

Chapter 723 — Credit Unions
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GENERAL PROVISIONS

723.001 Definitions. As used in this chapter, unless the context requires otherwise:

- (1) “Assets” means property, a right or a claim with future objectively measurable value that is owned or effectively controlled by a credit union.
- (2) “Capital” means a credit union’s reserves, undivided earnings and allowances for loan loss.
- (3) “Corporate central credit union” means a cooperative organization whose members consist primarily of other credit unions and whose purposes are:
 - (a) To accumulate and prudently manage the liquidity of its member credit unions through interlending and investment services;
 - (b) (b) To act as an intermediary for member credit unions to the payment systems and facilitate funds transfers between its member credit unions and other financial institutions or their agents;
 - (c) (c) To obtain liquid funds from other credit union organizations, financial intermediaries and other sources; and
 - (d) (d) To perform such other financial services that benefit its member credit unions and that are authorized in writing by the Director of the Department of Consumer and Business Services.
- (e) (4) “Department” means the Department of Consumer and Business Services.
- (5) “Director” means the Director of the Department of Consumer and Business Services.
- (6) “Equity” means a credit union’s reserves and undivided earnings.
- (7) “Home state” means the state in which the credit union is chartered.
- (8) “Host state” means the state in which a credit union conducts business, but that is not the home state.
- (9) “Interstate credit union” means a credit union chartered under the provisions of this chapter or under the authority of the laws of another state and operating in this state and in one or more other states.
- (10) “Official” means any of the following:
 - (a) An individual who is or was a director or officer of the credit union; or
 - (b) An individual who is or was a member of a credit union’s credit committee or supervisory committee.
- (11) “Regular reserve” means an irrevocable reserve set aside to cover losses. [1985 c.762 §80; 1987 c.158 §151; 1987 c.373 §62; 1987 c.650 §1; 1993 c.744 §25; 1995 c.319 §7; 1999 c.185 §1]

723.002 Short title. This chapter shall be known and may be cited as the “Oregon Credit Union Act.” [1975 c.652 §2; 1985 c.762 §78; 1985 c.801 §1; 1987 c.158 §152; 1987 c.373 §63; 1987 c.650 §2]

723.006 “Credit union” defined. A credit union is a cooperative, nonprofit association, incorporated under the laws of this state, for the purposes of encouraging thrift among its members, creating a source of credit at a fair and reasonable rate of interest and providing an opportunity for its members to use and control their own money in order to improve their economic and social condition. [1975 c.652 §3]

723.008 “Credit union” defined for ORS 723.136 and 723.464 to 723.498. As used in ORS 723.136 and 723.464 to 723.498, “credit union” means a credit union organized under this chapter, an interstate credit union doing business in this state or a federal credit union. [1999 c.185 §18; 2001 c.104 §286]

723.010 [Amended by 1955 c.550 §1; repealed by 1975 c.652 §88]

REGULATORY AUTHORITY

723.132 Order to remove officer, director or committee member. The Director of the Department of Consumer and Business Services by order may direct a credit union to remove any officer, director or committee member of the credit union for any reason stated in ORS 723.014. [1987 c.650 §6]

DIRECTION OF AFFAIRS

723.252 Election of directors and appointment of credit committee and credit manager. (1) A credit union must be directed by a board that consists of an odd number of directors, at least five in number, who are elected by and from the credit union’s members in the manner provided in the credit union’s bylaws. Members of the board hold office for such terms as the bylaws provide.

(2) The board of directors shall appoint a supervisory committee of not less than three members at the organizational meeting and within 60 days following each annual meeting of the members for such terms as the bylaws provide.

(3) The board of directors shall appoint a credit committee that consists of an odd number not less than three for such terms as the bylaws provide. The members of the credit union may instead elect the members of the credit committee from among the membership of the credit union at the annual members’ meeting. In lieu of the credit committee, the board of directors may appoint a credit manager.

