

Chapter 723

1973 REPLACEMENT PART

Credit Unions

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|---------|---|---------|--|
| 723.010 | Use of words "credit union" restricted | 723.245 | Fiscal year |
| 723.020 | Application of tax statutes to credit unions | 723.250 | Payment of dividends |
| 723.030 | Superintendent of Banks to prescribe rules; limitation | 723.260 | Division of losses among shareholders |
| 723.040 | Formation of credit union; organization certificate | 723.270 | Shares, exemption from execution; individual liability |
| 723.050 | Contents of proposed bylaws; filing | 723.275 | Joint tenancy in shares issued and deposits received |
| 723.060 | Examination, approval or disapproval of organization certificate; disposition of bylaws | 723.280 | Meetings of shareholders; voting rights |
| 723.070 | Approval of proposed bylaws and organization certificate; powers incident to completion of organization | 723.290 | Withdrawal and expulsion of members |
| 723.080 | Authorization certificate | 723.350 | Oath of directors, officers and committee members |
| 723.090 | Failure to commence business; forfeiture of rights and privileges; certificate of forfeiture; extension of time | 723.360 | Qualification of directors, officers and committee members |
| 723.100 | Amendment of bylaws | 723.370 | Terms of membership on board and committees |
| 723.110 | Power to change principal location of business | 723.380 | General powers and duties of directors relating to management, meetings and loans; compensation |
| 723.120 | General powers of credit unions | 723.390 | Specific powers and duties of directors |
| 723.124 | Establishment of branches; application to Superintendent of Banks | 723.400 | Credit committee, duties and powers, compensation, composition in rural areas; loans, application, appeal from rejection |
| 723.128 | Exercise of powers authorized by federal law; appointment of liquidating agent for bankrupt credit unions | 723.410 | Supervisory committee powers, duties and compensation |
| 723.130 | Prohibited acts | 723.430 | Loans to nonmembers; personal liability |
| 723.135 | Transactions between central credit union and other credit unions | 723.440 | Official communications; submission to directors and supervisory committee |
| 723.210 | Capital | 723.510 | Annual and special reports; failure to report |
| 723.230 | Credit unions to establish guaranty and other reserves | 723.530 | Examinations; fees |
| 723.240 | Profit and loss account | 723.540 | Revocation of authorization certificate |
| | | 723.550 | Procedure for dissolution |
| | | 723.560 | Continuance of existence for certain purposes after dissolution or forfeiture |
| | | 723.990 | Penalties |

CROSS REFERENCES

- | | |
|---|--|
| Administrative procedures and rules of state agencies, Ch. 183 | Action to annul corporate existence, 30.570 |
| Credit life and credit health insurance, 83.580, 743.561 to 743.588 | 723.120 |
| Deduction from salary or wages of state employees and payment to designated credit union, 292.067 | Private corporations generally, Ch. 57, 57.025, 57.796 |
| Retail instalment contracts, Ch. 83 | Usurious interest, 82.010 |
| State development credit corporations, Ch. 63 | 723.290 |
| Taxation, corporate excise tax, 317.060 | Stockholders' liability, Const. Art. XI, § 3 |
| Unclaimed property, disposition of, 98.302 to 98.436 | 723.410 |
| 723.040 | Action for usurpation of office, 30.510 |
| Application of securities statutes, 59.025 | 723.550 |
| 723.080 | Merger and consolidation of corporations, 57.455 to 57.490 |
| Acting as corporation without being incorporated, 30.510 | |

723.010 Use of words "credit union" restricted. No persons, other than those authorized as provided in this chapter or a state-wide association of credit unions operating in this state, shall use any name or title which contains the two words "credit" and "union."

[Amended by 1955 c.550 §1]

723.020 Application of tax statutes to credit unions. Any credit union subject to this chapter shall be deemed an institution for savings within the meaning of the law which exempts such institutions from taxation. No law, except as stated in this section, which taxes corporations in any form, or the shares thereof or the accumulations therein, shall apply to corporations doing business in accordance with this chapter unless such corporations are specifically named in the law. However, corporations created under this chapter shall be subject to the same tax as mutual savings and loan associations.

723.030 Superintendent of Banks to prescribe rules; limitation. The Superintendent of Banks shall have the power to prescribe such rules and regulations as may be reasonable or necessary to carry out the purposes and provisions of this chapter but he shall not prescribe a rule or regulation which prohibits a credit union from granting a grandparent, parent, spouse, child, grandchild, brother, or sister, living in the household of a member, the same privileges and status afforded such member.

[Amended by 1973 c.414 §1]

723.040 Formation of credit union; organization certificate. When authorized by the Superintendent of Banks, as provided by this chapter, seven or more persons employed or residing in this state may form a corporation to be known as a credit union. Such persons shall subscribe, acknowledge and submit, together with a filing fee of \$10, to the Superintendent of Banks at his office, an organization certificate in triplicate, which specifically shall state:

(1) The name of the corporation, which shall include the words "credit union."

(2) The principal place where its business is to be transacted.

(3) The par value of the shares, which shall not exceed \$25.

