

**As Reported by the House Financial Institutions, Housing, and Urban
Development Committee**

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H. B. No. 415

Representative Schuring

**Cosponsors: Representatives Anielski, Antonio, Baker, Barnes, Blessing, Boose,
Butler, Cera, Clyde, Conditt, Dever, DeVitis, Fedor, Green, Ginter, Grossman,
Hackett, Hambley, Henne, Manning, McColley, O'Brien, M., O'Brien, S., Perales,
Ramos, Retherford, Rezabek, Rogers, Scherer, Smith, K., Sweeney, Thompson,
Young, Terhar, Kuhns**

A BILL

To amend sections 135.143, 135.18, 135.63, 135.71, 1
1733.04, and 1733.24 and to enact sections 2
135.77, 135.771, 135.772, 135.773, and 135.774 3
of the Revised Code to create the business 4
linked deposit program, to permit credit unions 5
to participate in that program, to permit credit 6
unions to participate in the agricultural linked 7
deposit program, and to make other changes to 8
the linked deposit law. 9

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

Section 1. That sections 135.143, 135.18, 135.63, 135.71, 10
1733.04, and 1733.24 be amended and sections 135.77, 135.771, 11
135.772, 135.773, and 135.774 of the Revised Code be enacted to 12
read as follows: 13

Sec. 135.143. (A) The treasurer of state may invest or 14
execute transactions for any part or all of the interim funds of 15

the state in the following classifications of obligations:	16
(1) United States treasury bills, notes, bonds, or any	17
other obligations or securities issued by the United States	18
treasury or any other obligation guaranteed as to principal and	19
interest by the United States;	20
(2) Bonds, notes, debentures, or any other obligations or	21
securities issued by any federal government agency or	22
instrumentality;	23
(3) (a) Bonds, notes, and other obligations of the state of	24
Ohio, including, but not limited to, any obligations issued by	25
the treasurer of state, the Ohio public facilities commission,	26
the Ohio building authority, the Ohio housing finance agency,	27
the Ohio water development authority, and the Ohio turnpike	28
infrastructure commission;	29
(b) Bonds, notes, and other obligations of any state or	30
political subdivision thereof rated in the three highest	31
categories by at least one nationally recognized standard rating	32
service and purchased through a registered securities broker or	33
dealer, provided the treasurer of state is not the sole	34
purchaser of the bonds, notes, or other obligations at original	35
issuance.	36
(4) (a) Written repurchase agreements with any eligible	37
Ohio financial institution that is a member of the federal	38
reserve system or federal home loan bank, or any registered	39
United States government securities dealer, under the terms of	40
which agreement the treasurer of state purchases and the	41
eligible financial institution or dealer agrees unconditionally	42
to repurchase any of the securities that are listed in division	43
(A) (1), (2), or (6) of this section. The market value of	44

securities subject to these transactions must exceed the 45
principal value of the repurchase agreement by an amount 46
specified by the treasurer of state, and the securities must be 47
delivered into the custody of the treasurer of state or the 48
qualified trustee or agent designated by the treasurer of state. 49
The agreement shall contain the requirement that for each 50
transaction pursuant to the agreement, the participating 51
institution or dealer shall provide all of the following 52
information: 53

(i) The par value of the securities; 54

(ii) The type, rate, and maturity date of the securities; 55

(iii) A numerical identifier generally accepted in the 56
securities industry that designates the securities. 57

(b) The treasurer of state also may sell any securities, 58
listed in division (A) (1), (2), or (6) of this section, 59
regardless of maturity or time of redemption of the securities, 60
under the same terms and conditions for repurchase, provided 61
that the securities have been fully paid for and are owned by 62
the treasurer of state at the time of the sale. 63

(5) Securities lending agreements with any eligible 64
financial institution that is a member of the federal reserve 65
system or federal home loan bank or any recognized United States 66
government securities dealer, under the terms of which 67
agreements the treasurer of state lends securities and the 68
eligible financial institution or dealer agrees to 69
simultaneously exchange similar securities or cash, equal value 70
for equal value. 71

Securities and cash received as collateral for a 72
securities lending agreement are not interim funds of the state. 73

The investment of cash collateral received pursuant to a 74
securities lending agreement may be invested only in such 75
instruments specified by the treasurer of state in accordance 76
with a written investment policy. 77

(6) Various forms of commercial paper issued by any entity 78
that is organized under the laws of the United States or a 79
state, which notes are rated in the two highest categories by 80
two nationally recognized standard rating services, provided 81
that the total amount invested under this section in any 82
commercial paper at any time shall not exceed forty per cent of 83
the state's total average portfolio, as determined and 84
calculated by the treasurer of state; 85

