

3 Senate Bill No. 946
4 As Amended

5 SENATE BILL NO. 946 - By: MONSON of the Senate and PETERSON (Ron) of
6 the House.

7 [banks and trust companies - modifying provisions - credit
8 unions - effective date]

9 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

10 SECTION 1. AMENDATORY 6 O.S. 2001, Section 1413, is
11 amended to read as follows:

12 Section 1413. It shall be unlawful for any person to publish,
13 utter, or circulate any false, malicious, unprivileged statement or
14 representation for the purpose of injuring any banking institution
15 or credit union chartered, existing and doing business within the
16 State of Oklahoma, under and by virtue of the laws of this state, or
17 under and by virtue of the laws of the United States of America.

18 SECTION 2. AMENDATORY 6 O.S. 2001, Section 2006, is
19 amended to read as follows:

20 Section 2006. A credit union shall have succession in its
21 corporate name during its existence and shall have power:

- 22 1. To make contracts;
23 2. To sue and be sued;

1 3. To adopt and use a common seal and alter the same at
2 pleasure;

3 4. To purchase, lease, own, hold, and dispose of any real
4 estate, buildings, fixtures, equipment, furniture and furnishings
5 necessary, incidental and convenient to the operation of the credit
6 union, the aggregate book value of which shall not exceed seven
7 percent (7%) of the total assets of the credit union, unless
8 otherwise specifically approved by the State Credit Union Board. A
9 credit union may lease to any tenants as the credit union deems
10 appropriate any portion of the facilities or premises of the credit
11 union which are not utilized in the conduct of the business of the
12 credit union;

13 5. To make loans to its members for provident or productive
14 purposes, the maturities of which shall not exceed fifteen (15)
15 years, except as otherwise provided herein and except as otherwise
16 approved by the State Credit Union Board, and extend lines of credit
17 to its members, to other credit unions and to credit union
18 organizations and to participate with other credit unions, credit
19 union organizations or financial organizations in making loans to
20 credit union members, other credit unions and credit union
21 organizations in accordance with the following:

1 a. loans to credit union members shall be made in
2 conformity with criteria established by the board of
3 directors of the lending credit union; provided that:
4 (1) a real estate loan secured by a first mortgage
5 lien may have a maturity not exceeding thirty
6 (30) years or any longer term which may be
7 authorized by the State Credit Union Board,
8 (2) a loan to finance a manufactured home, which
9 shall be secured by a first lien on such
10 manufactured home, or a second mortgage loan
11 secured by a dwelling, shall have a maturity not
12 exceeding fifteen (15) years or any longer term
13 which may be allowed by the State Credit Union
14 Board,
15 (3) a loan secured by the insurance or guarantee of,
16 or with advance commitment to purchase the loan
17 by, a state or federal governmental agency may be
18 made for the maturity and under the terms and
19 conditions specified in the state or federal law
20 under which such insurance, guarantee or
21 commitment is provided,
22 (4) a loan or aggregate of loans to a director or to
23 a member of the supervisory committee or the

1 credit committee of the lending credit union
2 which exceeds ~~Twenty-five Thousand Dollars~~
3 ~~(\$25,000.00)~~ Fifty Thousand Dollars (\$50,000,00)
4 plus the amount of any pledged shares **shall** be
5 approved by the board of directors of the lending
6 credit union, and

7 (5) loans to credit union members for which any
8 director of the lending credit union or any
9 member of the supervisory committee or credit
10 committee of the lending credit union acts as a
11 guarantor or endorser shall be approved by the
12 board of directors of the lending credit union
13 when such loan, either standing alone or when
14 added to any outstanding loan or loans of the
15 guarantor or endorser, exceeds Twenty-five
16 Thousand Dollars (\$25,000.00) plus the amount of
17 any pledged shares,

18 b. loans to credit union members and other eligible
19 borrowers shall be made in accordance with and shall
20 be paid or amortized in accordance with any rules or
21 regulations as may be prescribed and adopted from time
22 to time by the State Credit Union Board, after taking
23 into account the needs or conditions of the borrowers,

1 the amounts and duration of the loans, the interests
2 of the members and the credit unions and such other
3 factors as the State Credit Union Board may deem
4 relevant,