(4) The full name, residence and post-office address of each of the incorporators and the number of shares subscribed for by each.

(5) The term of its existence, which may be perpetual.

(6) The number of its directors, which shall be not less than five, and the names of the incorporators who shall be its directors until the first annual meeting of shareholders.

[Amended by 1959 c.106 §1; 1971 c.681 §1]

723.050 Contents of proposed bylaws; filing. At the time of submitting the organization certificate the incorporators also shall subscribe and acknowledge and submit to the Superintendent of Banks at his office for approval proposed bylaws, in duplicate, which specifically shall state:

(1) The purposes of the corporation.

(2) The qualifications for membership.

(3) The manner of conducting meetings of members, the method by which members shall be notified of meetings and the number of members which shall constitute a quorum.

(4) The powers and duties of the board of directors and the number of directors necessary to constitute a quorum.

(5) The officers of the corporation and their powers and duties.

(6) The powers and duties of the credit committee and the number of members, not less than three, of which it shall be composed.

(7) The powers and duties of the supervisory committee and the number of members, not less than three, of which it shall be composed.

(8) The conditions upon which shares may be issued, paid for, transferred and withdrawn.

(9) The fines, if any, which shall be charged for failure to meet obligations to the corporation punctually.

(10) The conditions upon which deposits may be received and withdrawn.

(11) The manner in which the funds of the corporation shall be employed.

(12) The conditions upon which loans may be made and repaid.

(13) The maximum rate of interest, not exceeding one percent per month on unpaid balances, that may be charged upon loans.

(14) The method of receipting for money paid on account of shares, deposits or loans.

(15) The manner in which the guaranty reserve shall be accumulated.

(16) The manner in which dividends shall be determined and paid to members.

(17) Whether the members shall be equally and ratably liable for the payment of the debts of the corporation.

[Amended by 1955 c.550 §2; 1959 c.106 §2]

723.060 Examination, approval or disapproval of organization certificate; disposition of bylaws. (1) When any certificate is filed for examination the Superintendent of Banks thereupon shall ascertain from the best sources of information at his command, and by such investigation as he may deem necessary, whether the character, responsibility and general fitness of the persons named in such certificate are such as to command confidence and warrant belief that the business of the proposed corporation will be honestly and efficiently conducted in accordance with the intent and purpose of this chapter, and whether the public convenience and advantage will be promoted by allowing the proposed corporation to engage or continue in business.

(2) After the superintendent has satisfied himself by such investigation whether it is expedient and desirable to permit the proposed corporation to engage or continue in business, he shall, within 60 days after the date of the filing of the certificate for examination, indorse upon each of the triplicates thereof over his official signature the word "Approved" or the word "Refused," with the date of such indorsement.

(3) In case of refusal he shall forthwith return two of the triplicates so indorsed to the proposed incorporators from whom the certificate was received.

(4) In case of approval he shall forthwith give notice thereof to the proposed incorporators and return to them one of the triplicate certificates, file another in his own office and the third in the office of the clerk of the county in which the principal place of business of such proposed corporation is located.

(5) When the Superintendent of Banks has indorsed his approval on the proposed bylaws, he shall return one of the duplicates thereof to the proposed incorporators and file the other in his office.

[Amended by 1971 c.681 §2]

723.070 Approval of proposed bylaws and organization certificate; powers incident to completion of organization. When the Superintendent of Banks has indorsed his approval on the proposed bylaws and on the organization certificate, as provided by ORS 723.060, the corporate existence of the credit

union shall begin. Upon the adoption of the bylaws it shall have power to transact business incident to the completion of organization, including the election of a credit committee and a supervisory committee to serve until the first annual meeting of shareholders and the acceptance of payments on account of shares and entrance fees from the incorporators and such other persons duly elected to membership by the directors. However, no other business shall be transacted until the superintendent has duly issued to it the authorization certificate as specified in ORS 723.080.

723.080 Authorization certificate. Before authorizing any corporation to begin or continue business the Superintendent of Banks shall be satisfied that the corporation has in good faith complied with all the requirements of law and fulfilled all the conditions precedent to commencing business imposed by this chapter. If so satisfied, the superintendent shall, within six months after the date on which the organization certificate was filed by him for examination, but in no case after the expiration of that period, issue under his hand and official seal, in triplicate, an authorization certificate to the persons named in the organization certificate. The authorization certificate shall state that the corporation named therein has complied with the provisions of this chapter and with all the requirements of law and that it is authorized to transact within this state all business specified therein. One of the triplicate authorization certificates shall be transmitted by the superintendent to the corporation thereby authorized to commence or continue business, another shall be filed in the office of the superintendent and the third shall be filed by the superintendent in the county clerk's office wherein the organization certificate of the corporation was filed by him. The superintendent and the county clerk shall, respectively, attach the authorization certificate to the corporation organization certificate previously filed in his office.