(7) Bankers acceptances, maturing in two hundred seventy 86
days or less, provided that the total amount invested in bankers 87
acceptances at any time shall not exceed ten per cent of the 88
state's total average portfolio, as determined and calculated by 89
the treasurer of state; 90

(8) Certificates of deposit in eligible institutions 91
applying for interim moneys as provided in section 135.08 of the 92
Revised Code, including linked deposits as provided in sections 93
135.61 to 135.67 of the Revised Code, agricultural linked 94
deposits as provided in sections 135.71 to 135.76 of the Revised 95
Code, business linked deposits as provided in sections 135.77 to 96
135.774 of the Revised Code, and housing linked deposits as 97
provided in sections 135.81 to 135.87 of the Revised Code; 98

(9) The state treasurer's investment pool authorized under 99
section 135.45 of the Revised Code; 100

(10) Debt interests, other than commercial paper described 101
in division (A) (6) of this section, rated in the three highest 102

categories by two nationally recognized standard rating services 103
and issued by entities that are organized under the laws of the 104
United States or a state, or issued by foreign nations 105
diplomatically recognized by the United States government, or 106
any instrument based on, derived from, or related to such 107
interests, provided that: 108

(a) The investments in debt interests other than 109
commercial paper shall not exceed in the aggregate twenty-five 110
per cent of the state's portfolio. 111

(b) The investments in debt interests issued by foreign 112
nations shall not exceed in the aggregate one per cent of the 113
state's portfolio. 114

The treasurer of state shall invest under division (A) (10) 115
of this section in a debt interest issued by a foreign nation 116
only if the debt interest is backed by the full faith and credit 117
of that foreign nation, and provided that all interest and 118
principal shall be denominated and payable in United States 119
funds. 120

(c) When added to the investment in commercial paper, the 121
investments in the debt interests of a single issuer shall not 122
exceed in the aggregate five per cent of the state's portfolio. 123

(d) For purposes of division (A) (10) of this section, a 124
debt interest is rated in the three highest categories by two 125
nationally recognized standard rating services if either the 126
debt interest itself or the issuer of the debt interest is 127
rated, or is implicitly rated, in the three highest categories 128
by two nationally recognized standard rating services. 129

(e) For purposes of division (A) (10) of this section, the 130
"state's portfolio" means the state's total average portfolio, 131

as determined and calculated by the treasurer of state. 132

(11) No-load money market mutual funds rated in the 133
highest category by one nationally recognized standard rating 134
service or consisting exclusively of obligations described in 135
division (A) (1), (2), or (6) of this section and repurchase 136
agreements secured by such obligations. 137

(12) Obligations of a political subdivision issued under 138
Chapter 133. of the Revised Code and identified in an agreement 139
described in division (G) of this section. 140

(B) Whenever, during a period of designation, the 141
treasurer of state classifies public moneys as interim moneys, 142
the treasurer of state shall notify the state board of deposit 143
of such action. The notification shall be given within thirty 144
days after such classification and, in the event the state board 145
of deposit does not concur in such classification or in the 146
investments or deposits made under this section, the board may 147
order the treasurer of state to sell or liquidate any of the 148
investments or deposits, and any such order shall specifically 149
describe the investments or deposits and fix the date upon which 150
they are to be sold or liquidated. Investments or deposits so 151
ordered to be sold or liquidated shall be sold or liquidated for 152
cash by the treasurer of state on the date fixed in such order 153
at the then current market price. Neither the treasurer of state 154
nor the members of the state board of deposit shall be held 155
accountable for any loss occasioned by sales or liquidations of 156
investments or deposits at prices lower than their cost. Any 157
loss or expense incurred in making these sales or liquidations 158
is payable as other expenses of the treasurer's office. 159

(C) If any securities or obligations invested in by the 160
treasurer of state pursuant to this section are registrable 161

either as to principal or interest, or both, such securities or 162
obligations shall be registered in the name of the treasurer of 163
state. 164

(D) The treasurer of state is responsible for the 165
safekeeping of all securities or obligations under this section. 166
Any such securities or obligations may be deposited for 167
safekeeping as provided in section 113.05 of the Revised Code. 168

(E) Interest earned on any investments or deposits 169
authorized by this section shall be collected by the treasurer 170
of state and credited by the treasurer of state to the proper 171
fund of the state. 172

(F) Whenever investments or deposits acquired under this 173
section mature and become due and payable, the treasurer of 174
state shall present them for payment according to their tenor, 175
and shall collect the moneys payable thereon. The moneys so 176
collected shall be treated as public moneys subject to sections 177
135.01 to 135.21 of the Revised Code. 178

(G) The treasurer of state and any political subdivision 179
issuing obligations referred to in division (A)(12) of this 180
section, which obligations mature within one year from the 181
original date of issuance, may enter into an agreement providing 182
for: 183

(1) The purchase of those obligations by the treasurer of 184
state on terms and subject to conditions set forth in the 185
agreement; 186

(2) The payment by the political subdivision to the 187
treasurer of state of a reasonable fee as consideration for the 188
agreement of the treasurer of state to purchase those 189
obligations; provided, however, that the treasurer of state 190

shall not be authorized to enter into any such agreement with a board of education of a school district that has an outstanding obligation with respect to a loan received under authority of section 3313.483 of the Revised Code.

