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## A B I L L

To amend sections 1761.01, 1761.02, 1761.03, 1761.05  
to 1761.10, and 1761.13 of the Revised Code to  
modify the Credit Union Guaranty Corporations Law  
regarding insurable credit union share accounts,  
composition of a board of directors, eligibility  
requirements for licensure, powers of a  
corporation, reporting requirements, funds to be  
included in a guarantee fund, and eligible  
investments by a corporation.

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

**Section 1.** That sections 1761.01, 1761.02, 1761.03, 1761.05,  
1761.06, 1761.07, 1761.08, 1761.09, 1761.10, and 1761.13 of the  
Revised Code be amended to read as follows:

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**Sec. 1761.01.** As used in this chapter:

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(A) "Account" means the total of all amounts credited to a

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participating credit union for paid-in capital contribution, and  
other credits, net of any charges to that participating credit  
union. "Account" is an "advancement" as that term is used in  
section 3901.72 of the Revised Code, and is subject to the  
requirements of ~~such~~ that section.

(B) "Capital contribution" means the amount each  
participating credit union is required to maintain as a capital  
deposit in the credit union share guaranty corporation. "Capital  
contribution" is an "advancement" as that term is used in section  
3901.72 of the Revised Code, and is subject to the requirements of  
~~such~~ that section. "Capital contribution" constitutes assets of  
the corporation up to the amount of the normal operating level  
otherwise described in this chapter.

(C) "Credit union," "state," and "member," unless otherwise  
specified or described in this chapter, have the meanings given  
such terms in Chapter 1733. of the Revised Code.

(D) "Credit union share accounts" means funds deposited in  
any shares, accounts, deposits, or certificates of a participating  
credit union.

(E) "Credit union share guaranty corporation" means a  
corporation described in section 1761.02 of the Revised Code and  
licensed by the superintendent of insurance under section 1761.04  
of the Revised Code to guarantee payment of a credit union share  
account of an individual member or, as described in division  
(B)(2) of section 1761.02 of the Revised Code, a nonmember of a  
credit union or otherwise issue or effect credit union share  
guaranty insurance.

(F) "Credit union share guaranty insurance" means that  
insurance for the protection of share accounts of member credit  
unions described in and required by section 1733.041 of the  
Revised Code.

(G) "Credit union supervisory authority" means that official 46  
who regulates credit unions in another state. 47

(H) "Deficiency" means the difference between the guaranteed 48  
amount of an individual member's or, as described in division 49  
(B)(2) of section 1761.02 of the Revised Code, a nonmember's 50  
credit union share account and the proceeds of any liquidation of 51  
a participating credit union distributed or to be distributed to 52  
the individual member or nonmember. 53

(I) "National credit union administration" means the federal 54  
regulatory agency as established and defined by the "Federal 55  
Credit Union Act," 84 Stat. 994 (1970), 12 U.S.C. 1751, as 56  
amended, or any successor to the national credit union 57  
administration. 58

(J) "Participating credit union" means a credit union that 59  
has applied for and been admitted to participation in a credit 60  
union share guaranty corporation and whose participation has not 61  
been terminated. 62

(K) "Share capital" means the aggregate of all moneys in 63  
credit union share accounts, irrespective of how denominated, 64  
which show a balance due on the records of the participating 65  
credit union and are guaranteed by the guaranty corporation. 66

(L) "Superintendent of insurance" is the chief executive 67  
officer and director of the department of insurance as provided ~~n~~ 68  
in Chapter 3901. of the Revised Code. 69

(M) "Superintendent of credit unions" means the 70  
superintendent of the division of financial institutions of this 71  
state. 72

**Sec. 1761.02.** (A) A credit union share guaranty corporation 73  
may be established, licensed, and operated in compliance with this 74  
chapter. 75

(B)(1) A credit union share guaranty corporation may be organized as a corporation under this chapter. Chapter 1701. or 1702. of the Revised Code, to the extent either is applicable and not in conflict with this chapter and those chapters of Title XXXIX of the Revised Code specified in division (A) of section 1761.04 of the Revised Code, applies to such corporation. A credit union share guaranty corporation shall only be authorized to engage do any of the following:

(a) Engage in the business of guaranteeing payment of a credit union share account of an individual member of a credit union ~~or otherwise;~~

(b) In accordance with division (B)(2) of this section, engage in the business of guaranteeing payment of a credit union share account of a nonmember of a credit union;

(c) Otherwise issue or effect credit union share guaranty insurance.

(2) For purposes of division (B) of this section, both of the following apply:

(a) Nonmember share accounts are subject to guaranty provided by the credit union share guaranty corporation not exceeding twenty per cent of the aggregate share accounts of the participating credit union.

