

As Introduced

**127th General Assembly
Regular Session
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S. B. No. 247

Senator Spada

**Cosponsors: Senators Grendell, Seitz, Padgett, Schuring, Buehrer, Mumper,
Cates, Roberts, Cafaro, Kearney, Morano**

—

A BILL

To amend sections 926.29, 1733.13, 1733.15, 1733.19, 1
1733.329, and 1733.34 and to enact sections 2
1733.241, 1733.242, 1733.243, and 1733.291 of the 3
Revised Code relative to changes in the Credit 4
Union Regulation Law. 5

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

Section 1. That sections 926.29, 1733.13, 1733.15, 1733.19, 6
1733.329, and 1733.34 be amended and sections 1733.241, 1733.242, 7
1733.243, and 1733.291 of the Revised Code be enacted to read as 8
follows: 9

Sec. 926.29. (A) A delayed price agreement is an executory 10
contract that shall be in such a form and contain such terms as 11
the director of agriculture shall adopt by rule under Chapter 119. 12
of the Revised Code. The agreement shall be executed by and 13
between the licensed handler and the depositor or by their 14
authorized representatives not later than fifteen days after the 15
first delivery of an agricultural commodity is received for 16
delayed pricing under the agreement. The handler shall maintain a 17
file of executed agreements that are available for inspection at 18

any reasonable time by the director or the director's designated 19
representative. The handler also shall keep records and ledgers 20
the director considers necessary to document the handler's 21
obligation to the depositor under a delayed price agreement. The 22
handler also shall provide reports, forms, and other evidence the 23
director shall adopt by rule to document the storage and marketing 24
of commodities under the delayed price agreement. 25

(B) Subject to the lien that attaches under section 926.021 26
of the Revised Code and except as otherwise provided in division 27
(C) of this section, a licensed handler who purchases any 28
agricultural commodity under a delayed price agreement at all 29
times shall maintain the commodity, rights in the commodity, 30
proceeds from the sale of the commodity, or a combination of the 31
commodity, rights, and proceeds equal to at least ninety per cent 32
of the value of the handler's obligation for all commodities that 33
the handler has purchased that are not priced under delayed price 34
agreements. The obligation shall be secured or represented by one 35
or more of the following: 36

(1) Maintenance of the commodity in storage in the handler's 37
warehouse; 38

(2) Rights in commodities as evidenced by a receipt or ticket 39
for storage of the commodities under a bailment agreement in 40
another warehouse approved by the director; 41

(3) Proceeds from the sale of commodities as evidenced or 42
represented by one or more of the following: 43

(a) Cash on hand or held on account in a state or federally 44
licensed financial institution or a lending agency of the farm 45
credit administration; 46

(b) Short-term investments held in time accounts with state 47
or federally licensed financial institutions or a lending agency 48
of the farm credit administration; 49

(c) Balances in commodity margin accounts;	50
(d) Commodities sold and shipped by the handler under delayed price agreements that have not been priced less any payments or advances that have been received by the handler;	51 52 53
(e) Such other evidence of unencumbered assets as may be acceptable to the director, including an irrevocable letter of credit.	54 55 56
(C) In addition to the lien that attaches under section 926.021 of the Revised Code, a depositor who sells an agricultural commodity to a licensed handler under a delayed price agreement, upon giving notice to the handler either at or prior to the time of delivery, may demand as security for payment for the commodity an amount that, at the time of delivery, is equal to one hundred per cent of the national loan rate value of the commodity under the United States department of agriculture price support program, or seventy-five per cent of the average price being paid for the commodity in the state on the date of demand as published by the market news service of the department of agriculture, whichever is less. The handler shall satisfy a demand for security on a commodity sold under a delayed price agreement at the handler's option by one of the following:	57 58 59 60 61 62 63 64 65 66 67 68 69 70
(1) Payment to the depositor by cash or bank draft on the account of the handler;	71 72
(2) Causing an irrevocable letter of credit to be issued to the depositor by a bank <u>financial institution</u> designated by the handler securing payment in the specified amount. The letter of credit shall be subject to Chapter 1305. of the Revised Code and rules adopted by the director pursuant to Chapter 119. of the Revised Code.	73 74 75 76 77 78
Sec. 1733.13. (A) Each voting member present in person, by	79

proxy, or by mail ballot is entitled to cast one vote, 80
irrespective of the number of shares ~~he~~ the member owns, on each 81
matter properly submitted to the members for their vote, consent, 82
waiver, release, or other action. 83