(H) For purposes of division (G) of this section, a fee shall not be considered reasonable unless it is set to recover only the direct costs, a reasonable estimate of the indirect costs associated with the purchasing of obligations of a political subdivision under division (G) of this section and any reselling of the obligations or any interest in the obligations, including interests in a fund comprised of the obligations, and the administration thereof. No money from the general revenue fund shall be used to subsidize the purchase or resale of these obligations.

(I) All money collected by the treasurer of state from the fee imposed by division (G) of this section shall be deposited to the credit of the state political subdivision obligations fund, which is hereby created in the state treasury. Money credited to the fund shall be used solely to pay the treasurer of state's direct and indirect costs associated with purchasing and reselling obligations of a political subdivision under division (G) of this section.

(J) As used in this section, "political subdivision" means a county, township, municipal corporation, or school district.

Sec. 135.18. (A) Each institution designated as a public depository and awarded public deposits under sections 135.01 to 135.21 of the Revised Code, agricultural linked deposits under sections 135.71 to 135.76 of the Revised Code, business linked deposits under sections 135.77 to 135.774 of the Revised Code, and housing linked deposits under sections 135.81 to 135.87 of

the Revised Code, except as provided in section 135.144 or 221
135.145 of the Revised Code, shall provide security for the 222
repayment of all public deposits by selecting one of the 223
following methods: 224

(1) Securing all uninsured public deposits of each public 225
depositor separately as set forth in divisions (B) to (J) of 226
this section; 227

(2) Securing all uninsured public deposits of every public 228
depositor pursuant to section 135.181 or 135.182 of the Revised 229
Code, as applicable, by establishing and pledging to the 230
treasurer of state a single pool of collateral for the benefit 231
of every public depositor at the public depository. 232

(B) If a public depository elects to provide security 233
pursuant to division (A)(1) of this section, the public 234
depository shall pledge to the public depositor, as security for 235
the repayment of all public moneys deposited in the public 236
depository during the period of designation pursuant to an award 237
made under sections 135.01 to 135.21 of the Revised Code, 238
eligible securities of aggregate market value at all times equal 239
to at least one hundred five per cent of the total amount of the 240
public depositor's uninsured public deposits. 241

(C) In order for a public depository to receive public 242
moneys under this section, the public depository and the public 243
depositor shall first execute an agreement that sets forth the 244
entire arrangement among the parties and that meets the 245
requirements described in 12 U.S.C. 1823(e). In addition, the 246
agreement shall authorize the public depositor to obtain control 247
of the collateral pursuant to division (D) of section 1308.24 of 248
the Revised Code. 249

(D) The following securities or other obligations shall be eligible for the purposes of this section:	250 251
(1) Bonds, notes, or other obligations of the United States; or bonds, notes, or other obligations guaranteed as to principal and interest by the United States or those for which the faith of the United States is pledged for the payment of principal and interest thereon, by language appearing in the instrument specifically providing such guarantee or pledge and not merely by interpretation or otherwise;	252 253 254 255 256 257 258
(2) Bonds, notes, debentures, letters of credit, or other obligations or securities issued by any federal government agency or instrumentality, or the export-import bank of Washington; bonds, notes, or other obligations guaranteed as to principal and interest by the United States or those for which the faith of the United States is pledged for the payment of principal and interest thereon, by interpretation or otherwise and not by language appearing in the instrument specifically providing such guarantee or pledge;	259 260 261 262 263 264 265 266 267
(3) Obligations of or fully insured or fully guaranteed by the United States or any federal government agency or instrumentality;	268 269 270
(4) Obligations partially insured or partially guaranteed by any federal agency or instrumentality;	271 272
(5) Obligations of or fully guaranteed by the federal national mortgage association, federal home loan mortgage corporation, federal farm credit bank, or student loan marketing association;	273 274 275 276
(6) Bonds and other obligations of this state;	277
(7) Bonds and other obligations of any county, township,	278

school district, municipal corporation, or other legally 279
constituted taxing subdivision of this state, which is not at 280
the time of such deposit, in default in the payment of principal 281
or interest on any of its bonds or other obligations, for which 282
the full faith and credit of the issuing subdivision is pledged; 283

