5) At least one of the six members appointed to the council shall be a director or chief executive officer of a state-chartered credit union with ~~thirty-five~~ one hundred million dollars or less in assets.

~~(6) At least one of the six members appointed to the council shall be a director or chief executive officer of a state-chartered credit union with more than fifty million dollars in assets.~~

(C) (1) Initial appointments to the council shall be made

within sixty days after ~~the effective date of this section~~ 630
September 22, 2000. Of the initial appointments, two shall 631
expire one year after ~~the effective date of this section~~ 632
September 22, 2000, two shall expire two years after ~~the~~ 633
~~effective date of this section~~ September 22, 2000, and two shall 634
expire three years after ~~the effective date of this section~~ 635
September 22, 2000. Thereafter, terms of office shall be for 636
three years. 637

(2) Each member shall hold office from the date of 638
appointment until the end of the term for which the member was 639
appointed. In the case of a vacancy in the office of any member, 640
the governor shall appoint a successor, who shall hold office 641
for the remainder of the term for which the successor's 642
predecessor was appointed. Any member shall continue in office 643
subsequent to the expiration date of the member's term until the 644
member's successor takes office, or until sixty days has 645
elapsed, whichever occurs first. 646

(3) If during a member's term on the council, the member 647
ceases to be a director or chief executive officer of a credit 648
union as described in divisions (B) (2) to ~~(6)~~ (5) of this 649
section for a period exceeding ninety days, the member shall be 650
ineligible to continue to serve as a member of the council, and 651
the member's position on the council shall be considered vacant. 652

(D) No person appointed as a member of the credit union 653
council may serve more than two consecutive full terms. However, 654
a member may serve two consecutive full terms following the 655
remainder of a term for which the member was appointed to fill a 656
vacancy or following any term for which the member was appointed 657
prior to ~~the effective date of this section~~ September 22, 2000. 658

(E) (1) The council shall hold regular meetings at the time 659

and place it fixes, but at least once every six months, and 660
shall meet at any time on call of the deputy superintendent to 661
conduct its business and to decide by vote of the members the 662
location of future meetings. Each member shall be provided with 663
written notice of the time and location of each council meeting 664
at least two days prior to the scheduled date of the meeting, 665
unless the council by resolution provides for a shorter time. 666
Four of the members of the council constitute a quorum to 667
transact and vote on all business coming before the council. 668

(2) The council, by a majority vote of those present at a 669
meeting at which there is a quorum, may adopt and amend bylaws 670
and rules the council considers necessary and proper. The 671
council shall select one of its members as secretary, who shall 672
keep a record of all its proceedings. 673

(3) No member shall participate in a proceeding before the 674
council involving any credit union of which the member is or was 675
at any time in the preceding twelve months a member of the board 676
of directors, an officer, an employee, or a shareholder. A 677
member may refrain from participating in the proceedings of the 678
council for any other cause the member considers sufficient. 679

(F) The members of the council shall receive no salary, 680
but their expenses incurred in performance of their duties shall 681
be paid from funds appropriated for that purpose. 682

(G) The governor may remove any of the six members 683
appointed to the council whenever in the governor's judgment the 684
public interest requires removal. Upon removing a member of the 685
council, the governor shall file with the superintendent of 686
financial institutions a statement of the cause for the removal. 687

Sec. 1733.39. No credit union which is not organized under 688

sections 1733.01 to 1733.45 of the Revised Code, or the "Federal
Credit Union Act," 84 Stat. 994 (1970), 12 U.S.C. 1751, as
amended, shall transact any business in this state until:

(A) It submits to the superintendent of credit unions an
application for qualification in such form as shall be
prescribed by the superintendent. Such application shall be
accompanied by a copy of the articles of such credit union duly
certified by, and under the seal of, the secretary of state, or
other proper official, of the state under the laws of which the
credit union was incorporated, which, when approved by the
superintendent, shall be transmitted to the secretary of state
for filing.

(B) It furnishes to the superintendent a copy of its rules
duly certified by its president and secretary;

~~(C) It files with the superintendent a duly authorized and
properly executed document appointing the superintendent as its
agent for service of process in this state;~~

~~(D) It~~ submits to the superintendent a filing fee of fifty
dollars payable to the treasurer of state, which shall be
credited to the division of credit unions fund; provided, that
in no event shall the fees paid for qualification in this state
by any credit union domiciled in another state be less than the
fees required to be paid by a credit union domiciled in this
state for qualification in the state of domicile of such other
credit union;

~~(E)~~ (D) Obtains a license to transact business as a
foreign credit union from the superintendent.

Section 2. That existing sections 1733.01, 1733.04,
1733.041, 1733.05, 1733.13, 1733.14, 1733.16, 1733.19, 1733.22,

1733.24, 1733.329, and 1733.39 and section 1733.26 of the
Revised Code are hereby repealed.

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