

IN THE SENATE

SENATE BILL NO. 1295

BY COMMERCE AND HUMAN RESOURCES COMMITTEE

AN ACT

1 RELATING TO THE IDAHO CREDIT UNION ACT; AMENDING SECTION 26-2104, IDAHO
2 CODE, TO DEFINE TERMS; AMENDING SECTION 26-2106, IDAHO CODE, TO PROVIDE
3 FOR THE AMENDMENT OF ARTICLES OF INCORPORATION AND BYLAWS; REPEALING
4 SECTION 26-2108, IDAHO CODE, RELATING TO CORPORATE POWERS; AMENDING
5 CHAPTER 21, TITLE 26, IDAHO CODE, BY THE ADDITION OF A NEW SECTION
6 26-2108, IDAHO CODE, TO PROVIDE FOR CORPORATE POWERS; AMENDING SEC-
7 TION 26-2109, IDAHO CODE, TO REVISE PROVISIONS REGARDING THE POWER
8 TO ACQUIRE AND HOLD REAL PROPERTY; REPEALING SECTION 26-2111, IDAHO
9 CODE, RELATING TO EXPULSION AND/OR WITHDRAWAL FROM FIELD OR MEMBERSHIP;
10 AMENDING CHAPTER 21, TITLE 26, IDAHO CODE, BY THE ADDITION OF A NEW SEC-
11 TION 26-2111, IDAHO CODE, TO PROVIDE FOR EXPULSION AND WITHDRAWAL FROM
12 FIELD OR MEMBERSHIP; AMENDING SECTION 26-2113A, IDAHO CODE, TO PROVIDE
13 FOR ELECTRONIC MEETINGS; AMENDING SECTION 26-2113B, IDAHO CODE, TO PRO-
14 VIDE FOR ELECTRONIC MEETINGS; AMENDING SECTION 26-2114, IDAHO CODE, TO
15 REMOVE OBSOLETE LANGUAGE REGARDING BOARD MEETINGS; REPEALING SECTION
16 26-2143, IDAHO CODE, RELATING TO BRANCH OFFICES; AND AMENDING CHAPTER
17 21, TITLE 26, IDAHO CODE, BY THE ADDITION OF A NEW SECTION 26-2143, IDAHO
18 CODE, TO PROVIDE FOR HEAD OFFICES AND BRANCH OFFICES; AND DECLARING AN
19 EMERGENCY AND PROVIDING AN EFFECTIVE DATE.
20

21 Be It Enacted by the Legislature of the State of Idaho:

22 SECTION 1. That Section 26-2104, Idaho Code, be, and the same is hereby
23 amended to read as follows:

24 26-2104. DEFINITION AND USE OF TERMS. As used in this chapter unless
25 the context otherwise requires:

26 (a) "Credit union" means a cooperative nonprofit corporation chartered
27 under the provisions of this chapter.

28 (b) "Capital" means the shares of a credit union.

29 (c) "Director" means the director of the department of finance of the
30 state of Idaho.

31 (d) "Federal supervisory agency" means the National Credit Union Ad-
32 ministration.

33 (e) "Credit union services" means services such as draft and deposit
34 sorting and posting, computation and posting of interest and other credits
35 and charges, preparation and mailing of drafts, statements, notices, and
36 similar items, or any other clerical, bookkeeping, accounting, statistical,
37 or similar functions performed for a credit union.

38 (f) "Credit union service corporation" means a corporation organized
39 to perform credit union services for two (2) or more credit unions, each of
40 which owns part of the capital stock of such corporations, and which are sub-
41 ject to examination by either the department of finance of the state of Idaho
42 or a federal supervisory agency.

1 (g) "Interstate credit union" means a credit union chartered under the
 2 provisions of this chapter or under the authority of the laws of another
 3 state and operating both in Idaho and in one (1) or more other states.

4 (h) "Invest" means any advance of funds to a credit union service corpo-
 5 ration, whether by the purchase of stock, the making of a loan, or otherwise,
 6 except a payment for rent earned, goods sold and delivered, or services ren-
 7 dered prior to the making of such payment.

8 (i) "Surplus funds" means those funds which are not needed to meet a
 9 credit union's members' loan needs and credit union expenses.