(8) Bonds of other states of the United States which have 284
not during the ten years immediately preceding the time of such 285
deposit defaulted in payments of either interest or principal on 286
any of their bonds; 287

(9) Shares of no-load money market mutual funds consisting 288
exclusively of obligations described in division (D) (1) or (2) 289
of this section and repurchase agreements secured by such 290
obligations; 291

(10) A surety bond issued by a corporate surety licensed 292
by the state and authorized to issue surety bonds in this state 293
pursuant to Chapter 3929. of the Revised Code, and qualified to 294
provide surety bonds to the federal government pursuant to 96 295
Stat. 1047 (1982), 31 U.S.C.A. 9304; 296

(11) Bonds or other obligations of any county, municipal 297
corporation, or other legally constituted taxing subdivision of 298
another state of the United States, or of any instrumentality of 299
such county, municipal corporation, or other taxing subdivision, 300
for which the full faith and credit of the issuer is pledged 301
and, at the time of purchase of the bonds or other obligations, 302
rated in one of the two highest categories by at least one 303
nationally recognized statistical rating organization. 304

(E) An institution designated as a public depository shall 305
designate a qualified trustee and place the eligible securities 306
required by division (D) of this section with the trustee for 307

safekeeping. The trustee shall hold the eligible securities in 308
an account indicating the public depositor's security interest 309
in the securities. The trustee shall report to the public 310
depositor information relating to the securities pledged to 311
secure the public deposits in the manner and frequency required 312
by the public depositor. 313

(F) The qualified trustee shall enter into a custodial 314
agreement with the public depositor and public depository in 315
which the trustee agrees to comply with entitlement orders 316
originated by the public depositor without further consent by 317
the public depository or, in the case of collateral held by the 318
public depository in an account at a federal reserve bank, the 319
public depositor shall have the public depositor's security 320
interest marked on the books of the federal reserve bank where 321
the account for the collateral is maintained. If the public 322
depository fails to pay over any part of the public deposits 323
made by the public depositor therein as provided by law, the 324
public depositor shall give written notice of this failure to 325
the qualified trustee holding the securities pledged against its 326
public deposits and, at the same time, shall send a copy of this 327
notice to the public depository. Upon receipt of this notice, 328
the trustee shall transfer to the public depositor for sale, the 329
securities that are necessary to produce an amount equal to the 330
public deposits made by the public depositor and not paid over, 331
less the portion of the deposits covered by any federal deposit 332
insurance, plus any accrued interest due on the deposits. The 333
public depositor shall sell any of the bonds or other securities 334
so transferred. When a sale of bonds or other securities has 335
been so made and upon payment to the public depositor of the 336
purchase money, the public depositor shall transfer such bonds 337
or securities whereupon the absolute ownership of such bonds or 338

securities shall pass to the purchasers. Any surplus after 339
deducting the amount due the public depositor and expenses of 340
sale shall be paid to the public depository. 341

(G) When the public depository has placed eligible 342
securities described in division (D)(1) of this section with a 343
trustee for safekeeping, the public depository may at any time 344
substitute or exchange eligible securities described in division 345
(D)(1) of this section having a current market value equal to or 346
greater than the current market value of the securities then on 347
deposit and for which they are to be substituted or exchanged, 348
without specific authorization from any public depositor's 349
governing board, boards, or treasurer of any such substitution 350
or exchange. 351

(H) When the public depository has placed eligible 352
securities described in divisions (D)(2) to (9) of this section 353
with a trustee for safekeeping, the public depository may at any 354
time substitute or exchange eligible securities having a current 355
market value equal to or greater than the current market value 356
of the securities then on deposit and for which they are to be 357
substituted or exchanged without specific authorization of any 358
public depositor's governing board, boards, or treasurer of any 359
such substitution or exchange only if one of the following 360
applies: 361

(1) The public depositor has authorized the public 362
depository to make such substitution or exchange on a continuing 363
basis during a specified period without prior approval of each 364
substitution or exchange. The authorization may be effected by 365
the public depositor sending to the trustee a written notice 366
stating that substitution may be effected on a continuing basis 367
during a specified period which shall not extend beyond the end 368

of the period of designation during which the notice is given. 369
The trustee may rely upon this notice and upon the period of 370
authorization stated therein and upon the period of designation 371
stated therein. 372