(B) The ~~chairman~~ chairperson of the board, the president, any 84
vice-president, secretary, or treasurer of any association member 85
of the credit union shall conclusively be presumed to have 86
authority to cast the vote of such association member and to 87
appoint proxies and execute consents, waivers, releases, on its 88
behalf, unless before a vote is taken or a consent, waiver, or 89
release is acted upon, it appears by a certified copy of the code 90
of regulations, bylaws, or a resolution of the trustees, 91
directors, or executive committee of the said association member, 92
that such authority does not exist or is vested in some other 93
officer or person. For the purposes of this section, a person 94
exercising such authority as such officer is prima-facie to be 95
considered duly elected, qualified, and acting as such officer. 96

(C) If the articles or regulations so provide, any person, 97
who is entitled to attend a members' meeting to vote thereat, or 98
to execute consents, waivers, or releases, may: 99

(1) Vote thereat, and execute consents, waivers, and 100
releases, and exercise any of ~~his~~ the person's other rights, by 101
mail ballot delivered to the office of the credit union at least 102
seven days prior to the date set for the meeting. At least thirty 103
days' notice shall be given to all eligible members of the date 104
set for such meeting. No mail ballot shall be valid after the 105
expiration of eleven months after delivery to the credit union. 106
The form of any mail ballot ~~must~~ shall comply with criteria 107
established by the superintendent or have the prior written 108
approval of the superintendent of credit unions. 109

(2) Be represented at such meeting or vote thereat, and 110
execute consents, waivers, and releases, and exercise any of ~~his~~ 111

the person's other rights, by proxy or proxies appointed by a 112
writing signed by such person. No appointment of a proxy shall be 113
valid after the expiration of eleven months after it is made. The 114
form of any proxy ~~must~~ shall comply with criteria established by 115
the superintendent or have the prior written approval of the 116
superintendent. 117

Sec. 1733.15. (A) Except as otherwise provided by law, the 118
articles, or regulations, the corporate powers of a credit union 119
shall be exercised, its business conducted, and its property 120
controlled by a board of directors, provided that the number of 121
directors fixed by the articles or regulations shall not be less 122
than five. 123

(B) All directors shall be voting members of the credit 124
union. 125

(C) The articles or regulations may divide directors into two 126
or more classes whose terms of office shall expire at different 127
times and may fix the term of office of the directors or of any 128
class of directors at not more than three years from the date of 129
their election. 130

(D) For their own government, the directors may adopt or 131
amend bylaws or adopt amended bylaws not inconsistent with the 132
articles or regulations. 133

(E) In discharging ~~his~~ official duties, a director may, when 134
acting with reasonable care and in good faith, rely upon the books 135
and records of the credit union, upon reports made to the credit 136
union by an officer or employee or by any other person selected 137
for the purpose with reasonable care by the credit union, and upon 138
financial statements or written reports prepared by an officer or 139
employee of the credit union in charge of its accounts or 140
certified by a public accountant or firm of public accountants. 141

(F) A credit union shall not elect or appoint a person to its board of directors who is presently serving as a director of another credit union, unless either of the following conditions has been met:

(1) If the person presently serves on the board of directors of a credit union having assets of less than five million dollars, the credit union, prior to retaining the person's services, notifies the superintendent of credit unions in writing of the person's candidacy or appointment as a director.

(2) If the person presently serves on the board of directors of a credit union having assets of five million dollars or more, the superintendent has approved the person's candidacy or appointment.

(G) If the number of candidates for the board of directors does not exceed the number of director positions being elected, those candidates shall be deemed elected and shall serve as set forth in the articles or regulations.

