

# As Reported by the House Financial Institutions Committee

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## A B I L L

To amend sections 1761.01, 1761.02, 1761.03, 1761.05 1  
to 1761.10, and 1761.13 of the Revised Code to 2  
modify the Credit Union Guaranty Corporations Law 3  
regarding insurable credit union share accounts, 4  
composition of a board of directors, eligibility 5  
requirements for licensure, powers of a 6  
corporation, reporting requirements, funds to be 7  
included in a guarantee fund, and eligible 8  
investments by a corporation. 9

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

**Section 1.** That sections 1761.01, 1761.02, 1761.03, 1761.05, 10  
1761.06, 1761.07, 1761.08, 1761.09, 1761.10, and 1761.13 of the 11  
Revised Code be amended to read as follows: 12

**Sec. 1761.01.** As used in this chapter: 13

(A) "Account" means the total of all amounts credited to a 14  
participating credit union for paid-in capital contribution, and 15  
other credits, net of any charges to that participating credit 16  
union. "Account" is an "advancement" as that term is used in 17  
section 3901.72 of the Revised Code, and is subject to the 18

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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 who regulates credit unions in another state.

(H) "Deficiency" means the difference between the guaranteed amount of an individual member's or, as described in division

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(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 76  
organized as a corporation under this chapter. Chapter 1701. or 77  
1702. of the Revised Code, to the extent either is applicable and 78  
not in conflict with this chapter and those chapters of Title 79

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XXXIX of the Revised Code specified in division (A) of section 80  
1761.04 of the Revised Code, applies to such corporation. A credit 81  
union share guaranty corporation shall only be authorized to 82  
engage do any of the following: 83

(a) Engage in the business of guaranteeing payment of a 84  
credit union share account of an individual member of a credit 85  
union or otherwise; 86

(b) In accordance with division (B)(2) of this section, 87  
engage in the business of guaranteeing payment of a credit union 88  
share account of a nonmember of a credit union; 89

(c) Otherwise issue or effect credit union share guaranty 90  
insurance. 91

(2) For purposes of division (B) of this section, both of the 92  
following apply: 93

(a) Nonmember share accounts are subject to guaranty provided 94  
by the credit union share guaranty corporation not exceeding 95  
twenty per cent of the aggregate share accounts of the 96  
participating credit union. 97

(b) Nonmember share accounts are share accounts that are 98  
received by a participating credit union that has been designated 99  
by its supervisory authority as serving predominantly low-income 100  
members; share accounts of other credit unions; and, to the extent 101  
determined by the participating credit union's supervisory 102  
authority to be received by that credit union consistent with law, 103  
share accounts of public units or political subdivisions. 104

(C) A credit union share guaranty corporation shall have the 105  
word "insurance" in its name. 106

(D) Persons who receive from a credit union share guaranty 107  
corporation any commission, salary, or other emolument for 108  
services arising out of their association with the corporation 109  
shall not comprise a majority of the membership of the board of 110

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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

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Code, a nonmember of a participating credit union, subject to any 142  
express limitations as provided in this chapter; 143

(B) To aid and assist any participating credit union ~~which~~ 144  
that is in liquidation or incurs financial difficulty in order 145  
that the credit union share accounts are protected or guaranteed 146  
against loss; 147

(C) To cooperate with participating credit unions, the 148  
superintendent of credit unions, the appropriate credit union 149  
supervisory authorities, and the national credit union 150  
administration for the purpose of advancing the general welfare of 151  
credit unions in this state and in ~~such~~ other states where 152  
participating credit unions operate. 153

**Sec. 1761.05.** (A) No person shall guarantee to a credit union 154  
payment of a credit union share account of an individual member 155  
or, as described in division (B)(2) of section 1761.02 of the 156  
Revised Code, a nonmember of a credit union or otherwise issue or 157  
effect credit union share guaranty insurance until the 158  
superintendent of insurance has licensed it to do so as a credit 159  
union share guaranty corporation under this chapter. Such license 160  
shall not be issued or renewed unless an applicant for a license 161  
or a credit union share guaranty corporation satisfies the 162  
following conditions: 163

(1) The articles of incorporation of the applicant or 164  
corporation, and any amendments thereto, are filed with and 165  
approved by the secretary of state and the attorney general; 166