(b) Nonmember share accounts are nonmember share accounts that are received by a participating credit union that has been designated by its supervisory authority as serving predominantly low-income members; share accounts of other credit unions; and, to the extent determined by the participating credit union's supervisory authority to be received by that credit union consistent with law, share accounts of public units or political subdivisions. For purposes of division (B)(2)(b) of this section, "supervisory authority" means, with respect to any credit union

doing business in this state, the superintendent of financial  
institutions and, with respect to any credit union doing business  
in another state, the official who regulates credit unions in that  
state.

(C) A credit union share guaranty corporation shall have the  
word "insurance" in its name.

(D) Persons who receive from a credit union share guaranty  
corporation any commission, salary, or other emolument for  
services arising out of their association with the corporation  
shall not comprise a majority of the membership of the board of  
directors of the corporation. ~~Persons who are officers, directors,~~  
~~or employees of participating credit unions shall not comprise a~~  
~~majority of the membership of the board of directors of a credit~~  
~~union share guaranty corporation~~ This division does not apply to  
persons who receive only an emolument consisting of fees or  
expense reimbursements for serving as a member of the board of  
directors of the corporation or of a committee of the board of  
directors.

(E) A credit union share guaranty corporation organized as a  
nonprofit corporation under this chapter is exempt from all taxes  
and fees imposed by this state or any county, municipal  
corporation, local authority, or other subdivision, except that  
any real property owned by the nonprofit corporation is subject to  
taxation to the same extent according to its value as other real  
property is taxed.

(F) Notwithstanding the provisions of section 5725.18 of the  
Revised Code, the capital deposits or contributions by  
participating credit unions shall not be included in the value of  
capital and surplus subject to the annual franchise tax payable by  
a credit union share guaranty corporation organized under this  
chapter nor shall any capital contributions, assessments, or fees  
received from participating credit unions for primary coverage by

such credit union share guaranty corporation be included in the  
gross amount subject to the annual franchise tax. Any payment  
otherwise made under this division shall be in addition to any  
taxes due as an insurer under Title LVII of the Revised Code.

**Sec. 1761.03.** The general purposes of a credit union share  
guaranty corporation are:

(A) To guarantee payment of all or a part of participating  
credit union share accounts of an individual member or, as  
described in division (B)(2) of section 1761.02 of the Revised  
Code, a nonmember of a participating credit union, subject to any  
express limitations as provided in this chapter;

(B) To aid and assist any participating credit union ~~which~~  
that is in liquidation or incurs financial difficulty in order  
that the credit union share accounts are protected or guaranteed  
against loss;

(C) To cooperate with participating credit unions, the  
superintendent of credit unions, the appropriate credit union  
supervisory authorities, and the national credit union  
administration for the purpose of advancing the general welfare of  
credit unions in this state and in ~~such~~ other states where  
participating credit unions operate.

**Sec. 1761.05.** (A) No person shall guarantee to a credit union  
payment of a credit union share account of an individual member  
or, as described in division (B)(2) of section 1761.02 of the  
Revised Code, a nonmember of a credit union or otherwise issue or  
effect credit union share guaranty insurance until the  
superintendent of insurance has licensed it to do so as a credit  
union share guaranty corporation under this chapter. Such license  
shall not be issued or renewed unless an applicant for a license  
or a credit union share guaranty corporation satisfies the

following conditions: 169

(1) The articles of incorporation of the applicant or 170  
corporation, and any amendments thereto, are filed with and 171  
approved by the secretary of state and the attorney general; 172

(2) The articles of incorporation and the bylaws of the 173  
applicant or corporation, and any amendments thereto, are 174  
consistent with the provisions of this chapter and those chapters 175  
of Title XXXIX of the Revised Code specified in division (A) of 176  
section 1761.04 of the Revised Code, and are approved by the 177  
superintendent of insurance; 178

(3) The applicant holds bona fide applications for 179  
participation in the corporation from at least ~~fifty~~ thirty credit 180  
unions which shall become effective immediately upon issuance of 181  
the license, or, in the case of a renewal of such license, the 182  
corporation has at least ~~fifty~~ thirty participating credit unions; 183

(4) The applicant or corporation maintains a reserve for 184  
guarantee losses in compliance with section 1761.15 of the Revised 185  
Code; 186

(5) The applicant or corporation has capital deposits in a 187  
principal sum no less than five million dollars and such capital 188  
deposits are invested in compliance with section ~~1761.12~~ 1761.13 189  
of the Revised Code; 190

(6) The applicant or corporation submits an audited financial 191  
statement verified by the oath of the president and secretary of 192  
the corporation, which demonstrates the corporation's compliance 193  
with generally accepted accounting principles, and the applicant 194  
or corporation submits an annual statement in accordance with 195  
sections 3929.30 and 3941.29 of the Revised Code that demonstrates 196  
the applicant's or corporation's solvency according to principles 197  
of statutory accounting; 198

(7) The superintendent of credit unions certifies in writing 199

to the superintendent of insurance that the applicant or  
corporation is in compliance with this chapter;

(8) The applicant or corporation is in compliance with those  
chapters of Title XXXIX of the Revised Code specified in division  
(A) of section 1761.04 of the Revised Code as determined by the  
superintendent of insurance.