Sec. 1733.19. (A) The regulations may provide for the creation by the directors of an executive committee consisting of not less than three directors, and may authorize the delegation to any such committee of any of the authority of directors other than any action requiring more than a majority vote of the board of directors; provided, that the executive committee shall exercise only such authority in the interim between the meetings of the board and shall make a full report of, and the board shall review, all actions taken at any meeting of such committee at the next regular meeting of the board of directors following the meeting of the executive committee.

(B) Unless the articles or regulations provide a different method for the establishment of a supervisory audit committee, the board of directors shall appoint a supervisory audit committee of

not less than three individual voting members for such term as is 173
provided in the regulations. The committee shall audit the books 174
of the credit union at least annually, using generally accepted 175
auditing procedures and standards, and shall report its findings 176
to the board. Under the supervision of the supervisory audit 177
committee, accounts showing installment payments by members upon 178
shares of the credit union shall be verified at least annually. 179

(C) In lieu of the appointment of a supervisory audit 180
committee as provided in division (B) of this section, the board 181
of directors may employ a public accountant or a firm of public 182
accountants to perform the functions of a supervisory audit 183
committee. The board of directors may appoint an audit committee 184
to oversee the public accountant or firm of public accountants. 185

(D) The superintendent of credit unions may require at any 186
time that a credit union have its accounts audited in accordance 187
with generally accepted auditing standards by an outside auditor. 188
The outside auditor shall be retained, and expense of any such 189
audit shall be paid, by the credit union. 190

(E) Unless the articles or regulations provide for the 191
appointment of loan officers in lieu of a credit committee, the 192
board of directors shall appoint, or the members shall elect, a 193
credit committee composed of not less than three individual voting 194
members, which committee shall have such powers in the granting of 195
loans and the supervision of lending practices as shall be 196
delegated to it by the articles, regulations, or resolutions of 197
the board of directors. The credit committee shall make regular 198
reports of their activities to the board of directors, and the 199
board of directors shall review the reports. 200

(F) If the articles or regulations so provide, a credit union 201
may establish an advisory board consisting of persons selected by 202
the board of directors or their designee. Persons serving on the 203
advisory board need not be members of the credit union, they may 204

be paid per diem not exceeding thirty dollars per day and expenses 205
for their services on such board, and their duties shall be to 206
make recommendations on financial and policy matters of the credit 207
union. 208

(G) A credit union may establish such other committee or 209
committees as shall be provided for in the articles, regulations, 210
bylaws, or by resolution of the board of directors. 211

Sec. 1733.241. (A) When a share, share account, or deposit is 212
made in the name of two or more persons, payable to either or the 213
survivor, the credit union may pay all of the share, share 214
account, deposit, any part of the share, share account, deposit, 215
or any interest earned on the share, share account, or deposit, to 216
either of the named persons, or the guardian of the estate of 217
either of the named persons, whether or not the other person is 218
living. The receipt or acquittance of the person paid is a 219
sufficient release and discharge of the credit union for any 220
payments made from the account to that person. 221

(B) A credit union may enter into a written contract with a 222
natural person for the proceeds of the person's shares, share 223
accounts, or deposits to be payable on the death of that person to 224
another person or to any entity or organization in accordance with 225
the terms, restrictions, and limitations set forth in sections 226
2131.10 and 2131.11 of the Revised Code. 227

Sec. 1733.242. (A) On the terms and conditions the credit 228
union prescribes, a credit union may do all of the following: 229

(1) Provide safes, vaults, safe deposit boxes, night 230
depositories, and other secure receptacles for the uses, purposes, 231
and benefits of its members; 232

(2) Receive tangible property and evidence of tangible or 233
intangible property for safekeeping using the credit union's 234

safes, vaults, secure receptacles, or safekeeping system; the 235
safes, vaults, secure receptacles, or safekeeping system of 236
another credit union; or the safekeeping system of a safekeeping 237
agent or custodian. 238

(B)(1) A credit union may enter into an agreement to rent a 239
safe deposit box to a minor and accept the appointment of a minor 240
as agent or deputy on any deposit or safe deposit box by any 241
person, including a minor, maintaining the deposit or safe deposit 242
box. 243

(2) When a credit union enters into a safe deposit box rental 244
agreement with a minor pursuant to division (B)(1) of this 245
section, all of the following apply: 246