(2) The public depository notifies the public depositor 373
and the trustee of an intended substitution or exchange, and the 374
public depositor does not object to the trustee as to the 375
eligibility or market value of the securities being substituted 376
within three business days after the date appearing on the 377
notice of proposed substitution. The notice to the public 378
depositor and to the trustee shall be given in writing and 379
delivered electronically. The trustee may assume in any case 380
that the notice has been delivered to the public depositor. In 381
order for objections of the public depositor to be effective, 382
receipt of the objections must be acknowledged in writing by the 383
trustee. 384

(3) The public depositor gives written authorization for a 385
substitution or exchange of specific securities. 386

(I) The public depository shall notify any public 387
depositor of any substitution or exchange under division (H) (1) 388
or (2) of this section. 389

(J) Any federal reserve bank or branch thereof located in 390
this state or federal home loan bank, without compliance with 391
Chapter 1111. of the Revised Code and without becoming subject 392
to any other law of this state relative to the exercise by 393
corporations of trust powers generally, is qualified to act as 394
trustee for the safekeeping of securities, under this section. 395
Any institution mentioned in section 135.03 or 135.32 of the 396
Revised Code that holds a certificate of qualification issued by 397
the superintendent of financial institutions or any institution 398

complying with sections 1111.04, 1111.05, and 1111.06 of the Revised Code, is qualified to act as trustee for the safekeeping of securities under this section, other than those belonging to itself or to an affiliate as defined in section 1101.01 of the Revised Code.

Notwithstanding the fact that a public depository is required to pledge eligible securities in certain amounts to secure deposits of public moneys, a trustee has no duty or obligation to determine the eligibility, market value, or face value of any securities deposited with the trustee by a public depository. This applies in all situations including, without limitation, a substitution or exchange of securities.

Any charges or compensation of a designated trustee for acting as such under this section shall be paid by the public depository and in no event shall be chargeable to the state or the subdivision or to any officer of the state or subdivision. The charges or compensation shall not be a lien or charge upon the securities deposited for safekeeping prior or superior to the rights to and interests in the securities of the public depositor. The treasurer and the treasurer's bonders or surety shall be relieved from any liability to the public depositor or to the public depository for the loss or destruction of any securities deposited with a qualified trustee pursuant to this section.

Sec. 135.63. The treasurer of state may invest in linked deposits under sections 135.61 to 135.67, short-term installment loan linked deposits under sections 135.68 to 135.70, agricultural linked deposits under sections 135.71 to 135.76, business linked deposits under sections 135.77 to 135.774, housing linked deposits under sections 135.81 to 135.87,

assistive technology device linked deposits under sections 429
135.91 to 135.97, and SaveNOW linked deposits under sections 430
135.101 to 135.106 of the Revised Code, provided that at the 431
time of placement of any such linked deposit the combined amount 432
of investments in all such linked deposits is not more than 433
twelve per cent of the state's total average investment 434
portfolio as determined by the treasurer of state. When deciding 435
whether to invest in any such linked deposits, the treasurer of 436
state shall give priority to the investment, liquidity, and cash 437
flow needs of the state. 438

Sec. 135.71. As used in sections 135.71 to 135.76 of the 439
Revised Code: 440

(A) "Eligible agricultural business" means any person 441
engaged in agriculture that has all of the following 442
characteristics: 443

(1) Is headquartered and domiciled in this state; 444

(2) Maintains land or facilities for agricultural purposes 445
in this state provided that the land or facilities within this 446
state comprise not less than fifty-one per cent of the total of 447
all lands or facilities maintained by the person; 448

(3) Is organized for profit. 449

(B) "Eligible lending institution" means a financial 450
institution that is eligible to make commercial loans, agrees to 451
participate in the agricultural linked deposit program, and is 452
any of the following: 453

(1) Is a public depository of state funds under section 454
135.03 of the Revised Code; ~~or~~ 455

(2) Notwithstanding sections 135.01 to 135.21 of the 456

Revised Code, is an institution of the farm credit system 457
organized under the federal "Farm Credit Act of 1971," 85 Stat. 458
583, 12 U.S.C.A. 2001, as amended; 459

(3) Notwithstanding sections 135.01 to 135.21 of the 460
Revised Code, is a federal credit union, a foreign credit union 461
licensed pursuant to section 1733.39 of the Revised Code, or a 462
credit union as defined in section 1733.01 of the Revised Code, 463
located in this state. 464

(C) "Agricultural linked deposit" means a certificate of 465
deposit placed by the treasurer of state with an eligible 466
lending institution under section 135.74 of the Revised Code or 467
an investment in bonds, notes, debentures, or other obligations 468
or securities issued by the federal farm credit bank with regard 469
to an eligible lending institution. 470