(B) The superintendent shall issue, renew, refuse to renew,  
or deny the license required by this section by written order  
issued within thirty days after receipt of the application. The  
superintendent shall issue or renew the license if the conditions  
set forth in division (A) of this section are satisfied.

(C) In the event the superintendent determines to refuse to  
renew or deny the license, ~~he~~ the superintendent shall specify all  
reasons for the refusal or denial in ~~his~~ the superintendent's  
written order and shall set the matter for hearing under Chapter  
119. of the Revised Code within thirty days after issuance of ~~his~~  
that written order. At such hearing, the applicant or credit union  
share guaranty corporation may present evidence to demonstrate its  
ability to satisfy the conditions required for the issuance or  
renewal of a license under division (A) of this section. Within  
twenty days after the conclusion of the hearing, the  
superintendent shall issue ~~his~~ a final order either issuing,  
renewing, refusing to renew, or denying the license. The final  
order shall comply with the requirements of an adjudication order  
under Chapter 119. of the Revised Code. The applicant or credit  
union share guaranty corporation aggrieved by the final order may  
appeal in accordance with Chapter 119. of the Revised Code.

(D) The license required by this section shall be renewable  
annually on the anniversary date of the issuance of the original  
license.

**Sec. 1761.06.** (A) In carrying out its general purposes as set



forth in section 1761.03 of the Revised Code, a credit union share  
guaranty corporation may do any of the following:

(1) Guarantee to participating credit unions the payment of  
any deficiency in the individual member's or, as described in  
division (B)(2) of section 1761.02 of the Revised Code, a  
nonmember's credit union share accounts caused by insolvency or  
any other reason;

(2) Issue credit union share guaranty insurance policies or  
otherwise effect credit union share guaranty insurance;

(3) Advance funds in accordance with agreed lending terms and  
conditions to aid participating credit unions to operate and to  
meet liquidity requirements;

(4) Upon the written order of the superintendent of credit  
unions, and at such compensation as shall be agreed upon, the  
corporation may assume control of the property and business of any  
participating credit union and operate it at the direction of the  
superintendent until its financial stability has been  
reestablished to the satisfaction of the superintendent, or the  
credit union has been liquidated or merged into another credit  
union;

(5) Assist in the merger, consolidation, or liquidation of  
credit unions;

(6) Purchase or otherwise acquire, lease as lessee, invest  
in, hold, use, lease as lessor, encumber, sell, exchange,  
transfer, and dispose of property of any description or any  
interest therein;

(7) Borrow money, and issue, sell, and pledge its notes,  
bonds, and other evidences of indebtedness, and secure any of its  
obligations by mortgage, pledge, or deed of trust of all or any of  
its property, and guarantee or secure obligations of participating  
credit unions, subject to section 3901.72 of the Revised Code;

(8) Enter into contracts of insurance or reinsurance, 262  
insuring in whole or in part its contractual guarantees to 263  
participating credit unions and any other insurance or bonding 264  
company contracts necessary or advisable in the conduct of its 265  
business, provided a credit union share guaranty corporation shall 266  
not assume as reinsurer any risks from another insurer; 267

(9) Receive money or other property from its participating 268  
credit unions, or any person; 269

(10) Invest its funds as provided in section 1761.13 of the 270  
Revised Code; 271

(11) Receive by assignment, mortgage, or purchase any asset 272  
or interest therein owned or held by a participating credit union; 273

(12) Sell, assign, mortgage, encumber, or transfer property 274  
of any nature; 275

(13) Conduct investigations, examinations, and audits of any 276  
applicant or participating credit union in order to determine the 277  
financial condition and operations of the applicant or 278  
participating credit union; 279

(14) Become a member or shareholder in any organization, 280  
domestic or foreign, regional or national, organized and operated 281  
for the purpose of assisting the corporation in carrying out its 282  
purposes and, subject to the approval of the superintendent of 283  
credit unions, delegate to such organization any one or more of 284  
the functions for which it is responsible under this chapter; 285

(15) Conduct its affairs in and outside of this state, 286  
provided it shall maintain its offices, books, and records in the 287  
location stated in its articles of incorporation as its principal 288  
place of business. 289