723.090 Failure to commence business; forfeiture of rights and privileges; certificate of forfeiture; extension of time. Any credit union created under this chapter which does not commence business within one year after the authorization certificate is issued to it by the Superintendent of Banks shall forfeit its rights and privileges

as a corporation, which fact the superintendent shall certify to the county clerk in whose office the authorization certificate was filed, and the certificate of forfeiture shall be filed and recorded in such office in the same manner as the authorization certificate. However, the Superintendent of Banks may, for satisfactory cause shown to him, by an order under his hand and official seal, extend for not more than one year the time within which the organization may commence to do business, the order to be transmitted to the office wherein the authorization certificate was filed and recorded.

723.100 Amendment of bylaws. The organization certificate or bylaws of a credit union may be amended by a three-fourths vote of the shareholders present at any meeting. However, the proposed amendment shall first have the approval of the Superintendent of Banks. A copy of any amendment thus adopted shall be filed in the office of the Superintendent of Banks within 30 days after its adoption. A copy of any amendment to the organization certificate thus adopted, bearing the approval of the Superintendent of Banks, shall be filed also in the office of the county clerk wherein the original organization certificate of the credit union was filed. Any credit union deeming itself aggrieved by the refusal of the superintendent to approve a proposed amendment may obtain redress in the same manner as is provided for redress from other decisions of the Superintendent of Banks, as provided in ORS 707.150 or as may otherwise be provided.

[Amended by 1955 c.550 §3]

723.110 Power to change principal location of business. Any credit union may make a written application to the Superintendent of Banks for leave to change its principal place of business to another place in the same county or to a place in another county in the state. The application shall state the reasons for the proposed change and shall be signed and acknowledged by a majority of its board of directors. The Superintendent of Banks shall determine whether or not the change in location is advisable or justified and whether the public convenience and advantage will be promoted, and shall, at his discretion, approve or disapprove the change of location. If the superintendent grants his certificate authorizing the change of location, as provided by law, the credit union may, upon or after the

day specified, remove its property and effects to the location designated therein. Thereafter its principal place of business shall be the location so specified. It shall have all the rights and powers in the new location which it possessed at its former location. If the change of location of the principal place of business is to another county, a copy of the certificate of the Superintendent of Banks approving the change of location shall be filed in the office of the county clerk of the county to which the location has changed.

[Amended by 1971 c.681 §3]

723.120 General powers of credit unions. In addition to the powers conferred by the general corporation law a credit union may, subject to the restrictions and limitations contained in this chapter and in its bylaws:

(1) Issue shares to persons qualified for membership and to organizations of such persons.

(2) Charge an entrance fee to subscribers for such shares.

(3) Charge a reasonable fee for the transfer of its shares.

(4) Receive the savings of its members in payment of shares or on deposit.

(5) Lend money to its members upon such terms and conditions as its bylaws provide and as the credit committee shall approve at rates not exceeding one percent per month on unpaid balances, inclusive of all charges incident to the making of such loans. However, the fees paid out to any public officer for filing or recording in any public office any instrument securing such loans, or the premium cost of chattel mortgage non-filing insurance carried by a credit union in lieu of such filing or recording, and the premium cost of any insurance covering chattels or property mortgaged to a credit union to secure such loans shall not be deemed to be charges incident to the making of such loans.

(6) Deposit its funds in state banks, national banks or mutual savings banks operating in this state, or in the central credit union incorporated under the laws of this state.

(7) Invest its funds:

(a) In obligations of the State of Oregon or, of the United States of America, or securities fully guaranteed as to principal and interest thereby or in obligations issued by Banks for Cooperatives, Federal Land

Banks, federal intermediate credit banks, federal home loan banks, the Federal Home Loan Bank Board, any corporation designated in section 101 of the Government Corporation Control Act as a wholly owned government corporation; or in obligations, participations, or other instruments of or issued by, or fully guaranteed as to principal and interest by, the Federal National Mortgage Association or the Government National Mortgage Association, and in common trust investments of the International Credit Union Services Corporation provided such common trust investments of the International Credit Union Services Corporation comply with this subsection.

(b) Without limit in shares of the central credit union incorporated under the laws of this state; or in shares or deposits of other federally insured credit unions located in Oregon, providing the shares or deposits invested in federally insured credit unions are fully insured under Public Law 91-468, entitled Federal Credit Union Act II—Share Insurance.

(c) In shares or accounts of state or federal savings and loan associations located in Oregon and whose shares and accounts are insured by the Federal Savings and Loan Insurance Corporation.

(8) Borrow money to an amount not exceeding 40 percent of the capital of such corporation, except where the capital is less than \$5,000, in which event such credit union may borrow any amount up to \$2,000.

(9) Reduce its liability to shareholders, as provided in ORS 723.260.

(10) Fine members for failure to meet obligations to such credit union punctually.

(11) Expel members, as provided in ORS 723.290.

(12) Impress and enforce a lien upon the shares, dividends, deposits and accumulation of interest on deposits of any member to the extent of any loans made to him directly or indirectly or on which he is surety and for any other sum payable by him to the credit union.

(13) Cancel the shares and deposits of any member who withdraws or is expelled, and apply the withdrawal value thereof to the liquidation of that member's indebtedness to the corporation.

