



Ohio Revised Code

Section 1733.04 Authority of credit union.

Effective: April 14, 2006

Legislation: House Bill 81 - 126th General Assembly

(A) In addition to the authority conferred by section 1701.13 of the Revised Code, but subject to any limitations contained in sections 1733.01 to 1733.45 of the Revised Code, and its articles and regulations, a credit union may do any of the following:

- (1) Make loans as provided in section 1733.25 of the Revised Code;
- (2) Invest its money as provided in section 1733.30 of the Revised Code;
- (3) If authorized by the code of regulations, rebate to the borrowing members a portion of the member's interest paid to the credit union;
- (4) If authorized by the regulations, charge a membership or entrance fee not to exceed one dollar per member;
- (5) Purchase group savings life insurance and group credit life insurance;
- (6) Make reasonable contributions to any nonprofit civic, charitable, or service organizations;
- (7) Act as trustee or custodian, for which reasonable compensation may be received, under any written trust instrument or custodial agreement created or organized in the United States and forming part of a tax-advantaged savings plan that qualifies for specific tax treatment under sections 223, 401(d), 408, 408A, and 530 of the Internal Revenue Code, 26 U.S.C. 223, 401(d), 408, 408A, and 530, as amended, for its members or groups of its members, provided that the funds of such plans are invested in share accounts or share certificate accounts of the credit union. These services include, but are not limited to, acting as a trustee or custodian for member retirement, education, or health savings accounts.

(B) The authority of a credit union shall be subject to the following:



- (1) A credit union may not borrow money in excess of twenty-five per cent of its shares and undivided earnings, without prior specific authorization by the superintendent of credit unions.
- (2) A credit union may not pay a commission or other compensation to any person for securing members or for the sale of its shares, except that reasonable incentives may be made available directly to members or potential members to promote thrift.
- (3) A credit union, subject to the approval of the superintendent, may have service facilities other than its home office.
- (4) Real estate may be acquired by lease, purchase, or otherwise as necessary and to the extent required for use of the credit union presently and in the future operation of its office or headquarters, and in case of a purchase of real estate, the superintendent must first be notified in writing prior to the purchase of the real estate. The superintendent shall notify the credit union not more than thirty days after receipt of the notification to purchase the real estate if the purchase is denied, approved, or modified. If the superintendent does not respond within thirty days after receipt of the notification to purchase the real estate, it shall be deemed approved. Nothing herein contained shall be deemed to prohibit a credit union from taking title to real estate in connection with a default in the payment of a loan, provided that title to such real estate shall not be held by the credit union for more than two years without the prior written approval of the superintendent. A credit union also may lease space in any real estate it acquires in accordance with rules adopted by the superintendent.

(C)(1) As used in division (C) of this section:

- (a) "School" means an elementary or secondary school.
- (b) "Student" means a child enrolled in a school.
- (c) "Student branch" means the designation provided to the credit union for the in-school services and financial education offered to students.

(2) A credit union, upon agreement with a school board, in the case of a public school, or the



governing authority, in the case of a nonpublic school, and with the permission of the superintendent, may open and maintain a student branch.

(3) Notwithstanding any other provision of this section, any student enrolled in the school maintaining a student branch who is not otherwise qualified for membership in the credit union maintaining the student branch is qualified to be a member of that student branch.

(4) The student's membership in the student branch expires upon the student's graduation from secondary school.

(5) The student branch is for the express use of students and may not be used by faculty, staff, or lineal ancestors or descendants of students.

(6) Faculty, staff, or lineal ancestors or descendants of students are not eligible for membership in the credit union maintaining the student branch unless otherwise qualified by this section to be members.

(7) The superintendent may adopt rules appropriate to the formation and operation of student branches.

(D) A credit union may guarantee the signature of a member in connection with a transaction involving tangible or intangible property in which a member has or seeks to acquire an interest.