(B) The corporation may obtain, and continuously maintain in 290  
effect, reinsurance and a line of credit, each from one or more 291

insurance companies or financial institutions and in such amount 292  
as determined by its board of directors. The superintendent of 293  
credit unions or the superintendent of insurance may require the 294  
corporation to obtain and maintain reinsurance or a line of credit 295  
but only in the event the superintendent of credit unions or the 296  
superintendent of insurance first finds that such reinsurance or 297  
line of credit is actuarially or financially necessary. Such 298  
determination shall be made on a year-to-year basis. 299

In the event of lapse of either reinsurance or the line of 300  
credit of the corporation, the corporation shall immediately 301  
notify the superintendent of credit unions, the superintendent of 302  
insurance, the president of the senate, and the speaker of the 303  
house of representatives, and shall confirm this communication in 304  
writing. 305

(C) All written communication with regulatory significance 306  
from a credit union supervisory authority of another state to the 307  
corporation shall be copied and such copy shall be sent by the 308  
corporation to the superintendent of credit unions and the 309  
superintendent of insurance within three days of receipt. 310

(D) The corporation shall not publicly represent in any 311  
manner that it is an agency of the state or federal government. 312  
Any public representations of the corporation's status or legal 313  
existence are further subject to rules adopted by the 314  
superintendent of credit unions and the superintendent of 315  
insurance. 316

(E) The corporation shall submit its standard contract of 317  
share guaranty, and any amendments thereto, to the superintendent 318  
of credit unions and the superintendent of insurance annually. The 319  
contract of share guaranty shall reflect all terms governing the 320  
guarantee of payment of a credit union share account and shall 321  
constitute the policy of credit union share guaranty insurance. 322

**Sec. 1761.07.** (A) Any credit union chartered by this state or 323  
any credit union chartered by a state that, as described in 324  
division (B) of this section, allows its credit unions to be 325  
eligible for participation in a credit union share guaranty 326  
corporation or any credit union chartered by the federal 327  
government that, as described in division (C) of this section, 328  
allows federally chartered credit unions to be eligible for 329  
participation in a credit union share guaranty corporation is 330  
eligible to participate in a credit union share guaranty 331  
corporation under this chapter, subject to the following 332  
conditions: 333

(1) The board of directors of the credit union and the board 334  
of directors of the credit union share guaranty corporation 335  
approve the participation; 336

(2) The credit union satisfies the risk eligibility standards 337  
established by the credit union share guaranty corporation and 338  
applicable to all applying and participating credit unions; 339  
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(3) The credit union agrees to furnish financial statements, 341  
delinquent loan reports, and ~~such~~ other information considered 342  
necessary by the credit union share guaranty corporation to assess 343  
the financial condition and performance of the credit union; 344

(4) The credit union agrees to be bound by the provisions of 345  
this chapter and the articles of incorporation and bylaws of the 346  
credit union share guaranty corporation; 347

(5) Participation by the credit union would not result in a 348  
violation by the credit union share guaranty corporation of any 349  
provision of this chapter or other applicable state or federal 350  
law. 351

(B) Credit unions chartered by other states qualify for 352

participation in the corporation, provided the following  
conditions are satisfied:

(1) Such participation is lawful under the laws of both this  
state and the domicile state of the credit union applying for  
participation in the corporation;

(2) The credit union share guaranty corporation by agreement  
or law has sufficient authority to require the credit union  
applying for participation in the corporation to comply with the  
articles of incorporation and bylaws of the corporation, and with  
this chapter;

(3) The credit union supervisory authority of such state  
agrees to furnish to the credit union share guaranty corporation  
copies of all financial and examination reports and other  
information regarding participating credit unions as is necessary  
to effect the corporation's purposes. If the credit union  
supervisory authority is prohibited by law from disclosing ~~such~~  
this information, the participating credit unions shall provide  
the information to the corporation.

(C) Credit unions chartered by the federal government may  
participate in the corporation, provided the following conditions  
are satisfied:

(1) The national credit union administration does not  
restrict such participation;

(2) Such participation is lawful under the laws of both this  
state, the domicile state of the credit union applying for  
participation in the corporation, and the federal government;

(3) The credit union share guaranty corporation by agreement  
or law has sufficient authority to require the credit union  
applying for participation in the corporation to comply with the  
articles of incorporation and bylaws of the corporation, and with  
this chapter;

(4) ~~Participating~~ To the extent permitted by federal law or 384  
regulation, participating credit unions insured by the national 385  
credit union administration agree to furnish to the corporation 386  
copies of all financial and examination reports and ~~such~~ other 387  
information regarding the participating credit unions as is 388  
necessary to effect the corporation's purposes. 389

(D) Any credit union that has ~~become~~ been admitted to 390  
participation in the credit union share guaranty corporation in 391  
accordance with the qualifications of this section shall have 392  
referenced in their contract with the corporation all of the 393  
appropriate conditions for participation and the manner in which 394  
~~they~~ these conditions were satisfied. 395