(4) The board of directors may appoint temporary or successor directors or temporary or successor credit committee or supervisory committee members to serve in place of absent directors or committee members. [1975 c.652 §25; 1997 c.832 §4; 2009 c.234 §5]

723.256 Record of board and committee members. Within such time as the Director of the Department of Consumer and Business Services may establish, a record of the names and addresses of the members of the board, committees and all officers of the credit union shall be filed with the director on forms provided and in the manner prescribed by the director. [1975 c.652 §26; 1991 c.635 §7; 1999 c.185 §14]

723.260 [Amended by 1959 c.106 §10; repealed by 1975 c.652 §88]

723.262 Vacancies. (1) Subject to subsection (2) of this section, the board of directors may fill any vacancies occurring in the board until successors elected at the next annual meeting have qualified.

(2) If a vacancy occurring in the board reduces the number of directors to five or fewer, the board shall fill the vacancy until a successor elected at the next annual meeting has qualified.

(3) The board shall also fill vacancies in the credit and supervisory committees or in the office of credit manager. [1975 c.652 §27; 2005 c.95 §6]

723.266 Compensation of officials. A credit union may pay to the credit union's directors and supervisory committee members reasonable compensation for service as directors and supervisory committee members and may reimburse directors, supervisory committee members and other committee members while the directors or committee members are on official business for necessary expenses incidental to performing the official business. [1975 c.652 §28; 1991 c.635 §8; 2015 c.458 §3]

723.270 [Repealed by 1975 c.652 §88]

723.272 Conflicts of interest. No director, committee member, officer, agent or employee of the credit union shall in any manner, directly or indirectly, participate in the deliberation upon or the determination of any question affecting pecuniary interest or the pecuniary interest of any corporation, partnership or association (other than the credit union) in which the director, committee member, officer, agent or employee is directly or indirectly interested. [1975 c.652 §29]

723.275 [1959 c.106 §5; repealed by 1975 c.652 §88]

723.276 Executive officers. (1) At the organizational meeting of the board of directors and within 60 days after each annual meeting of the members, the directors shall elect an executive officer, whom the directors may designate as chairperson of the board or president, a vice chairperson of the board or one or more vice presidents, a treasurer and a secretary. The treasurer and the secretary may be the same individual. The persons that the board of directors elects are the executive officers of the corporation.

(2) The terms of the officers are one year, or until the successors of the officers are chosen and have duly qualified.

(3) The bylaws must prescribe the duties of the officers. [1975 c.652 §30; 1987 c.286 §4; 1991 c.635 §9; 2009 c.234 §6; 2013 c.480 §3]

723.280 [Amended by 1955 c.550 §5; 1959 c.106 §11; 1971 c.681 §9; repealed by 1975 c.652 §88]

723.282 Authority of directors. The board of directors shall have the general direction of the business affairs, funds and records of the credit union. [1975 c.652 §31]

723.286 Executive committee. From the persons elected to the board, the board may appoint an executive committee of not less than three directors who may be authorized to act for the board in all respects, subject to such conditions and limitations as are prescribed by the board. [1975 c.652 §32]

723.290 [Amended by 1959 c.106 §12; repealed by 1975 c.652 §88]

723.292 Meetings of directors; rules. The board of directors of a credit union shall hold regular meetings. The Director of the Department of Consumer and Business Services may specify by rule the minimum frequency of meetings of the board of directors. [1975 c.652 §33; 1999 c.185 §15; 2009 c.234 §7; 2011 c.327 §1; 2017 c.35 §3]

723.296 Duties of directors; delegation of duties. (1) The board of directors shall manage the business and affairs of the credit union. The duties of the board include, but are not limited to, the duties listed in this section. The board may not delegate duties listed in subsection (2) of this section. The board may delegate the duties listed in subsection (3) of this section to a committee, officer or employee of the credit union, who shall provide appropriate information to the board regarding the exercise of the duties.