(14) Purchase loan protection and life savings insurance on the lives of its members.

(15) Maintain educational activities consistent with the scope of its services.

(16) With the approval of the Superintendent of Banks, one or more credit unions (either federal or state) or with an association of credit unions in this state, may purchase accounting services, participate in a service center, or share quarters and carry on business operations either individually or jointly. To accomplish any of the above stated acts a credit union may purchase stock of a corporation which provides these activities, with such stock purchase limited to one percent of the credit union's capital.

[Amended by 1959 c.106 §3; 1971 c.681 §5; 1973 c.719 §1]

723.124 Establishment of branches; application to Superintendent of Banks. Any credit union may make a written application to the Superintendent of Banks for leave to establish a branch or branches in any county in this state. The application shall state the reasons for the establishment of a branch or branches and shall be signed and acknowledged by a majority of its board of directors. The Superintendent of Banks shall determine whether or not the establishment of a branch or branches is advisable or justified and whether the public convenience and advantage will be promoted, and shall, at his discretion, approve or disapprove the establishment of a branch or branches. If the superintendent grants his certificate authorizing the establishment of a branch or branches, as provided by law, the credit union may, upon or after the day specified, establish such a branch or branches. If a branch or branches are established outside the county wherein the principal location of the credit union is located, a copy of the certificate authorizing the establishment of a branch or branches shall be filed in the office of the county clerk in the county or counties where the branch or branches are located.

[1971 c.681 §4]

Note: 723.124 was not added to and made a part of ORS chapter 723 by legislative action.

723.128 Exercise of powers authorized by federal law; appointment of liquidating agent for bankrupt credit unions. (1) Every credit union organized and existing under the laws of this state may do and perform any act and thing necessary to obtain the advantages and benefits of or to comply with any provision of the Act of Congress (PL 91-468) approved October 19, 1970, entitled Federal Credit Union Act, Title II—Share Insurance,

and any amendments thereto or any Act substituted therefor, and any rules and regulations promulgated pursuant thereto, in so far as such Act or any Act substituted therefor pertains to state credit unions. Without in any manner limiting the generality of the foregoing, every such credit union may become a stockholder in the National Credit Union Share Insurance Fund, subscribe for, purchase and pay for stock in such fund, do and perform any act and thing necessary to become a stockholder thereof or which may be required of a stockholder thereof, and generally do and perform any act or thing necessary or required under the terms of such Act, and any amendments thereto, or any Act substituted therefor, to secure the benefits of the share insurance and other advantages provided by such Act, and any amendments thereto or any Act substituted therefor applicable to state credit unions.

(2) In the event that any credit union organized under this chapter whose member accounts are insured by the Administrator of the National Credit Union Administration is found to be bankrupt or insolvent, the Superintendent of Banks may appoint the Administrator of the National Credit Union Administration as liquidating agent, with the power to liquidate the credit union in accordance with the administrator's regulations.

[1971 c.681 §12]

Note: ORS 723.128 was not added to and made a part of ORS chapter 723 by legislative action.

723.130 Prohibited acts. No credit union shall:

(1) Pay any commission or compensation for securing members or for the sale of its shares.

(2) (a) With capital of less than \$100,000, make any loan or loans to any one member which in the aggregate exceed \$750 or such lesser amount as the bylaws may prescribe unless adequate security therefor is taken. The term "security" within the meaning of this subsection includes an assignment of shares or the indorsement of a note.

(b) With capital in excess of \$100,000, make any loan or loans to any one member which in the aggregate exceed \$2,000 unless adequate security therefor is taken.

(3) Make any loan or loans to any one member which in the aggregate exceed \$100 or 10 percent of the paid-in and unimpaired capital, whichever is greater. The loan limitation prescribed by this subsection shall in-

clude the aggregate liability to the credit union of any one member, as maker and indorser and guarantor.

(4) Impose any fine exceeding two percent per month or fraction of a month on amounts due, except that a minimum fine of five cents per month or fraction thereof may be imposed.

(5) Make any loan or loans to its directors, officers, employes and members of the credit committee and supervisory committee combined which in an aggregate amount exceed 10 percent of the paid-in and unimpaired capital. No director, officer, employe or committee member shall be permitted to borrow indirectly or become surety for any loan or advance made by the corporation.

(6) Issue shares or accept deposits in trust, except in the name of the trustee, as such, for a specified beneficiary whose residence shall be disclosed to the credit union by such trustee.

(7) Issue any shares except to those qualified for membership under its bylaws, and unless there is printed upon the certificate or other evidence of such shares the words "transferable only to qualified members."

(8) Lend to any of its members without requiring at the time of such loan an assignment of such member's shares in the credit union, but in no event shall the credit union have physical possession of the member's passbook or other evidence of membership. [Amended by 1955 c.550 §4; 1967 c.279 §1; 1971 c.681 §6]

723.135 Transactions between central credit union and other credit unions. The central credit union organized under the laws of this state may lend funds to or deposit funds in other credit unions in the United States. [1973 c.148 §2]

723.210 Capital. The capital of a credit union shall consist of the payments made by members on shares and dividends credited thereon.