(E) Any credit union that has ~~become~~ been admitted to 396  
participation in the corporation in accordance with the 397  
qualifications of division (B) or (C) of this section shall have 398  
the same privileges, benefits, and obligations of participation as 399  
those participating credit unions chartered under the laws of this 400  
state. 401

(F) No credit union shall be admitted to participation in the 402  
corporation unless it has paid in full its capital contribution or 403  
any applicable premiums, fees, and assessments. 404

(G) Notwithstanding any other provision of law to the 405  
contrary, each participating credit union, which is otherwise 406  
entitled to vote on any matters or action of the corporation under 407  
this chapter, Chapter 1701. or 1702. of the Revised Code, or the 408  
articles or bylaws of the corporation, shall be entitled to cast 409  
no more than one vote. 410

(H) The right to participate issued by the corporation shall 411  
be nontransferrable and shall be exempt from the securities laws 412  
of this state. 413

Sec. 1761.08. (A)(1) In order to permit the credit union 414  
share guaranty corporation to assess the financial condition and 415  
performance of a credit union, upon the written request of the 416  
corporation, the superintendent of credit unions or other credit 417  
union supervisory authority or the national credit union 418  
administration may furnish to the corporation a copy of unaudited 419  
financial statements filed by a participating credit union or a 420  
credit union making application to participate in the corporation 421  
pursuant to divisions (B) and (C) of section 1733.32 of the 422  
Revised Code or a comparable state or federal statute or of any 423  
examination reports of the superintendent or other credit union 424  
supervisory authority which were prepared pursuant to division (A) 425  
of section 1733.32 of the Revised Code or a comparable state or 426  
federal statute. ~~There~~ 427

(2) ~~There~~ shall be no liability on the part of, and no cause 428  
of action of any nature shall arise against this state or any 429  
state, the superintendent of credit unions or other credit union 430  
supervisory authority, or the national credit union administration 431  
for the release of any information furnished to the corporation 432  
pursuant to this division. ~~Such financial~~ 433

(3) ~~Financial~~ statements and analyses furnished to the 434  
corporation pursuant to ~~this~~ division (A) of ~~this section~~ are not 435  
public documents, and the information contained therein is 436  
privileged and confidential to the corporation for its sole use in 437  
carrying out its statutory functions. 438

(B)(1) Each participating credit union shall submit ~~monthly~~ 439  
to the credit union share guaranty corporation quarterly, or more 440  
frequently as considered necessary by the corporation, a copy of 441  
its financial statements, delinquent loan report, and any other 442  
~~such~~ information ~~as~~ considered necessary by the credit union share 443  
guaranty corporation in order to assess the financial performance 444  
of the participating credit union. The corporation may require 445

that participating credit unions submit financial information in 446  
the format required by the corporation. 447

(2) Financial statements submitted to the corporation by 448  
participating credit unions pursuant to division (B)(1) of this 449  
section are public documents. 450

(C) Each participating credit union shall submit to the 451  
credit union share guaranty corporation upon written request of 452  
the corporation any other information as is necessary to effect 453  
the corporation's purposes. 454

(D)(1) In addition to other powers conferred in this chapter 455  
a credit union share guaranty corporation may do the following: 456

~~+1~~(a) Appoint an independent certified public accountant or 457  
public accountant to prepare an audit report containing audited 458  
financial statements together with such other information as the 459  
corporation, in good faith, requires regarding the financial 460  
condition of any participating credit union; 461

~~+2~~(b) Upon notification to its participating credit union 462  
and after notice to the superintendent of credit unions, or other 463  
credit union supervisory authority, or the national credit union 464  
administration, send a specialized employee to investigate the 465  
operations of a participating credit union. 466

~~+3~~(2) Costs and expenses for an audit report or special 467  
investigation report under division (D)(1)(a) of this section 468  
shall be paid by the corporation. 469

(E)(1) Upon determination by the superintendent of credit 470  
unions or the credit union share guaranty corporation that a 471  
participating credit union is operating in an unsafe or unsound 472  
manner, or that financial statements, delinquent loan reports, and 473  
other data received or examined by the corporation is unreliable 474  
or the participating credit union investment in the corporation is 475  
in excess of five per cent of the corporation's fund, the 476



corporation shall require that an audit of the books and records 477  
of the participating credit union be conducted. The audit shall be 478  
completed in accordance with generally accepted auditing 479  
standards, and include such testing of the records necessary to 480  
render an opinion of an independent certified public accountant. 481  
~~If such~~ 482