(2) The board shall:

(a) Establish the requirements for membership in the credit union, including the par value, if any, of a share;

(b) Authorize interest refunds, if any, to members from income earned and received in proportion to the interest the members pay on classes of loans and under conditions that the board prescribes;

(c) Authorize the employment of persons necessary to carry on the business of the credit union and fix the compensation of the manager or chief executive officer;

(d) Authorize the conveyance of property;

(e) Suspend members of the credit or supervisory committee for failing to perform the members' duties;

(f) Appoint any special committees the board considers necessary;

(g) Limit the number of shares and the amount of deposits that a member may own and ensure that limitations adopted under this subsection apply alike to all members; and

(h) Establish policies and controls regarding the investment of surplus funds.

(3) In addition to the duties listed in subsection (2) of this section, and subject to subsection (1) of this section, the board shall:

(a) Act upon applications for membership. If this duty is delegated, a record of an approval or denial of membership must be made available to the board. A person to whom a committee, officer or employee of the credit union denies membership may appeal the denial to the board.

(b) Purchase a blanket fidelity bond, in accordance with ORS 723.122.

(c) Determine from time to time the interest rate or rates that shall be charged on loans.

(d) Declare dividends on shares and share certificates in accordance with the provisions of the bylaws and determine the prospective dividend rate to be paid on shares and share certificates and the interest rate or rates that will be paid on deposits and deposit certificates.

(e) Designate a depository or depositories for the funds of the credit union.

(f) Borrow or lend money to carry out the functions of the credit union. [1975 c.652 §34; 1981 c.412 §7; 1985 c.762 §95; 1985 c.801 §3; 1987 c.286 §5; 1997 c.832 §5; 2005 c.95 §7; 2013 c.480 §4]

723.322 Duties of supervisory committee; verification of member accounts; rules. (1) The supervisory committee shall make or cause to be made a comprehensive annual audit of the books and affairs of the credit union and shall submit a report of the audit to the board of directors and the Director of the Department of Consumer and Business Services and a summary of that report to the members at the next annual meeting of the credit union. It shall make or

cause to be made such supplementary audits or examinations as it deems necessary or as are required by the director or by the board of directors, and submit reports of these supplementary audits to the board of directors.

(2) The supervisory committee shall cause the accounts of the members to be verified with the records of the credit union from time to time in accordance with subsection (3) of this section. This verification shall be done not less frequently than every two years.

(3) Verification of members' accounts shall be made using either of the following methods:

(a) A controlled verification of 100 percent of members' share and loan accounts; or

(b) A controlled random statistical sampling method in accordance with rules that the director may prescribe.

(4) Records of accounts verified shall be maintained and retained until the next verification of members' accounts is completed. [1975 c.652 §39; 1991 c.635 §10]

723.326 Suspension and removal of officials; restrictions on service as director. (1) The supervisory committee by a unanimous vote may suspend any member of the board until the next members' meeting. The next members' meeting must be held not less than 14 nor more than 45 days after the suspension. At the meeting the members shall decide whether to remove the suspended officer or board member.

(2) The board may remove any member of the supervisory committee for failing to perform duties prescribed in this chapter or in the credit union's articles of incorporation, bylaws or policies.

(3) A person may not serve as a director if the person has defaulted on payment of a voluntary obligation to the credit union or has otherwise caused the credit union to incur a financial loss. [1975 c.652 §40; 1985 c.762 §96; 1999 c.185 §16; 2005 c.95 §8; 2013 c.480 §5]

723.332 [1975 c.652 §41; 1985 c.762 §97; repealed by 2013 c.480 §8]

723.338 Duty to notify law enforcement officers of violations of Oregon Credit Union Act; investigations; costs. (1) If a director, officer or committee member of a credit union has reason to believe that a person has violated any provision of the Oregon Credit Union Act for which criminal prosecution is provided, such official shall give the information relative to the violation to the appropriate federal, state or local law enforcement officer having jurisdiction of the violation, and to the Director of the Department of Consumer and Business Services.