723.220 [Repealed by 1959 c.106 §23]

723.230 Credit unions to establish guaranty and other reserves. Every credit union shall create a guaranty reserve which shall be held to meet contingencies until the corporation is dissolved, when it may be distributed among the shareholders. The guaranty reserve shall be created and regulated as follows:

(1) All entrance fees, transfer fees and fines remaining after the payment of organization expenses shall be set aside to the reserve.

(2) Except as provided in subsections (3) and (4) of this section, at the close of each dividend period 25 percent of the net earnings of the corporation for the period shall be carried to the reserve.

(3) If the guaranty reserve exceeds seven percent of the loans outstanding, then only 20 percent of the net earnings of the corporation for the period must be carried to the reserve. When the guaranty reserve equals at least 15 percent of the loans outstanding, further transfers of net earnings to the reserve are not required. Amounts necessary to maintain the 15-percent ratio shall continue to be transferred to the reserve. At their annual meeting the shareholders may increase the amount transferred to the reserve if such action is recommended by the board of directors.

(4) (a) However, if the member accounts of the credit union are insured by the Administrator of the National Credit Union Administration, immediately before the payment of each dividend, the gross earnings of the corporation shall be determined, from this amount 10 percent of the gross income shall be carried to the reserve until the guaranty reserve shall equal seven and one-half percent of the total outstanding loans and risk assets, then five percent of the gross income shall be carried to the reserve until the guaranty reserve shall equal 10 percent of the total outstanding loans and risk assets, as the case may be, it shall be replenished by regular contributions in such amounts as may be needed to maintain the guaranty reserve goals of seven and one-half percent and 10 percent.

(b) In addition to such guaranty reserve, special reserves to protect the interests of shareholders shall be established when required by regulation or when found by the Administrator of the National Credit Union Administration or by the Superintendent of Banks, in any special case, to be necessary for that purpose.

(5) Losses incurred by a credit union shall be charged to its guaranty reserve. All debts to any credit union on which there has been no payment of interest or principal for a period of 12 months shall be considered bad debts and shall be charged off if instructed by the Superintendent of Banks.

(6) Any sums recovered on items previously charged to it shall be credited to the reserve.

[Amended by 1959 c.106 §7; 1967 c.279 §2; 1971 c.681 §7]

723.240 Profit and loss account. On and after the close of each dividend period, in order to determine whether a dividend may be declared and the amount thereof, the earnings from all sources may be credited to the credit union's profit and loss account and the following items shall be charged against that account:

(1) All expenses paid or incurred of whatever nature in the management of its affairs, the collection of its debts or the transaction of its business.

(2) The interest paid, or accrued and unpaid, on debts owing by it.

(3) All losses sustained by it in excess of its guaranty reserve. The credit balance of the profit and loss account as thus determined shall constitute the undivided profits of the credit union at the close of such period, and shall be applicable to the payment of dividends, except as provided in ORS 723.250.

[Amended by 1959 c.106 §8; 1967 c.279 §3]

723.245 Fiscal year. The fiscal year of every credit union shall end at the close of business on December 31.

[1959 c.106 §6]

723.250 Payment of dividends. (1) The directors of any credit union may declare annual, semiannual, or quarterly dividends as the bylaws provide, from its undivided profits as they deem expedient. However, no dividend shall be declared in excess of six percent per annum and no credit union shall declare, credit or pay any dividend to its shareholders until it has:

(a) Made good any existing impairment of its capital.

(b) Carried to its guaranty reserve such part of its earnings as is required by ORS 723.230.

(2) Only fully paid shares outstanding at the end of the dividend period shall be entitled to dividends, and shares which have been fully paid during any dividend period in which dividends are declared shall be entitled only to a proportionate part of such dividends calculated from the first day of the month following such payment in full or, if the bylaws of the credit union so provide, from the first day of the month in which

such payment in full is made if the payment is made within the first 10 days of the month. [Amended by 1959 c.106 §9; 1967 c.279 §4; 1971 c.681 §8; 1973 c.147 §1]

723.260 Division of losses among shareholders. Whenever the losses of any credit union exceed its undivided profits and guaranty reserve, so that the estimated value of its assets is less than the total amount due its shareholders, the board of directors may, with the written approval of the Superintendent of Banks, order a reduction of the liability to each of its shareholders, so as to divide the loss proportionately among such shareholders according to the amount of their shareholdings. If thereafter the credit union realizes from such assets a greater amount than was fixed in the order of reduction, such excess shall be divided among the shareholders whose assets were reduced, but to the extent of such reduction only.

[Amended by 1959 c.106 §10]

723.270 Shares, exemption from execution; individual liability. The shares of members of any credit union and all accumulations on such shares shall be exempt from sale on execution and proceedings supplementary thereto to the amount of \$600. Unless the bylaws so provide, the shareholders of a credit union shall not be individually liable for the payment of its debts.