(2) The articles of incorporation and the bylaws of the 167  
applicant or corporation, and any amendments thereto, are 168  
consistent with the provisions of this chapter and those chapters 169  
of Title XXXIX of the Revised Code specified in division (A) of 170  
section 1761.04 of the Revised Code, and are approved by the 171  
superintendent of insurance; 172

(3) The applicant holds bona fide applications for 173  
participation in the corporation from at least ~~fifty~~ thirty credit 174  
unions which shall become effective immediately upon issuance of 175  
the license, or, in the case of a renewal of such license, the 176  
corporation has at least ~~fifty~~ thirty participating credit unions; 177

(4) The applicant or corporation maintains a reserve for 178  
guarantee losses in compliance with section 1761.15 of the Revised 179  
Code; 180

(5) The applicant or corporation has capital deposits in a 181  
principal sum no less than five million dollars and such capital 182  
deposits are invested in compliance with section ~~1761.12~~ 1761.13 183  
of the Revised Code; 184

(6) The applicant or corporation submits an audited financial 185  
statement verified by the oath of the president and secretary of 186  
the corporation, which demonstrates the corporation's compliance 187  
with generally accepted accounting principles, and the applicant 188  
or corporation submits an annual statement in accordance with 189  
sections 3929.30 and 3941.29 of the Revised Code that demonstrates 190  
the applicant's or corporation's solvency according to principles 191  
of statutory accounting; 192

(7) The superintendent of credit unions certifies in writing 193  
to the superintendent of insurance that the applicant or 194  
corporation is in compliance with this chapter; 195

(8) The applicant or corporation is in compliance with those 196  
chapters of Title XXXIX of the Revised Code specified in division 197  
(A) of section 1761.04 of the Revised Code as determined by the 198  
superintendent of insurance. 199

(B) The superintendent shall issue, renew, refuse to renew, 200  
or deny the license required by this section by written order 201  
issued within thirty days after receipt of the application. The 202  
superintendent shall issue or renew the license if the conditions 203

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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	234
conditions to aid participating credit unions to operate and to	235
meet liquidity requirements;	236
(4) Upon the written order of the superintendent of credit	237
unions, and at such compensation as shall be agreed upon, the	238
corporation may assume control of the property and business of any	239
participating credit union and operate it at the direction of the	240
superintendent until its financial stability has been	241
reestablished to the satisfaction of the superintendent, or the	242
credit union has been liquidated or merged into another credit	243
union;	244
(5) Assist in the merger, consolidation, or liquidation of	245
credit unions;	246
(6) Purchase or otherwise acquire, lease as lessee, invest	247
in, hold, use, lease as lessor, encumber, sell, exchange,	248
transfer, and dispose of property of any description or any	249
interest therein;	250
(7) Borrow money, and issue, sell, and pledge its notes,	251
bonds, and other evidences of indebtedness, and secure any of its	252
obligations by mortgage, pledge, or deed of trust of all or any of	253
its property, and guarantee or secure obligations of participating	254
credit unions, subject to section 3901.72 of the Revised Code;	255
(8) Enter into contracts of insurance or reinsurance,	256
insuring in whole or in part its contractual guarantees to	257
participating credit unions and any other insurance or bonding	258
company contracts necessary or advisable in the conduct of its	259
business, provided a credit union share guaranty corporation shall	260
not assume as reinsurer any risks from another insurer;	261
(9) Receive money or other property from its participating	262
credit unions, or any person;	263
(10) Invest its funds as provided in section 1761.13 of the	264