(a) The terms and conditions of the safe deposit box rental 247
agreement are binding on the minor the same as a person of legal 248
age who rents a safe deposit box. 249

(b) The relationship between the credit union and the minor 250
regarding the safe deposit box rental agreement is in all respects 251
the same as if the minor were a person of legal age. 252

(c) The credit union shall incur no liability for any 253
transaction regarding the safe deposit box solely because of doing 254
business with a minor. 255

(3) Nothing in divisions (B)(1) and (2) of this section shall 256
be construed to limit the parental rights provided under section 257
2111.08 of the Revised Code or to limit the rights of a guardian 258
appointed pursuant to Chapter 2111. of the Revised Code. 259

(C) The superintendent of financial institutions shall 260
promulgate rules to qualify a credit union, safekeeping agent, or 261
custodian that may receive from another credit union tangible 262
property and evidence of tangible or intangible property for 263
safekeeping pursuant to division (A) of this section. 264

Sec. 1733.243. If any claim is made to any share, share 265
account, deposit, safe deposit box, property held in safekeeping, 266
security, obligation, or other property in the credit union's 267
possession or control, in whole or in part, by any person, 268
including any member, depositor, individual, or group of 269
individuals, without clear authority to draw on or exercise any 270
right or control with respect to the property, the credit union is 271
not required to recognize the claim without one of the following: 272

(A) A court order, issued by a court of competent 273
jurisdiction and served on the credit union, enjoining or 274
restraining the credit union from taking any action with respect 275
to the property or instructing the credit union to pay the balance 276
of the account, provide access to the safe deposit box, or deliver 277
the property as provided in the order; 278

(B) A bond, provided by the person making the claim, in the 279
form and amount and with sureties satisfactory to the credit 280
union, indemnifying the credit union against any liabilities, 281
loss, and expenses the credit union might incur because of its 282
recognition of the claim or because of its refusal, due to the 283
claim, to honor or recognize any right with respect to the 284
property. 285

Sec. 1733.291. (A) Every credit union shall retain or 286
preserve the following credit union records and supporting 287
documents for only the following periods of time: 288

(1) For one year: 289

(a) Broker's confirmations, invoices, and statements relating 290
to security transactions of the credit union or for or with its 291
customers, after the date of transaction; 292

(b) Corporate resolutions, partnership authorizations, and 293
similar authorizations relating to closed accounts, loans that 294

<u>have been paid, or other completed transactions, after the date of</u>	295
<u>closing, payment, or completion;</u>	296
<u>(c) Ledger records of safe deposit accounts, after the date</u>	297
<u>of last entry on the ledger;</u>	298
<u>(d) Night depository records, after the date of transaction;</u>	299
<u>(e) Records relating to closed Christmas club or similar</u>	300
<u>limited duration special purpose accounts, after the date of</u>	301
<u>closing;</u>	302
<u>(f) Records relating to customer collection accounts, after</u>	303
<u>the date of transaction;</u>	304
<u>(g) Stop payment orders, after the effective date;</u>	305
<u>(h) All records relating to closed consumer credit loans and</u>	306
<u>discounts, after the date of closing;</u>	307
<u>(i) Deposit tickets relating to demand deposit accounts,</u>	308
<u>after the date of deposit.</u>	309
<u>(2) For six years:</u>	310
<u>(a) Deposit and withdrawal tickets relating to open or closed</u>	311
<u>savings accounts, after the date of transaction;</u>	312
<u>(b) Individual ledger sheets or other records serving the</u>	313
<u>same purpose that show a zero balance and that relate to demand,</u>	314
<u>time, or savings deposit accounts, and safekeeping accounts, after</u>	315
<u>the date of last entry, or, where the ledger sheets or other</u>	316
<u>records show an open balance, after the date of transfer of the</u>	317
<u>amount of the balance to another ledger sheet or record;</u>	318
<u>(c) Official checks, drafts, money orders, and other</u>	319
<u>instruments for the payment of money issued by the credit union</u>	320
<u>and that have been canceled, after the date of issue;</u>	321
<u>(d) Records relating to closed escrow accounts, after the</u>	322
<u>date of closing;</u>	323