723.275 Joint tenancy in shares issued and deposits received. Shares may be issued and deposits received in joint tenancy with right of survivorship with any person designated by the credit union member, but no joint tenant shall be permitted to vote, obtain loans, or hold office, unless he is within the field of membership and is a qualified member. Any shares so issued and deposits so received and additions thereto of whatever nature, including, but not by way of limitation, proceeds of insurance on the life of the member covering such shares or deposits, which insurance proceeds are made payable to the credit union for the account of such deceased member, shall be payable by the credit union on the death of such deceased member to the surviving joint tenant; and such payment and the receipt and acquittance of the same to whom such payment is made shall be a valid and sufficient release and discharge to the credit union for the amounts so paid.

[1959 c.106 §5]

723.280 Meetings of shareholders; voting rights. (1) At all duly called meetings of shareholders of every credit union each shareholder shall have one vote, irrespective of the number of shares which he holds, and no shareholder may vote by proxy.

(2) An annual meeting for the election of directors, credit committee members and supervisory committee members shall be held after the close of each fiscal year, but not later than February 15, upon such notice as the bylaws provide, and at such time and place as shall be designated by the board of directors.

(3) At the written request of 10 members or five percent of the members as of the date of the request, whichever number is greater, provided, however, that a request of not more than 200 members shall be required or by order of a majority of the directors or the supervisory committee, special meetings may be held after notice to the members as provided in the bylaws.

[Amended by 1955 c.550 §5; 1959 c.106 §11; 1971 c.681 §9]

723.290 Withdrawal and expulsion of members. A member desiring to withdraw from a credit union shall file a written notice of his intention to withdraw. The board of directors may expel any member who has not carried out his engagements with the credit union, who has been convicted of a criminal offense, who neglects or refuses to comply with the provisions of this chapter or of the bylaws, who habitually neglects to pay his debts or who becomes insolvent or bankrupt. However, no member shall be expelled until he has been informed in writing of the charges against him and shall have had reasonable opportunity to be heard. Members of a credit union who withdraw or are expelled shall not be relieved of any liability to the corporation. The amounts paid in on shares or deposited by such members, together with any dividends credited to their shares and any interest which has accrued on their deposits, shall be repaid to them in the order of their withdrawal or expulsion, as funds become available therefor, but the credit union may deduct from such payments any sums due it from such members.

[Amended by 1959 c.106 §12]

723.350 Oath of directors, officers and committee members. Each director, officer and committee member, when appointed or elected, shall take an oath that he will, so far as the duty devolves upon him, diligently

and honestly administer the affairs of the credit union, and will not knowingly violate, or willingly permit to be violated, any of the provisions of law applicable to such corporation, and that he is the owner of at least one share standing in his name on the books of the credit union. The oath shall be subscribed by the directors, officers and members of committees making it, verified by an officer authorized by law to administer oaths and immediately transmitted to the Superintendent of Banks.

[Amended by 1959 c.106 §13]

723.360 Qualification of directors, officers and committee members. Every director, officer and committee member of a credit union shall be a shareholder. Every person elected to be a director, officer or committee member, who thereafter ceases to be the owner of his qualifying share, thereby shall vacate his office, and shall not be eligible for reelection as a director, officer or committee member for a period of one year from the date of the next succeeding annual meeting.

[Amended by 1959 c.106 §14]

723.370 Terms of membership on board and committees. The directors and members of the credit and supervisory committees shall hold office for such terms as the bylaws may provide, and, unless sooner disqualified or removed, shall serve until the annual meeting of shareholders following the termination of the periods for which they are elected and until their successors are elected and have qualified. However, no director or member of a committee shall be elected for a term of more than three years.

[Amended by 1959 c.106 §15]

723.380 General powers and duties of directors relating to management, meetings and loans; compensation. (1) The board of directors of every credit union shall have the general management of the affairs, funds and records of the corporation.

(2) The directors shall hold a meeting during organization of the credit union and shall hold an annual meeting within 10 days after each annual meeting of the shareholders. Such meetings shall be for the purpose of electing a president, vice president, secretary and treasurer of the corporation, and such other officers as may be provided for in the bylaws, and performing such other duties as prescribed in the bylaws of the

corporation. If the bylaws so provide the directors may elect the same person as secretary and treasurer.

(3) Whenever the directors deem any loan unsafe they may, in their discretion, require additional security to be given by the borrower, and, if such security is not furnished as required by them, they may declare the loan due and take action to collect it.

(4) No member of the board of directors shall receive any compensation for his services as a member of the board.

[Amended by 1959 c.106 §16]

723.390 Specific powers and duties of directors. Unless the bylaws expressly reserve any or all of the following duties to the shareholders, the directors shall:

(1) Act upon all applications for membership, expel members and terminate members who are no longer within the field of membership; provided, however, that the board may resolve that such members may retain all membership privileges if they meet certain reasonable minimum standards established by the board.

(2) Fix the amount of a blanket surety bond required of each officer having the control or custody of funds.

(3) Determine, from time to time, the rate of interest which shall be allowed on deposits and charged on loans.

(4) Fix the maximum number of shares which may be held by, and the maximum amount which may be lent to, any one member.

(5) Declare dividends.

(6) Recommend amendments to the bylaws.