(D) "Loan" means a contractual agreement under which an 471
eligible lending institution agrees to lend money in the form of 472
an upfront lump sum, a line of credit, or any other reasonable 473
arrangement approved by the treasurer of state. 474

Sec. 135.77. As used in sections 135.77 to 135.774 of the 475
Revised Code: 476

(A) "Business linked deposit" means a certificate of 477
deposit or other financial institution instrument placed by the 478
treasurer of state with an eligible lending institution in 479
accordance with sections 135.772 to 135.774 of the Revised Code. 480

(B) "Eligible lending institution" means a federal credit 481
union, a foreign credit union licensed pursuant to section 482
1733.39 of the Revised Code, or a credit union as defined in 483
section 1733.01 of the Revised Code, located in this state. 484

(C) "Eligible small business" means any person that has 485

<u>all of the following characteristics:</u>	486
<u>(1) Is domiciled in this state;</u>	487
<u>(2) Maintains offices and operating facilities exclusively</u> <u>in this state and transacts business in this state;</u>	488 489
<u>(3) Employs fewer than one hundred fifty employees, the</u> <u>majority of whom are residents of this state;</u>	490 491
<u>(4) Is organized for profit;</u>	492
<u>(5) Is able to save or create one full-time job or two</u> <u>part-time jobs in this state for every fifty thousand dollars</u> <u>borrowed.</u>	493 494 495
<u>(D) "Full-time job" means a job with regular hours of</u> <u>service totaling at least forty hours per week or any other</u> <u>standard of service accepted as full-time by the employee's</u> <u>employer.</u>	496 497 498 499
<u>(E) "Loan" means a contractual agreement under which an</u> <u>eligible lending institution agrees to lend money in the form of</u> <u>an upfront lump sum, a line of credit, or any other reasonable</u> <u>arrangement approved by the treasurer of state.</u>	500 501 502 503
<u>(F) "Part-time job" means a job with regular hours of</u> <u>service totaling fewer than forty hours per week or any other</u> <u>standard of service accepted as part-time by the employee's</u> <u>employer.</u>	504 505 506 507
<u>Sec. 135.771. The general assembly finds that small</u> <u>businesses play an important role in creating jobs in this</u> <u>state. Accordingly, it is declared to be the public policy of</u> <u>the state through the business linked deposit program to foster</u> <u>economic growth and development within Ohio's small businesses,</u> <u>and to protect the jobs of this state.</u>	508 509 510 511 512 513

Sec. 135.772. (A) In accordance with section 135.64 of the Revised Code, an eligible lending institution that desires to receive a business linked deposit shall accept and review applications for loans from eligible small businesses and forward to the treasurer of state a linked deposit loan package. 514
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(B) No loan issued pursuant to sections 135.77 to 135.774 of the Revised Code shall exceed four hundred thousand dollars. 519
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Sec. 135.773. In accordance with section 135.65 of the Revised Code, the treasurer of state may accept or reject a business linked deposit loan package, or any portion thereof, and shall enter into a deposit agreement regarding any accepted loan packages. 521
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Sec. 135.774. (A) Upon the placement of a business linked deposit with an eligible lending institution, such institution is required to lend such funds to each approved eligible small business listed in the linked deposit loan package required by section 135.772 of the Revised Code and in accordance with the deposit agreement required by section 135.773 of the Revised Code. The loan shall be at a rate that reflects the following percentage rate reduction below the present borrowing rate applicable to each eligible small business: 526
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(1) Three per cent if the present borrowing rate is greater than five per cent; 535
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(2) Two and one-tenth per cent if the present borrowing rate is equal to or less than five per cent. 537
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A certification of compliance with this section in the form and manner as prescribed by the treasurer of state shall be required of the eligible lending institution. 539
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(B) The treasurer of state shall take any and all steps 542

necessary to implement the business linked deposit program and 543
monitor compliance of eligible lending institutions and eligible 544
small businesses, including the development of guidelines as 545
necessary. 546

(C) The state and the treasurer of state are not liable to 547
any eligible lending institution in any manner for payment of 548
the principal or interest on the loan to an eligible small 549
business. Any delay in payments or default on the part of an 550
eligible small business does not in any manner affect the 551
deposit agreement between the eligible lending institution and 552
the treasurer of state. 553

Sec. 1733.04. (A) In addition to the authority conferred 554
by section 1701.13 of the Revised Code, but subject to any 555
limitations contained in sections 1733.01 to 1733.45 of the 556
Revised Code, and its articles and regulations, a credit union 557
may do any of the following: 558

(1) Make loans as provided in section 1733.25 of the 559
Revised Code; 560

(2) Invest its money as provided in section 1733.30 of the 561
Revised Code; 562

(3) If authorized by the code of regulations, rebate to 563
the borrowing members a portion of the member's interest paid to 564
the credit union; 565