(e) Records, other than corporate resolutions, partnership authorizations, and similar authorizations relating to closed loans and discounts other than consumer credit loans and discounts, after the date of closing; 324
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(f) Safe deposit access tickets and correspondence or documents relating to access, after the date of transaction; 328
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(g) Lease or contract records relating to closed safe deposit accounts, after the date of closing; 330
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(h) Signature cards relating to closed demand, savings, or time accounts, closed safe deposit accounts, and closed safekeeping accounts, after the date of closing; 332
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(i) Undelivered statements for demand deposit, negotiable order of withdrawal, savings, agency, brokerage, or other accounts for which customer statements are prepared, and canceled checks or other items, after the date of statement, provided the credit union has attempted to send the statements and checks or other items to its customer, has held them pursuant to the instructions of or an agreement with its customer, or has made them available to its customer. 335
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(B) The superintendent of financial institutions may designate a retention period of either one year or six years for any record maintained by a credit union but not listed in division (A) of this section. The credit union shall retain or preserve records that are not listed in division (A) of this section and for which the superintendent has not designated a retention period for six years from the date of completion of the transaction to which the record relates or, if the last entry has been transferred to a new record showing the continuation of a transaction not yet completed, from the date of the last entry. 343
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(C) The requirements of divisions (A) and (B) of this section may be complied with by the preservation of records in the manner 353
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prescribed in section 1733.29 of the Revised Code. 355

(D) In construing the terms set forth in division (A) of this section, reference may be made to general credit union usage. 356
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(E) A credit union may dispose of any records that have been retained or preserved for the period set forth in divisions (A) and (B) of this section. 358
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(F) Any action by or against a credit union based on, or the determination of which would depend on, the contents of records for which a period of retention or preservation is set forth in divisions (A) and (B) of this section shall be brought within the time for which the record must be retained or preserved. 361
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(G) Where a record may be classified under either division (A)(1) or (2) of this section, the credit union shall retain or preserve the record for the period set forth in division (A)(2) of this section. 366
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Sec. 1733.329. (A) There is hereby created in the division of financial institutions the credit union council, which shall consist of seven members. The deputy superintendent for credit unions shall be a member of the council and its chairperson. The governor, with the advice and consent of the senate, shall appoint the remaining six members. 370
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(B)(1) At least five of the six members appointed to the council shall have had credit union experience. 376
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(2) At least four of the six members appointed to the council shall be, at the time of appointment, individuals currently engaged in the exercise of duties, responsibilities, rights, and powers of a director or chief executive officer of a state-chartered credit union having its principal office in this state and doing business in this state pursuant to this chapter under the authority of the superintendent of financial 378
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institutions. 385

(3) At least one of the six members appointed to the council 386
shall be a director or chief executive officer of a 387
state-chartered, federally insured credit union. 388

(4) At least one of the six members appointed to the council 389
shall be a director or chief executive officer of a 390
state-chartered, privately insured credit union. 391

(5) At least one of the six members appointed to the council 392
shall be a director or chief executive officer of a 393
state-chartered credit union with ~~five~~ thirty-five million dollars 394
or less in assets. 395

(6) At least one of the six members appointed to the council 396
shall be a director or chief executive officer of a 397
state-chartered credit union with more than ~~five~~ fifty million 398
dollars in assets. 399

(C)(1) Initial appointments to the council shall be made 400
within sixty days after the effective date of this section. Of the 401
initial appointments, two shall expire one year after the 402
effective date of this section, two shall expire two years after 403
the effective date of this section, and two shall expire three 404
years after the effective date of this section. Thereafter, terms 405
of office shall be for three years. 406

(2) Each member shall hold office from the date of 407
appointment until the end of the term for which the member was 408
appointed. In the case of a vacancy in the office of any member, 409
the governor shall appoint a successor, who shall hold office for 410
the remainder of the term for which the successor's predecessor 411
was appointed. Any member shall continue in office subsequent to 412
the expiration date of the member's term until the member's 413
successor takes office, or until sixty days has elapsed, whichever 414
occurs first. 415