(2) If the matter is referred to the Attorney General or to a district attorney, such official promptly shall investigate the violation and institute such action against the person as the information and investigation requires or justifies. The cost of the investigation and action shall be paid by the county or state in the manner in which other criminal actions are paid. [1979 c.88 §33]

723.350 [Amended by 1959 c.106 §13; repealed by 1975 c.652 §88]

723.360 [Amended by 1959 c.106 §14; repealed by 1975 c.652 §88]

723.370 [Amended by 1959 c.106 §15; repealed by 1975 c.652 §88]

723.380 [Amended by 1959 c.106 §16; repealed by 1975 c.652 §88]

723.390 [Amended by 1959 c.106 §17; 1971 c.681 §10; 1973 c.719 §2; repealed by 1975 c.652 §88]

723.400 [Amended by 1955 c.550 §6; 1959 c.106 §18; 1967 c.279 §5; repealed by 1975 c.652 §88]

MISCELLANEOUS

723.806 Notice to law enforcement officers of violation of Oregon Credit Union Act; exceptions. If the Director of the Department of Consumer and Business Services has reason to believe that a person has violated any provision of the Oregon Credit Union Act for which criminal prosecution is provided, the director shall give the information relative to the violation to the federal, state or local law enforcement agency having jurisdiction of the violation. This section does not apply, however, if an official of the credit union has reported the information to the proper law enforcement officer under ORS 723.338. [1975 c.652 §81; 1979 c.88 §36]

723.812 Actions; assistance. The Attorney General shall conduct all actions begun by the Director of the Department of Consumer and Business Services under authority of the Oregon Credit Union Act, and may require the assistance of the district attorney of the district in which the action is conducted. [1975 c.652 §82]

723.816 Prohibited acts. (1) No credit union officer, director, employee or agent, shall willfully:

(a) With intent to deceive, falsify any book of account, report, statement, record or other document of a credit union whether by alteration, false entry, omission or otherwise.

(b) Sign, issue, publish or transmit to a governmental office any book of account, report, statement, record or other document which the person knows to be false.

(c) By means of deceit, obtain a signature to a writing which is a subject of forgery.

(d) With intent to deceive, destroy any credit union book of account, report, statement, record or other document.

(2) No person shall maliciously and knowingly spread false reports about the management or finances of any credit union. [1975 c.652 §83]

723.818 Giving false document, statement or report prohibited. A person may not knowingly give or cause to be given to the Director of the Department of Consumer and Business Services any document or any oral or written statement or report that is false in any material respect, in the course of any investigation or examination by the director under this chapter. [1987 c.215 §7]

723.822 Cease and desist orders; contents; effective date; removal or suspension. (1) The Director of the Department of Consumer and Business Services may issue and serve upon a credit union or a director, officer, committee member, employee or agent of a credit union an order to cease and desist from a practice or a violation as follows:

(a) The director may issue an order to cease and desist from an unsafe or unsound practice when the director has reasonable cause to believe that the person to whom the order is directed is engaging, has engaged or is about to engage in an unsafe or unsound practice in conducting the business of the credit union.

(b) The director may issue an order to cease and desist from a violation when the director has reasonable cause to believe that the person to whom the order is directed is violating, has violated or is about to violate a law, rule or regulation of this state or the United States, an order of the director or a provision of the articles of incorporation or bylaws of the credit union.

(2) An order under subsection (1) of this section must include the following:

(a) A statement of the facts that constitute the practice or violation.

(b) A provision that requires the person named in the order to cease and desist from the practice or violation. The provision may be mandatory or otherwise.

(c) The effective date of the order.

(d) A notice to the person named in the order of the right to a contested case hearing under ORS chapter 183.

(3) If the practice or violation specified in the order or the continuation of the practice or violation is likely to prejudice the interest of the members of a credit union, the director may issue an order effective immediately or at a later date. In all other cases, the order is effective 30 days after the date of the order unless the person named in the order requests a hearing on the order.

