

**As Reported by the Senate Finance and 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
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(A) "Account" means the total of all amounts credited to a	14
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As Reported by the Senate Finance and Financial Institutions Committee

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.

As Reported by the Senate Finance and Financial Institutions Committee

(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 (B)(2) of section 1761.02 of the Revised Code, a nonmember's credit union share account and the proceeds of any liquidation of a participating credit union distributed or to be distributed to the individual member or nonmember.

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

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

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

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

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

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

As Reported by the Senate Finance and Financial Institutions Committee

(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

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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

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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

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- 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

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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

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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;

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(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

As Reported by the Senate Finance and Financial Institutions Committee

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
340

(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

As Reported by the Senate Finance and Financial Institutions Committee

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;

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(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

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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

As Reported by the Senate Finance and Financial Institutions Committee

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

As Reported by the Senate Finance and Financial Institutions Committee

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

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

As Reported by the Senate Finance and Financial Institutions Committee

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

As Reported by the Senate Finance and Financial Institutions Committee

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

As Reported by the Senate Finance and Financial Institutions Committee

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

As Reported by the Senate Finance and Financial Institutions Committee

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

As Reported by the Senate Finance and Financial Institutions Committee

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

As Reported by the Senate Finance and Financial Institutions Committee

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

As Reported by the Senate Finance and Financial Institutions Committee

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

As Reported by the Senate Finance and Financial Institutions Committee

(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

As Reported by the Senate Finance and Financial Institutions Committee

(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