5 c. unless approval by the board of directors of the
6 lending credit union is otherwise expressly required
7 herein, loans to credit union members and other
8 eligible borrowers shall be approved by the credit
9 committee or by a loan officer of the lending credit
10 union in accordance with criteria established by the
11 board of directors,

12 d. no loan or line of credit may be made to or
13 established for a credit union member if the amount of
14 such loan or line of credit, when aggregated with all
15 other outstanding loans and lines of credit made to or
16 established for such credit union member, will cause
17 the credit union member to be indebted to the lending
18 credit union in an amount exceeding six percent (6%)
19 of the paid-in and unimpaired capital and surplus of
20 the lending credit union or six percent (6%) of the
21 total assets of the lending credit union, whichever is
22 greater,

- 1 e. a self-replenishing line of credit may be established
2 by a credit union for any eligible borrower to a
3 stated maximum amount on terms and conditions which
4 may differ from the terms and conditions established
5 for other eligible borrowers,
- 6 f. loans to other credit unions shall be approved by the
7 board of directors of the lending credit union and
8 shall not exceed twenty-five percent (25%) of the
9 paid-in and unimpaired capital and surplus of the
10 lending credit union,
- 11 g. loans to credit union organizations shall be approved
12 by the board of directors of the lending credit union
13 and shall not exceed one percent (1%) of the paid-in
14 and unimpaired capital and surplus of the lending
15 credit union, except as otherwise approved by the
16 State Credit Union Board. A "credit union
17 organization" means any organization which is
18 established primarily to serve the needs of credit
19 unions and whose business relates to the daily
20 operations of the credit unions served by such credit
21 union organization,
- 22 h. participation loans with other credit unions, credit
23 union organizations or other financial organizations

1 shall be in accordance with written policies adopted
2 by the board of directors of the lending credit union
3 and shall be approved by the board of directors of the
4 lending credit union. However, a credit union which
5 originates a loan for which participation arrangements
6 are made in accordance with this subsection shall
7 retain an interest of at least ten percent (10%) of
8 the face amount of such loan,

9 i. a credit union may participate in any guaranteed loan
10 program of the federal government or of this state
11 under the terms and conditions specified in the laws
12 under which such program is provided,

13 j. a credit union may finance for any person, whether or
14 not such person is a member of the credit union, the
15 purchase from the credit union of any real or personal
16 property owned and held by the credit union, including
17 any property obtained by the credit union as a result
18 of defaults in obligations owed to the credit union,
19 and

20 k. a credit union may make loans to its officers and
21 directors and to members of its supervisory and credit
22 committees. However, such loans shall not be made on
23 terms more favorable than those extended to other

1 members of the credit union. A credit union may
2 permit officers, directors and members of its
3 supervisory and credit committees to act as co-makers,
4 guarantors or endorsers of loans to other credit union
5 members;

6 6. To receive from its members, and other credit unions, state
7 and federal, doing business in the United States, payments on shares
8 and deposits, and to require such notice for withdrawal of shares
9 and deposits as the bylaws may provide;

10 7. To amend its bylaws in the manner provided by the bylaws,
11 but all amendments to the bylaws must be submitted to and approved
12 by the State Credit Union Board before they become operative;

13 8. To invest its funds in accordance with the following:

14 a. investments shall be made in conformity with criteria
15 established by the board of directors of the credit
16 union and in accordance with any rules or regulations
17 as may be prescribed and adopted from time to time by
18 the State Credit Union Board, and

19 b. the following investments shall be authorized for
20 credit unions:

21 (1) loans to credit union members and other loans
22 authorized for credit unions under the laws of
23 this state,