(2) If the report, certificate, or opinion of the independent 483  
accountant, as described in division (E)(1) of this section, is in 484  
any way qualified, the corporation shall require the credit union 485  
to take such action as the corporation considers necessary to 486  
permit an independent accountant to remove such qualification from 487  
the report, certificate, or opinion. If such qualification is not 488  
remedied within the time period designated, the corporation shall 489  
report such qualification in writing to the superintendent within 490  
three days thereof. ~~In~~ 491

(3) In addition to other action described in this division, 492  
the corporation may do the following: 493

~~(1)~~(a) Recommend appropriate corrective measures to the 494  
operational policies and procedures of the participating credit 495  
unions; 496

~~(2)~~(b) Make appropriate recommendations to the superintendent 497  
or appropriate credit union supervisory authority or the national 498  
credit union administration including the recommendation that the 499  
participating credit union be liquidated or consolidated; 500  
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~~(3)~~(c) Submit reports and make recommendations to the 502  
superintendent of credit unions, other credit union supervisory 503  
authority, or the national credit union administration regarding 504  
the financial condition of any participating credit union. Such 505  
reports and recommendations are not public documents. ~~There~~ 506

(4) There shall be no liability on the part of, and no cause 507

of action of any nature shall arise against, the corporation or 508  
its participating credit unions, directors, officers, employees, 509  
or agents, or the superintendent or other credit union supervisory 510  
authority or the national credit union administration, for any 511  
statements made by them in any reports or recommendations made in 512  
accordance with ~~this~~ division (E) of this section. 513

(F) When an examination or investigation of any participating 514  
credit union is considered necessary for good cause shown by the 515  
superintendent of credit unions under this chapter, the 516  
corporation shall pay to the superintendent of credit unions the 517  
cost thereof, including the salary or other compensation paid to 518  
the persons making the examination or rendering special services 519  
and overhead cost incurred in connection with the examination or 520  
investigation as fixed by the superintendent. In determining the 521  
costs of services or examinations, the superintendent may use the 522  
estimated hourly cost for all persons performing services for, or 523  
examinations of, the corporation for the fiscal year. Travel 524  
expenses shall be paid by the division of financial institutions. 525

(G) Neither the corporation nor any participating credit 527  
union, as an agent of the corporation or of its participating 528  
credit unions, or any other person shall use information obtained 529  
under division (A), (B), (C), (D), or (E) of this section for any 530  
purpose not authorized by this section. The conviction for 531  
violation of this division by any person located outside this 532  
state shall be reported to the appropriate credit union 533  
supervisory authority or the national credit union administration 534  
for prosecution under the laws of that jurisdiction. 535

**Sec. 1761.09.** (A) Each credit union share account of an 536  
individual member or, as described in division (B)(2) of section 537  
1761.02 of the Revised Code, a nonmember of a participating credit 538  
union shall be guaranteed in amounts established from time to time 539

by the credit union share guaranty corporation. Such primary 540  
guaranteed amount shall not be less than the amount of the credit 541  
union share account but, in no event, shall exceed two hundred 542  
fifty thousand dollars. 543

(B) In addition to the primary guaranteed amount, the 544  
corporation may establish an excess coverage guarantee for the 545  
benefit of those participating credit unions that voluntarily 546  
elect to obtain such additional guarantee. 547

(C) The guarantees provided pursuant to this chapter do not 548  
apply to credit union share accounts until ~~such~~ the credit union 549  
has applied for and been admitted as a participating credit union, 550  
and cease to apply to the share accounts of any credit union upon 551  
the later of any of the following: 552

(1) The termination of the credit union's participation in 553  
the corporation pursuant to section 1761.12 of the Revised Code; 554

(2) The completion of the liquidation of the credit union; 555

(3) The withdrawal of the credit union from participation in 556  
the corporation. 557

**Sec. 1761.10.** (A)(1) A credit union share guaranty 558  
corporation shall establish and maintain a guarantee fund. The 559  
fund shall be maintained at a normal operating level as defined by 560  
the board of directors of the corporation and approved by the 561  
superintendent of insurance, except that the normal operating 562  
level shall at all times be no less than one per cent of the 563  
aggregate share capital of participating credit unions, 564  
irrespective of how denominated. The fund of the corporation shall 565  
be comprised of the following: 566

(a) The account for each participating credit union; 567

(b) Retained and undivided earnings; 568

(c) Any reserves required by statute or order of the 569

superintendent of credit unions;

(d) Borrowings made in accordance with section 3901.72 of the Revised Code.

(2)(a) Each participating credit union shall contribute to and maintain with the corporation a capital contribution to be credited to its account, in an amount equal to at least one per cent of its aggregate share capital as is established as the normal operating level of the fund by the board of directors pursuant to division (A)(1) of this section and approved by the superintendent of insurance. Each participating credit union's account shall be adjusted annually to reflect changes in the participating credit union's aggregate share capital in accordance with procedures adopted by the board of directors and may be adjusted more frequently if an increase in the aggregate share capital or a change in the financial condition of the participating credit union warrants such adjustment. Those credit unions participating in excess coverage shall pay a premium as prescribed by the board of directors of the corporation and as filed and approved under Chapter 3937. of the Revised Code.