(4) If authorized by the regulations, charge a membership 566
or entrance fee not to exceed one dollar per member; 567

(5) Purchase group savings life insurance and group credit 568
life insurance; 569

(6) Make reasonable contributions to any nonprofit civic, 570

charitable, or service organizations;	571
(7) Act as trustee or custodian, for which reasonable	572
compensation may be received, under any written trust instrument	573
or custodial agreement created or organized in the United States	574
and forming part of a tax-advantaged savings plan that qualifies	575
for specific tax treatment under sections 223, 401(d), 408,	576
408A, and 530 of the Internal Revenue Code, 26 U.S.C. 223,	577
401(d), 408, 408A, and 530, as amended, for its members or	578
groups of its members, provided that the funds of such plans are	579
invested in share accounts or share certificate accounts of the	580
credit union. These services include, but are not limited to,	581
acting as a trustee or custodian for member retirement,	582
education, or health savings accounts.	583
<u>(8) Participate in and pledge assets in connection with</u>	584
<u>the business linked deposit program under sections 135.77 to</u>	585
<u>135.774 of the Revised Code and the agricultural linked deposit</u>	586
<u>program under sections 135.71 to 135.76 of the Revised Code.</u>	587
(B) The authority of a credit union shall be subject to	588
the following:	589
(1) A credit union may not borrow money in excess of	590
twenty-five per cent of its shares and undivided earnings,	591
without prior specific authorization by the superintendent of	592
credit unions.	593
(2) A credit union may not pay a commission or other	594
compensation to any person for securing members or for the sale	595
of its shares, except that reasonable incentives may be made	596
available directly to members or potential members to promote	597
thrift.	598
(3) A credit union, subject to the approval of the	599

superintendent, may have service facilities other than its home office. 600
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(4) Real estate may be acquired by lease, purchase, or otherwise as necessary and to the extent required for use of the credit union presently and in the future operation of its office or headquarters, and in case of a purchase of real estate, the superintendent must first be notified in writing prior to the purchase of the real estate. The superintendent shall notify the credit union not more than thirty days after receipt of the notification to purchase the real estate if the purchase is denied, approved, or modified. If the superintendent does not respond within thirty days after receipt of the notification to purchase the real estate, it shall be deemed approved. Nothing herein contained shall be deemed to prohibit a credit union from taking title to real estate in connection with a default in the payment of a loan, provided that title to such real estate shall not be held by the credit union for more than two years without the prior written approval of the superintendent. A credit union also may lease space in any real estate it acquires in accordance with rules adopted by the superintendent. 602
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(C) (1) As used in division (C) of this section: 620

(a) "School" means an elementary or secondary school. 621

(b) "Student" means a child enrolled in a school. 622

(c) "Student branch" means the designation provided to the credit union for the in-school services and financial education offered to students. 623
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(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 626
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superintendent, may open and maintain a student branch. 629

(3) Notwithstanding any other provision of this section, 630
any student enrolled in the school maintaining a student branch 631
who is not otherwise qualified for membership in the credit 632
union maintaining the student branch is qualified to be a member 633
of that student branch. 634

(4) The student's membership in the student branch expires 635
upon the student's graduation from secondary school. 636

(5) The student branch is for the express use of students 637
and may not be used by faculty, staff, or lineal ancestors or 638
descendents of students. 639

(6) Faculty, staff, or lineal ancestors or descendents of 640
students are not eligible for membership in the credit union 641
maintaining the student branch unless otherwise qualified by 642
this section to be members. 643

(7) The superintendent may adopt rules appropriate to the 644
formation and operation of student branches. 645

(D) A credit union may guarantee the signature of a member 646
in connection with a transaction involving tangible or 647
intangible property in which a member has or seeks to acquire an 648
interest. 649

Sec. 1733.24. (A) A credit union is authorized to receive 650
funds for deposit in share accounts, share draft accounts, and 651
share certificates from its members, from other credit unions, 652
and from an officer, employee, or agent of the federal, state, 653
or local governments, or political subdivisions of the state, in 654
accordance with such terms, rates, and conditions as may be 655
established by its board of directors, and for purposes of the 656
agricultural linked deposit program created under sections 657

135.71 to 135.76 of the Revised Code and the business linked 658
deposit program created under sections 135.77 to 135.774 of the 659
Revised Code. 660