(4) An order under this section remains in effect until a court order or the director withdraws the order.

(5) If an individual named in an order under this section fails to comply with the order, the director may issue an order that removes or suspends the individual from the office or position the individual holds. The removal or suspension is in addition to any penalty provided by ORS 723.995 for failure to comply with an order issued under this section. [1975 c.544 §56; 1977 c.135 §46; 1987 c.215 §8; 1987 c.286 §13; 2009 c.541 §42a]

723.826 [1975 c.544 §57; 1981 c.192 §42; 1985 c.762 §104; 1987 c.215 §9; 1987 c.373 §65; 1991 c.734 §97; renumbered 723.995 in 1995]

723.840 Limitation on personal liability for good faith act or omission or exercise of judgment or discretion; reliance on information or reports; causes of action. (1) A person is not personally liable for an act or omission the person does or fails to do in good faith and in compliance with a statute, rule or order of the Director of the Department of Consumer and Business Services under this chapter regardless of whether the statute, rule or order is later amended, rescinded or determined to be invalid by judicial or other authority.

(2) A director or officer of a credit union is not personally liable to the credit union or to members of the credit union for damages that result from the director's or officer's exercising judgment or discretion in connection with the director's or officer's duties or responsibilities or from the director's or officer's act or omission in rendering service to the credit union, except to the extent that, in exercising judgment or discretion or in rendering service to the credit union, the director or officer fails to act in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances and in a manner that the director or officer reasonably believes is in the best interests of the credit union.

(3)(a) A director, in discharging the director's duties, may rely on information, opinions, reports or statements, including financial statements and other financial data that any of the following persons prepare or present:

(A) An officer or employee of the credit union that the director reasonably believes is competent and reliable with respect to the matters the officer or employee prepares or presents;

(B) Legal counsel, public accountants or other persons with respect to matters that the director reasonably believes are within the counsel's, accountant's or other person's professional or expert competence; or

(C) A committee of the board of directors of which the director is not a member if the director reasonably believes that the committee merits the director's confidence.

(b) A director does not act in good faith, with due care or in a manner that the director reasonably believes is in the interests of the credit union if the director has knowledge concerning a matter that makes the director's reliance on the information, opinions, reports, statements or data described in paragraph (a) of this subsection unwarranted.

(4) This section does not bar a cause of action against the credit union or change any liability of the credit union that arises out of an act or omission of a director, officer or other who is exempt from liability for negligence under this section. [1999 c.185 §38; 2013 c.480 §7]

PENALTIES

723.992 Criminal penalties. (1) Violation of ORS 723.816 (1) is a Class C felony.

(2) Violation of ORS 723.816 (2) is a Class A misdemeanor. [1975 c.652 §84]

723.995 Civil penalties. (1) The Director of the Department of Consumer and Business Services may assess any person who violates any provision of this chapter or any rule or final order issued under this chapter a civil penalty of not more than \$2,000 for each violation or \$10,000 in the aggregate for all violations within any three-month period. In the case of an individual agent or employee of a credit union, the civil penalty shall be not more than \$1,000 for each violation or \$5,000 in the aggregate for all violations within any three-month period. The director shall count each day that a violation continues as a separate violation.

(2) In addition to the civil penalty provided by subsection (1) of this section, a credit union or a director, officer, committee member, agent or employee of a credit union who violates any provision of this chapter, or any rule or final order issued under this chapter, may be assessed a civil penalty in an amount determined by the director but not to exceed the amount by which the person profited as a result of the violation.

(3) Civil penalties under this section shall be imposed as provided in ORS 183.745.

(4) If a civil penalty is assessed against a director, officer, committee member, agent or employee of a credit union, unless the director provides otherwise, the director, officer, committee member, agent or employee shall forfeit the penalty and the penalty shall not be paid either directly or indirectly by the credit union.

(5) All moneys collected under this section shall be paid to the State Treasurer and credited as provided in ORS 705.145. [Formerly 723.826]