(b) The approval of the superintendent of insurance concerning the normal operating level of the guarantee fund expires upon written determination by the superintendent of insurance that there is cause for additions to the guarantee fund. ~~Such~~ This determination is not subject to any hearing requirement under Chapter 119. of the Revised Code, provided a credit union guaranty corporation may request a supervisory conference under section 1761.19 of the Revised Code.

(3) If, at the close of a fiscal year, the guarantee fund exceeds the normal operating level determined by the board of directors of a credit union share guaranty corporation, the board of directors may make a distribution of the excess to participating credit unions. Any distribution shall be made to

each participating credit union in the proportion that each  
participating credit union's account bears to the total aggregate  
participating credit union accounts of the corporation. No  
determination by the board of directors is effective until  
approved by the superintendent of insurance. No distribution shall  
be made, nor shall it confer any rights, until approved by the  
superintendent of insurance.

(4) The amount of the account of each participating credit  
union shall be carried on the books of the individual participant  
as a deposit with the corporation.

(5) Notwithstanding any other provision of this chapter, the  
corporation shall require the participating credit unions to make  
capital contributions to maintain the normal operating level set  
by division (A)(1) of this section during any calendar year in  
which the fund has been reduced below the minimum operating level  
as a result of payment of any deficiencies in credit union share  
accounts.

(B)(1) The corporation may annually or more frequently levy  
and collect additions to the capital contribution as the board of  
directors of the corporation considers appropriate. The  
corporation shall notify the superintendent of credit unions and  
the superintendent of insurance of such additions. Whenever the  
superintendent of credit unions or the superintendent of insurance  
considers it necessary for the maintenance of the normal operating  
level of the fund, ~~he~~ the superintendent shall order the  
corporation to levy and collect additions to the capital  
contributions. Such order shall specify the amount of the addition  
and the reasons upon which the order is based.

(2) The corporation shall send a written notice of capital  
contributions required pursuant to division (B)(1) of this section  
to each participating credit union within ten days after the levy  
of any capital contributions. Capital contributions shall be paid

to the corporation by each participating credit union not later  
than thirty days following mailing of written notice of any  
required capital contribution.

(C)(1) In the event of potential impairment of the fund, a  
special assessment of the fund may be levied by the corporation  
with the approval of the superintendent of credit unions or the  
superintendent of insurance. Impairment for this purpose is deemed  
to exist when the corporation's liabilities and share capital  
exceed its assets. Whenever the superintendent of credit unions or  
the superintendent of insurance considers it necessary to avoid an  
impairment of the fund, ~~he~~ the superintendent shall order the  
corporation to levy a special assessment. Such order shall specify  
the amount of the assessment and the reasons upon which the order  
is based.

(2) The corporation shall send a written notice of the  
special assessment required pursuant to division (C)(1) of this  
section to each participating credit union within ten days after  
the levy thereof. Special assessments shall be paid to the  
corporation by each participating credit union not later than  
thirty days following mailing of written notice of any special  
assessment unless for good cause shown the time period is  
extended.

(D) A report of each capital contribution that may be  
required pursuant to division (B) of this section shall be made to  
the superintendent of credit unions and the superintendent of  
insurance within ninety days of the special assessment levy. A  
report of each special assessment that ~~may be~~ is required pursuant  
to division (C) of this section shall be made to the  
superintendent of credit unions and the superintendent of  
insurance within ten days after mailing the written notice thereof  
to participating credit unions.

(E)(1) In the event any participating credit union fails to

pay an annual capital contribution when due, the corporation shall  
report such default in writing to the superintendent of credit  
unions and the superintendent of insurance and the appropriate  
credit union supervisory authority or the national credit union  
administration within twenty-four hours of such default, and shall  
revoke after thirty days' notice the participating credit union's  
participation in the corporation, unless good cause is shown for  
the delay.

(2) In the event any participating credit union fails to pay  
any additional capital contribution, premium, fee, or assessment  
when due, the corporation shall report such default in writing to  
the superintendent of credit unions and the superintendent of  
insurance and the appropriate credit union supervisory authority  
or the national credit union administration within twenty-four  
hours of such default, and shall revoke after thirty days' notice  
the participating credit union's participation in the corporation,  
unless good cause is shown for the delay.

(3) The thirty-day notice of revocation required under  
divisions (E)(1) and (2) of this section does not apply to the  
revocation of excess coverage.