(7) Fill vacancies in the board of directors or in the credit committee until the next annual meeting of shareholders unless a prior special meeting of shareholders is called and held for such purpose.

(8) Direct the deposit or investment of funds, except loans to members.

(9) Employ such clerical help as may be necessary.

(10) Determine the compensation to be paid the treasurer and other officers of the corporation.

(11) Designate the time and place of the annual meeting of shareholders.

[Amended by 1959 c.106 §17; 1971 c.681 §10; 1973 c.719 §2]

723.400 Credit committee, duties and powers, compensation, composition in rural areas; loans, application, appeal from rejection. (1) The credit committee of every credit union shall meet as often as necessary, after due notice has been given to each member, for the purpose of passing upon applications of members for loans and advances.

(2) If the board of directors of a credit union having assets in excess of \$100,000 considers it expedient, it may authorize the credit committee to delegate authority to either the treasurer or to one of the credit committee members in an individual capacity to pass upon and approve or reject any application for a loan which will not result in the applicant becoming obligated to the credit union for more than the amount provided in subsection (2) of ORS 723.130 in the aggregate, not including any obligation or portion thereof fully secured by shares. If a credit union has assets in excess of \$1 million, the directors may authorize the credit committee to delegate authority to either the treasurer or to one of the credit committee members in an individual capacity to pass upon and approve or reject any application for a loan which will not result in the applicant becoming obligated to the credit union for more than \$2,500 in the aggregate, not including any obligation or portion thereof fully secured by shares. Any such authority so delegated shall be subject to any further limitation or condition as may be imposed by the credit committee or prescribed in the bylaws. All such applications so approved shall be reported to the credit committee at its next meeting after such approval.

(3) Every application must be made in writing and must state the purpose for which the loan is desired and the security offered. Except as otherwise provided in subsection (2) of this section, no loan shall be made unless the application has received the unanimous approval of the members of the credit committee present at a meeting, provided that a majority of the committee is present. Any applicant for a loan may appeal from the decision of the credit committee or of the person to whom authority is delegated under subsection (2) of this section, to the board of directors.

(4) In no case shall a member of the credit committee receive any compensation for his services as a member of the com-

mittee, or serve as a member of the supervisory committee.

[Amended by 1955 c.550 §6; 1959 c.106 §18; 1967 c.279 §5]

723.410 Supervisory committee powers, duties and compensation. (1) The supervisory committee may:

(a) Suspend at any time, by unanimous vote, at a meeting called for that purpose, any member of the credit committee or of the board of directors or any officer.

(b) By a majority vote, call a meeting of the shareholders to consider any violation of this chapter or the bylaws, or any practices of the credit union which, in the opinion of the committee, are unsafe or unauthorized.

(2) The supervisory committee shall:

(a) Inspect the securities, cash and accounts of the credit union and supervise the acts of its board of directors, officers and credit committee.

(b) Within seven days after the suspension of a member of the credit committee or of the board of directors, cause notice of a special meeting to be given to the shareholders to take action regarding such suspension as may be deemed necessary.

(c) Fill vacancies in the supervisory committee until the next annual meeting of the shareholders.

(d) At the close of each fiscal year, make or cause to be made an audit of the books and records and an examination of the business and affairs of the credit union for the year, make a full report of its assets and liabilities, receipts and disbursements to the board of directors, cause such report to be read at the annual meeting of shareholders and filed with the records of the credit union.

(e) Verify or cause to be verified the passbooks and accounts of all members with the records of the treasurer not less frequently than once each year. However, the supervisory committee may, with the approval of the Superintendent of Banks, employ outside auditors to verify not less than 20 percent of the passbooks and accounts of members based on a random sampling with the records of the treasurer not less frequently than once each year.

(3) In no case shall a member of the supervisory committee receive any compensation for his services as a member of such committee or serve as a member of the credit committee or the board of directors.

[Amended by 1959 c.106 §19; 1967 c.279 §6]

723.420 [Repealed by 1959 c.106 §23]

723.430 Loans to nonmembers; personal liability. Any officer, director or member of a committee of a credit union who knowingly permits a loan to be made or participates in a loan to a nonmember of the corporation shall be primarily liable to the corporation for the amount thus illegally loaned. The illegality of such loan shall be no defense in any action by the corporation to recover the amount loaned.

723.440 Official communications; submission to directors and supervisory committee. Every official communication directed by the Superintendent of Banks or one of his deputies to a credit union or to any officer thereof, relating to an investigation or examination conducted by the Banking Division or containing suggestions or recommendations as to the conduct of the business of the credit union, shall be submitted by the officer receiving it to the board of directors and to the supervisory committee at the next meeting of such board or committee and duly noted in the minutes of the meeting.

723.510 Annual and special reports; failure to report. (1) On or before February 15 in each year every credit union shall make a written report to the Superintendent of Banks which shall contain a statement of its condition at the close of business on December 31 of the preceding year and shall be in the form and contain the matters prescribed by the superintendent. Every such report shall be verified by the oaths of the president, treasurer, secretary and a majority of the members of the supervisory committee. The verification shall state that the report is true and correct in all respects to the best of the knowledge and belief of the persons verifying it, and that the usual business of the credit union has been transacted at the location or locations permitted by this chapter and not elsewhere.