Revised Code;	265
(11) Receive by assignment, mortgage, or purchase any asset	266
or interest therein owned or held by a participating credit union;	267
(12) Sell, assign, mortgage, encumber, or transfer property	268
of any nature;	269
(13) Conduct investigations, examinations, and audits of any	270
applicant or participating credit union in order to determine the	271
financial condition and operations of the applicant or	272
participating credit union;	273
(14) Become a member or shareholder in any organization,	274
domestic or foreign, regional or national, organized and operated	275
for the purpose of assisting the corporation in carrying out its	276
purposes and, subject to the approval of the superintendent of	277
credit unions, delegate to such organization any one or more of	278
the functions for which it is responsible under this chapter;	279
(15) Conduct its affairs in and outside of this state,	280
provided it shall maintain its offices, books, and records in the	281
location stated in its articles of incorporation as its principal	282
place of business.	283
(B) The corporation may obtain, and continuously maintain in	284
effect, reinsurance and a line of credit, each from one or more	285
insurance companies or financial institutions and in such amount	286
as determined by its board of directors. The superintendent of	287
credit unions or the superintendent of insurance may require the	288
corporation to obtain and maintain reinsurance or a line of credit	289
but only in the event the superintendent of credit unions or the	290
superintendent of insurance first finds that such reinsurance or	291
line of credit is actuarially or financially necessary. Such	292
determination shall be made on a year-to-year basis.	293
In the event of lapse of either reinsurance or the line of	294
credit of the corporation, the corporation shall immediately	295

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notify the superintendent of credit unions, the superintendent of insurance, the president of the senate, and the speaker of the house of representatives, and shall confirm this communication in writing.

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

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

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

**Sec. 1761.07.** (A) Any credit union chartered by this state or any credit union chartered by a state that, as described in division (B) of this section, allows its credit unions to be eligible for participation in a credit union share guaranty corporation or any credit union chartered by the federal government that, as described in division (C) of this section, allows federally chartered credit unions to be eligible for participation in a credit union share guaranty corporation is eligible to participate in a credit union share guaranty corporation under this chapter, subject to the following

conditions: 327

(1) The board of directors of the credit union and the board 328  
of directors of the credit union share guaranty corporation 329  
approve the participation; 330

(2) The credit union satisfies the risk eligibility standards 331  
established by the credit union share guaranty corporation and 332  
applicable to all applying and participating credit unions; 333  
334

(3) The credit union agrees to furnish financial statements, 335  
delinquent loan reports, and ~~such~~ other information considered 336  
necessary by the credit union share guaranty corporation to assess 337  
the financial condition and performance of the credit union; 338

(4) The credit union agrees to be bound by the provisions of 339  
this chapter and the articles of incorporation and bylaws of the 340  
credit union share guaranty corporation; 341

(5) Participation by the credit union would not result in a 342  
violation by the credit union share guaranty corporation of any 343  
provision of this chapter or other applicable state or federal 344  
law. 345

(B) Credit unions chartered by other states qualify for 346  
participation in the corporation, provided the following 347  
conditions are satisfied: 348

(1) Such participation is lawful under the laws of both this 349  
state and the domicile state of the credit union applying for 350  
participation in the corporation; 351

(2) The credit union share guaranty corporation by agreement 352  
or law has sufficient authority to require the credit union 353  
applying for participation in the corporation to comply with the 354  
articles of incorporation and bylaws of the corporation, and with 355  
this chapter; 356

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(3) The credit union supervisory authority of such state 357  
agrees to furnish to the credit union share guaranty corporation 358  
copies of all financial and examination reports and other 359  
information regarding participating credit unions as is necessary 360  
to effect the corporation's purposes. If the credit union 361  
supervisory authority is prohibited by law from disclosing ~~such~~ 362  
this information, the participating credit unions shall provide 363  
the information to the corporation. 364

(C) Credit unions chartered by the federal government may 365  
participate in the corporation, provided the following conditions 366  
are satisfied: 367

(1) The national credit union administration does not 368  
restrict such participation; 369

(2) Such participation is lawful under the laws of both this 370  
state, the domicile state of the credit union applying for 371  
participation in the corporation, and the federal government; 372

(3) The credit union share guaranty corporation by agreement 373  
or law has sufficient authority to require the credit union 374  
applying for participation in the corporation to comply with the 375  
articles of incorporation and bylaws of the corporation, and with 376  
this chapter; 377

(4) ~~Participating~~ To the extent permitted by federal law or 378  
regulation, participating credit unions insured by the national 379  
credit union administration agree to furnish to the corporation 380  
copies of all financial and examination reports and ~~such~~ other 381  
information regarding the participating credit unions as is 382  
necessary to effect the corporation's purposes. 383

(D) Any credit union that has ~~become~~ been admitted to 384  
participation in the credit union share guaranty corporation in 385  
accordance with the qualifications of this section shall have 386  
referenced in their contract with the corporation all of the 387