(F) Any participating credit union that is voluntarily  
liquidated ~~or~~, any participating credit union that withdraws from  
participation in the corporation and obtains a different form of  
share guaranty or insurance pursuant to section 1733.041 of the  
Revised Code or similar state statute, or any participating credit  
union that merges with another credit union that becomes the  
surviving credit union whose shares are guaranteed or insured by a  
different form of guaranty or insurance may be refunded in an  
amount equal to the balance of its capital contribution account.  
Such reimbursement of a participating credit union's capital  
contribution account balance shall be paid only if and when the  
guarantee fund exceeds its normal operating level as calculated

without the account of the withdrawing credit union. 698

(G) In the event of a merger of two or more participating 699  
credit unions where the surviving credit union is to be insured by 700  
the corporation, the funds in the capital contribution account of 701  
each ~~such~~ credit union shall be transferred to the account of the 702  
surviving credit union. 703

(H) If a credit union share guaranty corporation is 704  
dissolved, the net assets after settling any recorded, contingent, 705  
and contractual liabilities, and all costs of dissolution shall be 706  
distributed to the participating credit unions in accordance with 707  
their share balances, less any outstanding debts owed to the 708  
corporation. 709

**Sec. 1761.13.** (A) A credit union share guaranty corporation 710  
shall invest or deposit its funds in the following manner: 711

(1) In banks incorporated under the laws of this or any other 712  
state, or the United States; 713

(2) In negotiable certificates of deposit and bankers 714  
acceptances; 715

(3) In share certificates deposited in or any form of 716  
evidence of interest or indebtedness of any credit union organized 717  
under Chapter 1733. of the Revised Code or comparable state law if 718  
insured, or whose member accounts are insured as provided for by 719  
Title II of the "Federal Credit Union Act," 84 Stat. 994, (1970), 720  
12 U.S.C.A. 1781, as amended, or by comparable insurance. No 721  
investment under division (A)(3) of this section shall be in a 722  
participating credit union. 723

(4) In accounts with, investment certificates or withdrawable 724  
shares of, any savings and loan association that is an insured 725  
institution as defined by Title IV of the "National Housing Act," 726  
48 Stat. 1255 (1934), 12 U.S.C.A. 1724, as amended. 727



(5) In United ~~Sates~~ States government securities or United 728  
States government agency obligations; 729

(6) In bonds or other evidence of indebtedness rated in the 730  
three highest ratings of Standard and Poor's or Moody's service, 731  
not in default as to principal or interest, that are valid 732  
obligations issued, assumed, or guaranteed by any state, county, 733  
or municipal corporation of the United States; 734

(7) In bonds or other evidence of indebtedness rated in the 735  
three highest ratings by Standard and Poor's or Moody's service, 736  
not in default as to principal or interest, that are valid 737  
obligations issued, assumed, or guaranteed by any corporation 738  
incorporated under the laws of the United States or a state and 739  
described in division (D)(1) of section 3925.08 of the Revised 740  
Code. However, a credit union share guaranty corporation shall not 741  
invest in any such corporate security containing any provision of 742  
optionality, including, but not limited to, any derivative 743  
security. 744

(8) In any other investments that are expressly approved by 745  
the superintendent of credit unions and the superintendent of 746  
insurance or are permitted by rules adopted by the superintendents 747  
pursuant to division (C) of section 1761.04 of the Revised Code, 748  
but such other investments shall not exceed twenty per cent of the 749  
sum of the capital contributions, retained and undivided earnings, 750  
and any borrowings made in accordance with section 3901.72 of the 751  
Revised Code of the corporation. The superintendents shall not 752  
permit the corporation to make any investment in any unrelated 753  
corporation or unrelated subsidiary without the prior written 754  
approval of the superintendent of credit unions and the 755  
superintendent of insurance. 756

(B) The maximum investment in securities of any one 757  
corporation shall not exceed ten per cent of the guarantee fund at 758  
the time the investment is made. 759

(C) The corporation's directors, officers, committee members, 760  
and employees, and immediate family members of such individuals, 761  
are prohibited from receiving pecuniary or any other type of 762  
consideration in connection with the making of an investment or 763  
deposit by the corporation. 764

(D) Within thirty days of appointment, each officer, agent, 765  
or employee having control or access to funds or securities owned 766  
by or pledged with a credit union share guaranty corporation shall 767  
be provided with fidelity bond coverage by the corporation in an 768  
amount commensurate with the risk involved. 769

(E) The corporation shall not take a position in any 770  
corporate stock without the express written approval of the board 771  
of directors and the superintendent of credit unions and the 772  
superintendent of insurance. 773

**Section 2.** That existing sections 1761.01, 1761.02, 1761.03, 774  
1761.05, 1761.06, 1761.07, 1761.08, 1761.09, 1761.10, and 1761.13 775  
of the Revised Code are hereby repealed. 776