(B) The shares and share accounts of the credit union may 661
be of one or more classes, as designated by the board of 662
directors, subject to approval of the superintendent of credit 663
unions based on rules that shall assure equitable distribution 664
of dividends among classes, considering costs and advantages of 665
each class to the members of the credit union, including without 666
limitation special services rendered, length of ownership, 667
minimum investment, conditions of repurchase, and other 668
appropriate standards or combinations thereof. In the event the 669
articles of incorporation of the credit union indicate the 670
authorized number of shares to be unlimited, the designation of 671
classification of shares and share accounts of the credit union 672
may be effected by the board of directors, subject to the 673
approval of the superintendent, and does not require amendment 674
of the articles of incorporation. All shares of the credit union 675
shall have a par value per share as set by the board of 676
directors. Redemptions and liquidating dividends shall be 677
prorated to each member on the basis of the price paid the 678
credit union for such share, irrespective of the class of such 679
shares. 680

(C) (1) Each credit union shall have one class of shares 681
designated as "membership share." The membership shares, or if a 682
credit union has but one class of shares, then all of the shares 683
of the credit union, shall have a par value as set by the board 684
of directors. 685

(2) Two or more persons that are eligible for membership 686
that have jointly subscribed for one or more shares under a 687

joint account each may be admitted to membership. 688

(D) A credit union need not issue certificates for any or 689
all of its classes of shares but irrespective of whether 690
certificates are issued, a registry of shares must be kept, 691
including all of the transactions of the credit union pertaining 692
to such shares. 693

(E) A credit union is authorized to maintain share draft 694
accounts in accordance with rules prescribed by the 695
superintendent. The credit union may pay dividends on share 696
draft accounts, may pay dividends at different rates on 697
different types of share draft accounts, and may permit the 698
owners of such share draft accounts to make withdrawals by 699
negotiable or transferable instruments or other orders for the 700
purpose of making transfers to third parties. 701

(F) Unless otherwise provided by written agreement of the 702
parties, the rights, responsibilities, and liabilities attaching 703
to a share draft withdrawn from, transferred to, or otherwise 704
handled by a credit union are defined in and governed by 705
Chapters 1303. and 1304. of the Revised Code, as if the credit 706
union were a bank. 707

(G) Unless otherwise provided in the articles or 708
regulations, a member may designate any person or persons to own 709
or hold shares, or share accounts with the member in joint 710
tenancy with right of survivorship and not as tenants in common. 711

(H) Shares or share accounts may be issued in the name of 712
a custodian under the Ohio transfers to minors act, a member in 713
trust for a beneficiary, a fiduciary or custodian in trust for a 714
member beneficiary, or a fiduciary or custodian in trust upon 715
the death of a member. Redemption of such shares or payment of 716

such share accounts to a member, to the extent of the payment, 717
discharges the liability of the credit union to the member and 718
the beneficiary, and the credit union shall be under no 719
obligation to see to the application of the payment. Unless 720
prior to the death of a member, the member has notified the 721
credit union in writing in a form approved by the credit union 722
of a different beneficiary to receive the proceeds of such 723
shares or share accounts, then the proceeds shall be paid to the 724
beneficiary or to the beneficiary's parent or legal 725
representative. Any payment made pursuant to written 726
instructions of the member or pursuant to the provisions herein 727
contained shall be a valid and sufficient release and discharge 728
of the credit union in connection with any such share or share 729
accounts. 730

(I) (1) Except as otherwise provided in the articles or 731
regulations, and subject to the provisions thereof, a minor may 732
purchase shares, share accounts, or other depository 733
instruments, and except for qualification as a voting member, 734
the credit union may deal with the minor with respect to shares, 735
share accounts, or other depository instruments owned by the 736
minor as if the minor were a person of legal age. 737

(2) If shares, share accounts, or other depository 738
instruments are issued in the name of a minor, redemption of any 739
part or all of the shares or withdrawal of funds by payment to 740
the minor of the shares or funds and any declared dividends or 741
interest releases the credit union from all obligation to the 742
minor as to the shares reduced or funds withdrawn. 743

(J) The regulations may require advance written notice of 744
a member's intention to withdraw the member's shares. Such 745
advance notice shall not exceed sixty days. 746

Section 2. That existing sections 135.143, 135.18, 135.63, 747
135.71, 1733.04, and 1733.24 of the Revised Code are hereby 748
repealed. 749

Section 3. Section 135.63 of the Revised Code is presented 750
in this act as a composite of the section as amended by both 751
Sub. H.B. 545 and Am. Sub. H.B. 562 of the 127th General 752
Assembly. The General Assembly, applying the principle stated in 753
division (B) of section 1.52 of the Revised Code that amendments 754
are to be harmonized if reasonably capable of simultaneous 755
operation, finds that the composite is the resulting version of 756
the section in effect prior to the effective date of the section 757
as presented in this act. 758