(3) If during a member's term on the council, the member 416
ceases to be a director or chief executive officer of a credit 417
union as described in divisions (B)(2) to (6) of this section for 418
a period exceeding ninety days, the member shall be ineligible to 419
continue to serve as a member of the council, and the member's 420
position on the council shall be considered vacant. 421

(D) No person appointed as a member of the credit union 422
council may serve more than two consecutive full terms. However, a 423
member may serve two consecutive full terms following the 424
remainder of a term for which the member was appointed to fill a 425
vacancy or following any term for which the member was appointed 426
prior to the effective date of this section. 427

(E)(1) The council shall hold regular meetings at the time 428
and place it fixes, but at least once every six months, and shall 429
meet at any time on call of the deputy superintendent to conduct 430
its business and to decide by vote of the members the location of 431
future meetings. Each member shall be provided with written notice 432
of the time and location of each council meeting at least two days 433
prior to the scheduled date of the meeting, unless the council by 434
resolution provides for a shorter time. Four of the members of the 435
council constitute a quorum to transact and vote on all business 436
coming before the council. 437

(2) The council, by a majority vote of those present at a 438
meeting at which there is a quorum, may adopt and amend bylaws and 439
rules the council considers necessary and proper. The council 440
shall select one of its members as secretary, who shall keep a 441
record of all its proceedings. 442

(3) No member shall participate in a proceeding before the 443
council involving any credit union of which the member is or was 444
at any time in the preceding twelve months a member of the board 445
of directors, an officer, an employee, or a shareholder. A member 446
may refrain from participating in the proceedings of the council 447

for any other cause the member considers sufficient. 448

(F) The members of the council shall receive no salary, but 449
their expenses incurred in performance of their duties shall be 450
paid from funds appropriated for that purpose. 451

(G) The governor may remove any of the six members appointed 452
to the council whenever in the governor's judgment the public 453
interest requires removal. Upon removing a member of the council, 454
the governor shall file with the superintendent of financial 455
institutions a statement of the cause for the removal. 456

Sec. 1733.34. (A) Any credit union may, with the approval of 457
the superintendent of credit unions, merge with any other credit 458
union under the existing charter of the other credit union, 459
pursuant to any plan approved by the board of directors of each 460
credit union joining in the merger, and approved by ~~two-thirds a~~ 461
majority of the members of each credit union represented at a 462
meeting of members in person, by ballot, or by proxy, duly called 463
for such purpose, at which a ~~minimum of ten per cent~~ quorum of the 464
entire membership is present, unless such meeting of members of 465
either credit union has been waived by the superintendent. The 466
superintendent may waive the members vote if it is in the interest 467
of the members, credit union, or for any other reason the 468
superintendent deems proper. After such approval of the board and 469
members of each credit union, the president or ~~chairman~~ 470
chairperson of the board and secretary of each credit union shall 471
execute a certificate of merger, which shall set forth all of the 472
following: 473

(1) The time and place of the meeting of the board of 474
directors at which the plan was agreed upon; 475

(2) The vote in favor of adoption of the plan; 476

(3) A copy of the resolution or other action by which the 477

plan was agreed upon;	478
(4) The time and place of the meeting of the members at which the plan agreed upon was approved;	479 480
(5) The vote by which the plan was approved by the members.	481
(B) Such certificates and a copy of the plan of merger agreed upon shall be forwarded to the superintendent and, upon approval, returned to the merging credit unions.	482 483 484
(C) Upon any such merger so effected, all property, property rights, and interests of the merged credit unions shall vest in the surviving credit union without deed, endorsement, or other instrument of transfer, and all debts, obligations, and liabilities of the merged credit unions shall be deemed to have been assumed by the surviving credit union under whose charter the merger was effected.	485 486 487 488 489 490 491
(D) This section shall be construed, whenever possible, to permit a credit union chartered under any other act to merge with one chartered under this act.	492 493 494
(E) All persons and associations eligible for membership, as provided in section 1733.05 of the Revised Code, of both credit unions effecting a merger shall be deemed to have a common bond of association.	495 496 497 498
Section 2. That existing sections 926.29, 1733.13, 1733.15, 1733.19, 1733.329, and 1733.34 of the Revised Code are hereby repealed.	499 500 501