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appropriate conditions for participation and the manner in which 388  
they these conditions were satisfied. 389

(E) Any credit union that has ~~become~~ been admitted to 390  
participation in the corporation in accordance with the 391  
qualifications of division (B) or (C) of this section shall have 392  
the same privileges, benefits, and obligations of participation as 393  
those participating credit unions chartered under the laws of this 394  
state. 395

(F) No credit union shall be admitted to participation in the 396  
corporation unless it has paid in full its capital contribution or 397  
any applicable premiums, fees, and assessments. 398

(G) Notwithstanding any other provision of law to the 399  
contrary, each participating credit union, which is otherwise 400  
entitled to vote on any matters or action of the corporation under 401  
this chapter, Chapter 1701. or 1702. of the Revised Code, or the 402  
articles or bylaws of the corporation, shall be entitled to cast 403  
no more than one vote. 404

(H) The right to participate issued by the corporation shall 405  
be nontransferrable and shall be exempt from the securities laws 406  
of this state. 407

**Sec. 1761.08.** (A)(1) In order to permit the credit union 408  
share guaranty corporation to assess the financial condition and 409  
performance of a credit union, upon the written request of the 410  
corporation, the superintendent of credit unions or other credit 411  
union supervisory authority or the national credit union 412  
administration may furnish to the corporation a copy of unaudited 413  
financial statements filed by a participating credit union or a 414  
credit union making application to participate in the corporation 415  
pursuant to divisions (B) and (C) of section 1733.32 of the 416  
Revised Code or a comparable state or federal statute or of any 417  
examination reports of the superintendent or other credit union 418

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supervisory authority which were prepared pursuant to division (A) 419  
of section 1733.32 of the Revised Code or a comparable state or 420  
federal statute. ~~There~~ 421

(2) There shall be no liability on the part of, and no cause 422  
of action of any nature shall arise against this state or any 423  
state, the superintendent of credit unions or other credit union 424  
supervisory authority, or the national credit union administration 425  
for the release of any information furnished to the corporation 426  
pursuant to this division. ~~Such financial~~ 427

(3) Financial statements and analyses furnished to the 428  
corporation pursuant to ~~this~~ division (A) of this section are not 429  
public documents, and the information contained therein is 430  
privileged and confidential to the corporation for its sole use in 431  
carrying out its statutory functions. 432

(B)(1) Each participating credit union shall submit ~~monthly~~ 433  
to the credit union share guaranty corporation quarterly, or more 434  
frequently as considered necessary by the corporation, a copy of 435  
its financial statements, delinquent loan report, and any other 436  
~~such~~ information ~~as~~ considered necessary by the credit union share 437  
guaranty corporation in order to assess the financial performance 438  
of the participating credit union. The corporation may require 439  
that participating credit unions submit financial information in 440  
the format required by the corporation. 441

(2) Financial statements submitted to the corporation by 442  
participating credit unions pursuant to division (B)(1) of this 443  
section are public documents. 444

(C) Each participating credit union shall submit to the 445  
credit union share guaranty corporation upon written request of 446  
the corporation any other information as is necessary to effect 447  
the corporation's purposes. 448

(D)(1) In addition to other powers conferred in this chapter 449

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a credit union share guaranty corporation may do the following: 450

~~(1)~~(a) Appoint an independent certified public accountant or 451  
public accountant to prepare an audit report containing audited 452  
financial statements together with such other information as the 453  
corporation, in good faith, requires regarding the financial 454  
condition of any participating credit union; 455

~~(2)~~(b) Upon notification to its participating credit union 456  
and after notice to the superintendent of credit unions, or other 457  
credit union supervisory authority, or the national credit union 458  
administration, send a specialized employee to investigate the 459  
operations of a participating credit union. 460

~~(3)~~(2) Costs and expenses for an audit report or special 461  
investigation report under division (D)(1)(a) of this section 462  
shall be paid by the corporation. 463