(2) Every credit union shall make such other special reports to the Superintendent of Banks as he may require, which shall be in such form and filed at such date as may be prescribed by the superintendent and shall, if required by him, be verified in such manner as he may prescribe.

(3) If any credit union fails to make any report required by this section on or before the day designated for the making thereof, or fails to include therein any matter required by the superintendent, such credit union shall forfeit to the people of the state the sum of \$5 for every day that such re-

port is delayed or withheld, and for every day that it fails to report any such omitted matter, unless the time therefor has been extended by the superintendent.

[Amended by 1959 c.106 §20; 1971 c.681 §11]

723.520 [Repealed by 1959 c.106 §23]

723.530 Examinations; fees. (1) Each credit union is under the supervision of the Superintendent of Banks and shall be examined by him or his duly appointed examiner at least annually and whenever the Superintendent of Banks deems it necessary or expedient. To defray the costs of supervision and examination, every credit union shall pay to the Superintendent of Banks, when each examination is made, a fee based on the total assets of the credit union at the time of such examination according to the following schedule:

(a)	Assets over	And not over	Fee
	\$ 0	\$ 1,000	\$ 10
	1,000	5,000	20
	5,000	15,000	30
	15,000	25,000	50
	25,000	50,000	75
	50,000		200

(b) In addition thereto, the credit union shall pay at the same time an amount equal to one-tenth of one percent of its total outstanding loans not in excess of \$500,000, plus one twenty-fifth of one percent of the loans in excess of \$500,000 but not exceeding \$5 million, plus one-fiftieth of one percent of the loans in excess of \$5 million, excepting loans to other credit unions.

(2) The Superintendent of Banks may, as it may appear to him advisable, reduce the fees to be collected for supervision and examination of credit unions.

(3) Whenever any extra attention is devoted to the affairs of a credit union by the Superintendent of Banks, as may be considered by him to be necessary or expedient or as may be requested by the credit union, the fee for such extra service shall be the actual cost thereof.

[Amended by 1959 c.106 §21; 1971 c.367 §1]

723.540 Revocation of authorization certificate. If, after the issuance of an authorization certificate, the Superintendent of Banks determines that the credit union is insolvent or is violating any provisions of its bylaws or of this chapter or of any rules and regulations prescribed thereunder, the superintendent may serve notice on the credit

union of his intention to revoke the authorization certificate. If for a period of 15 days after the notice the violation continues, the superintendent may revoke the certificate and take possession of the business and property of the credit union and maintain possession until such time as he shall permit it to continue business or its affairs are fully liquidated.

723.550 Procedure for dissolution. (1) Any credit union organized under this chapter may, at a special meeting of the shareholders which is called for such purpose, authorize the dissolution of the credit union. However, after the dissolution meeting, a certified transcript of the minutes of the meeting together with the written consent to the dissolution of at least two-thirds of the members and the names and addresses of the officers and directors of the credit union, attested by a majority of the officers of the credit union, shall be filed with the Superintendent of Banks, who shall make an examination of the condition of such credit union. If it is found solvent, he shall issue to the credit union in duplicate a certificate to the effect that this chapter has been complied with. One of the certificates shall be filed by the credit union with the county clerk of the county in which the credit union is located, whereupon the credit union shall be dissolved and shall cease to carry on business except for the purpose of liquidation and closing out its business.

(2) If, in the liquidation of a credit union, after all liabilities have been paid, there remains a balance in the guaranty reserve, such balance shall be divided among the members in the manner prescribed in this subsection. The participation of each member shall bear to the balance in the guaranty reserve in the same proportion that the sum of such member's dollar balances in fully paid shares at the end of each year of membership bears to the sum of all dollar balances in fully paid shares at the end of each year of membership of all persons who are members of the credit union at the time of dissolution.

[Amended by 1959 c.106 §22]

723.560 Continuance of existence for certain purposes after dissolution or forfeiture. All credit unions organized under this chapter, that expire by limitation specified in their organization certificates or are dissolved by virtue of ORS 723.550, or are annulled by forfeiture or other cause by the judgment of a court, continue to exist as bodies corporate for a period of five years thereafter, if necessary, for the purpose of prosecuting or defending actions, suits or proceedings by or against them, settling their business, disposing of their property and dividing their capital stock, but not for the purpose of continuing their corporate business.

723.990 Penalties. Violation of ORS 723.010 is a misdemeanor.

CERTIFICATE OF LEGISLATIVE COUNSEL

Pursuant to ORS 173.170, I, Thomas G. Clifford, Legislative Counsel, do hereby certify that I have compared each section printed in this chapter with the original section in the enrolled bill, and that the sections in this chapter are correct copies of the enrolled sections, with the exception of the changes in form permitted by ORS 173.160 and other changes specifically authorized by law.
Done at Salem, Oregon,
on November 1, 1973.

Thomas G. Clifford
Legislative Counsel