- 1 (2) obligations of the United States of America and
2 obligations fully guaranteed as to principal and
3 interest by any instrumentality or agency of the
4 United States of America,
- 5 (3) general obligations and revenue obligations of
6 any state or any political subdivision thereof;
7 provided the aggregate of such investments shall
8 not exceed ten percent (10%) of the paid-in and
9 unimpaired capital and surplus of the credit
10 union; and provided that such investments shall
11 be limited to obligations rated among the three
12 highest rating categories established by one or
13 more national rating services for governmental
14 obligations,
- 15 (4) obligations issued by banks for cooperatives,
16 federal land banks, federal intermediate credit
17 banks, federal home loan banks, the Federal Home
18 Loan Bank Board or any corporation designated by
19 federal law as a wholly owned government
20 corporation, or obligations, participations or
21 other instruments of or issued by, or fully
22 guaranteed as to principal and interest by, the
23 Federal National Mortgage Association or the

1 Government National Mortgage Association, or in
2 mortgages, obligations or other securities which
3 are or ever have been sold by the Federal Home
4 Loan Mortgage Corporation pursuant to the Federal
5 Home Loan Mortgage Corporation Act, or in other
6 obligations or other instruments or securities of
7 the Student Loan Marketing Association, or
8 obligations, participations, securities or other
9 instruments of or issued by or fully guaranteed
10 as to principal and interest by any other agency
11 of the United States of America,

12 (5) shares of, deposits with or loans to other
13 federally insured credit unions in a total
14 amount, in either case, not exceeding twenty-five
15 percent (25%) of the paid-in and unimpaired
16 capital and surplus of the investing credit
17 union,

18 (6) shares of, or accounts or deposits with any state
19 or federal banks, mutual savings banks and
20 savings and loan associations, the accounts of
21 which are insured by an agency of the federal
22 government,

- 1 (7) shares of, deposits with or loans to any Federal
2 Reserve Bank or any central liquidity facility
3 established under state or federal law,
4 (8) shares of, deposits with or loans to any central
5 credit union or corporate credit union organized
6 under state or federal law,
7 (9) shares of, deposits with or loans to any
8 organization, corporation or association
9 providing services associated with the general
10 purposes of the investing credit union or
11 engaging in activities incidental to the
12 operations of any credit union; provided that
13 such investments in the aggregate may not exceed
14 one percent (1%) of the unimpaired capital and
15 surplus of the investing credit union,
16 (10) any obligations or securities authorized for
17 investment by federal credit unions under the
18 laws of the United States of America. However,
19 such investments shall be in compliance with any
20 restrictions or limitations pertaining thereto
21 under the laws of the United States of America or
22 under the regulations of the National Credit
23 Union Administration,

- 1 (11) money market funds rated among the three highest
2 rating categories established by one or more
3 national rating services for corporate or
4 governmental securities,
- 5 (12) shares of mutual funds if the investments and
6 investment transactions of the fund are
7 authorized for credit unions under the laws of
8 this state, or
- 9 (13) such other investments or types of investments as
10 may be authorized from time to time by the State
11 Credit Union Board; provided that the State
12 Credit Union Board shall not be permitted under
13 this specific grant of authority to authorize a
14 credit union to purchase or own real estate
15 solely for investment purposes;

16 9. To make deposits in national banks and in state banks, trust
17 companies, savings and loan associations, and credit unions
18 organized under the laws of this state, any other state, or the
19 United States, operating in accordance with the laws of the State of
20 Oklahoma, or of the laws of the United States and approved by State
21 Credit Union Board as depositories;

22 10. To borrow, from any source, in an aggregate amount not
23 exceeding fifty percent (50%) of its shares, deposits and undivided

1 earnings; such borrowed money may be borrowed either by means of
2 bills payable or through rediscounts of its negotiable instruments,
3 and credit unions may pledge their assets as collateral securities
4 therefor;

5 11. To fine members, in accordance with the bylaws, for failure
6 to meet their obligations promptly to their credit union;

7 12. To impress and enforce a lien upon the shares, deposits,
8 dividends, and interest of any member to the extent of any loan made
9 to him or endorsed by him and any interest or fines payable by him;

10 13. To charge an entrance fee as provided in the bylaws;

11 14. To hire clerical help; and

12 15. To exercise such incidental powers as shall be necessary or
13 requisite to enable it to carry on effectively the business for
14 which it is incorporated.

15 SECTION 3. This act shall become effective November 1, 2005.

16 COMMITTEE REPORT BY: COMMITTEE ON FINANCE, dated 2-22-05 - DO PASS,
17 As Amended and Coauthored.