(E)(1) Upon determination by the superintendent of credit 464  
unions or the credit union share guaranty corporation that a 465  
participating credit union is operating in an unsafe or unsound 466  
manner, or that financial statements, delinquent loan reports, and 467  
other data received or examined by the corporation is unreliable 468  
or the participating credit union investment in the corporation is 469  
in excess of five per cent of the corporation's fund, the 470  
corporation shall require that an audit of the books and records 471  
of the participating credit union be conducted. The audit shall be 472  
completed in accordance with generally accepted auditing 473  
standards, and include such testing of the records necessary to 474  
render an opinion of an independent certified public accountant. 475  
~~If such~~ 476

(2) If the report, certificate, or opinion of the independent 477  
accountant, as described in division (E)(1) of this section, is in 478  
any way qualified, the corporation shall require the credit union 479  
to take such action as the corporation considers necessary to 480  
permit an independent accountant to remove such qualification from 481

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the report, certificate, or opinion. If such qualification is not  
remedied within the time period designated, the corporation shall  
report such qualification in writing to the superintendent within  
three days thereof. ~~In~~

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

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

~~(2)~~(b) Make appropriate recommendations to the superintendent  
or appropriate credit union supervisory authority or the national  
credit union administration including the recommendation that the  
participating credit union be liquidated or consolidated;

~~(3)~~(c) Submit reports and make recommendations to the  
superintendent of credit unions, other credit union supervisory  
authority, or the national credit union administration regarding  
the financial condition of any participating credit union. Such  
reports and recommendations are not public documents. ~~There~~

(4) There shall be no liability on the part of, and no cause  
of action of any nature shall arise against, the corporation or  
its participating credit unions, directors, officers, employees,  
or agents, or the superintendent or other credit union supervisory  
authority or the national credit union administration, for any  
statements made by them in any reports or recommendations made in  
accordance with ~~this~~ division (E) of this section.

(F) When an examination or investigation of any participating  
credit union is considered necessary for good cause shown by the  
superintendent of credit unions under this chapter, the  
corporation shall pay to the superintendent of credit unions the  
cost thereof, including the salary or other compensation paid to

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the persons making the examination or rendering special services  
and overhead cost incurred in connection with the examination or  
investigation as fixed by the superintendent. In determining the  
costs of services or examinations, the superintendent may use the  
estimated hourly cost for all persons performing services for, or  
examinations of, the corporation for the fiscal year. Travel  
expenses shall be paid by the division of financial institutions.

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

**Sec. 1761.09.** (A) Each 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 participating credit  
union shall be guaranteed in amounts established from time to time  
by the credit union share guaranty corporation. Such primary  
guaranteed amount shall not be less than the amount of the credit  
union share account but, in no event, shall exceed two hundred  
fifty thousand dollars.

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

(C) The guarantees provided pursuant to this chapter do not  
apply to credit union share accounts until ~~such~~ the credit union

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has applied for and been admitted as a participating credit union, 544  
and cease to apply to the share accounts of any credit union upon 545  
the later of any of the following: 546

(1) The termination of the credit union's participation in 547  
the corporation pursuant to section 1761.12 of the Revised Code; 548

(2) The completion of the liquidation of the credit union; 549

(3) The withdrawal of the credit union from participation in 550  
the corporation. 551

**Sec. 1761.10.** (A)(1) A credit union share guaranty 552  
corporation shall establish and maintain a guarantee fund. The 553  
fund shall be maintained at a normal operating level as defined by 554  
the board of directors of the corporation and approved by the 555  
superintendent of insurance, except that the normal operating 556  
level shall at all times be no less than one per cent of the 557  
aggregate share capital of participating credit unions, 558  
irrespective of how denominated. The fund of the corporation shall 559  
be comprised of the following: 560

(a) The account for each participating credit union; 561

(b) Retained and undivided earnings; 562

(c) Any reserves required by statute or order of the 563  
superintendent of credit unions; 564

(d) Borrowings made in accordance with section 3901.72 of the 565  
Revised Code. 566

(2)(a) Each participating credit union shall contribute to 567  
and maintain with the corporation a capital contribution to be 568  
credited to its account, in an amount equal to at least one per 569  
cent of its aggregate share capital as is established as the 570  
normal operating level of the fund by the board of directors 571  
pursuant to division (A)(1) of this section and approved by the 572  
superintendent of insurance. Each participating credit union's 573

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account shall be adjusted annually to reflect changes in the 574  
participating credit union's aggregate share capital in accordance 575  
with procedures adopted by the board of directors and may be 576  
adjusted more frequently if an increase in the aggregate share 577  
capital or a change in the financial condition of the 578  
participating credit union warrants such adjustment. Those credit 579  
unions participating in excess coverage shall pay a premium as 580  
prescribed by the board of directors of the corporation and as 581  
filed and approved under Chapter 3937. of the Revised Code. 582

(b) The approval of the superintendent of insurance 583  
concerning the normal operating level of the guarantee fund 584  
expires upon written determination by the superintendent of 585  
insurance that there is cause for additions to the guarantee fund. 586  
~~Such~~ This determination is not subject to any hearing requirement 587  
under Chapter 119. of the Revised Code, provided a credit union 588  
guaranty corporation may request a supervisory conference under 589  
section 1761.19 of the Revised Code. 590

(3) If, at the close of a fiscal year, the guarantee fund 591  
exceeds the normal operating level determined by the board of 592  
directors of a credit union share guaranty corporation, the board 593  
of directors may make a distribution of the excess to 594  
participating credit unions. Any distribution shall be made to 595  
each participating credit union in the proportion that each 596  
participating credit union's account bears to the total aggregate 597  
participating credit union accounts of the corporation. No 598  
determination by the board of directors is effective until 599  
approved by the superintendent of insurance. No distribution shall 600  
be made, nor shall it confer any rights, until approved by the 601  
superintendent of insurance. 602

(4) The amount of the account of each participating credit 603  
union shall be carried on the books of the individual participant 604  
as a deposit with the corporation. 605

(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

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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

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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.

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

(H) If a credit union share guaranty corporation is  
dissolved, the net assets after settling any recorded, contingent,  
and contractual liabilities, and all costs of dissolution shall be  
distributed to the participating credit unions in accordance with

their share balances, less any outstanding debts owed to the  
corporation.

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

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

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

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

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

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

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

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(7) In bonds or other evidence of indebtedness rated in the  
three highest ratings by Standard and Poor's or Moody's service,  
not in default as to principal or interest, that are valid

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obligations issued, assumed, or guaranteed by any corporation 732  
incorporated under the laws of the United States or a state and 733  
described in division (D)(1) of section 3925.08 of the Revised 734  
Code. However, a credit union share guaranty corporation shall not 735  
invest in any such corporate security containing any provision of 736  
optionality, including, but not limited to, any derivative 737  
security. 738

(8) In any other investments that are expressly approved by 739  
the superintendent of credit unions and the superintendent of 740  
insurance or are permitted by rules adopted by the superintendents 741  
pursuant to division (C) of section 1761.04 of the Revised Code, 742  
but such other investments shall not exceed twenty per cent of the 743  
sum of the capital contributions, retained and undivided earnings, 744  
and any borrowings made in accordance with section 3901.72 of the 745  
Revised Code of the corporation. The superintendents shall not 746  
permit the corporation to make any investment in any unrelated 747  
corporation or unrelated subsidiary without the prior written 748  
approval of the superintendent of credit unions and the 749  
superintendent of insurance. 750

(B) The maximum investment in securities of any one 751  
corporation shall not exceed ten per cent of the guarantee fund at 752  
the time the investment is made. 753

(C) The corporation's directors, officers, committee members, 754  
and employees, and immediate family members of such individuals, 755  
are prohibited from receiving pecuniary or any other type of 756  
consideration in connection with the making of an investment or 757  
deposit by the corporation. 758

(D) Within thirty days of appointment, each officer, agent, 759  
or employee having control or access to funds or securities owned 760  
by or pledged with a credit union share guaranty corporation shall 761  
be provided with fidelity bond coverage by the corporation in an 762  
amount commensurate with the risk involved. 763

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(E) The corporation shall not take a position in any 764  
corporate stock without the express written approval of the board 765  
of directors and the superintendent of credit unions and the 766  
superintendent of insurance. 767

**Section 2.** That existing sections 1761.01, 1761.02, 1761.03, 768  
1761.05, 1761.06, 1761.07, 1761.08, 1761.09, 1761.10, and 1761.13 769  
of the Revised Code are hereby repealed. 770