10 (j) ~~"Nonmembers' certificates of indebtedness" means all funds re-~~
 11 ~~ceived from individuals who are not members of the credit union must be~~
 12 ~~called certificates of indebtedness and are to be shown on the books and~~
 13 ~~records of the credit union as a separate and distinct category. The guar-~~
 14 ~~anteed rates of interest upon such certificates of indebtedness will be~~
 15 ~~established by the board of directors. "Unsafe or unsound practice" means~~
 16 ~~any action or lack of action that is contrary to the generally accepted stan-~~
 17 ~~dards of prudent operation, the likely consequences of which, if continued,~~
 18 ~~would be abnormal risk of loss or danger to a credit union, its members, or an~~
 19 ~~organization insuring or guaranteeing its shares and deposits.~~

20 (k) "Electronic service facility" means an electronic device that is
 21 operated by a credit union and that can be used to conduct transactions or
 22 obtain services offered by the credit union.

23 SECTION 2. That Section 26-2106, Idaho Code, be, and the same is hereby
 24 amended to read as follows:

25 26-2106. AMENDMENT TO ARTICLES OF INCORPORATION AND BYLAWS -- AP-
 26 PROVAL OF DIRECTOR -- PROCEDURE. (1) A credit union's articles of incorpora-
 27 tion ~~and bylaws~~ may be amended as provided in the articles of incorpora-
 28 tion ~~and bylaws~~ with approval of the director. Amendments to the articles of in-
 29 corporation ~~or bylaws~~ must be submitted to the director for approval ~~before~~
 30 ~~they are submitted to a vote by the members of the board.~~ Amendments to the
 31 articles of incorporation are deemed to be approved by the director if the
 32 director does not deny them within thirty (30) days following receipt of the
 33 proposed amendments. Amendments to a credit union's articles of incorpora-
 34 tion ~~and bylaws~~ must conform with section 26-2105, Idaho Code.

35 (2) Upon approval by the director ~~and the members of the board, as re-~~
 36 ~~quired,~~ the credit union shall promptly deliver amendments to the articles
 37 of incorporation, including any necessary filing fees, to the secretary of
 38 state for filing. Amendments to the articles of incorporation ~~or bylaws~~ are
 39 effective upon ~~written certification of board approval to~~ by the director
 40 unless the amendments specify a different effective date.

41 (3) A credit union's bylaws may be amended as provided in the bylaws. A
 42 copy of any amendments to the bylaws must be mailed by certified mail return
 43 receipt requested to the department of finance within twenty (20) days after
 44 the adoption thereof. Amendments to the bylaws become effective on approval
 45 by the director unless the amendments specify a different date. Amendments
 46 to the bylaws are deemed to be approved by the director if the director does
 47 not deny them within thirty (30) days following receipt of the amendments.

1 SECTION 3. That Section [26-2108](#), Idaho Code, be, and the same is hereby
2 repealed.

3 SECTION 4. That Chapter 21, Title 26, Idaho Code, be, and the same is
4 hereby amended by the addition thereto of a NEW SECTION, to be known and des-
5 ignated as Section 26-2108, Idaho Code, and to read as follows:

6 26-2108. POWERS. A credit union shall have power to:

7 (1) Make contracts;

8 (2) Sue and be sued in the name of the credit union;

9 (3) Own, hold, or use any real or personal property or any interest
10 therein that is necessary or incidental to the credit union's operations,
11 subject to the provisions of this chapter;

12 (4) Require the payment of an entrance or membership fee of any appli-
13 cant admitted to membership;

14 (5) Receive from its members payments on shares and deposits of any
15 type;

16 (6) Pay dividends or interest on shares and deposits as provided for in
17 this chapter;

18 (7) Make loans to its members in accordance with this chapter and pur-
19 chase or otherwise acquire, in whole or in part, obligations of its mem-
20 bers that it could enter into directly with the members;
21

22 (8) Charge interest and other fees on loans, impose fees and charges
23 in connection with the accounts and services provided to members, including
24 fees for failure to meet obligations to the credit union, and recover costs,
25 including attorney's fees and court costs, incurred in collecting amounts
26 owed to the credit union, subject to other applicable law;

27 (9) Borrow money in an aggregate amount not to exceed fifty percent
28 (50%) of its members' shares and deposits, plus undivided earnings;

29 (10) Deposit funds in federally insured banks and savings and loan com-
30 panies and in state or federal credit unions and otherwise invest funds as
31 provided in this chapter;

32 (11) Lease tangible personal property to its members;

33 (12) Hold membership in other state or federally chartered credit
34 unions and in trade or other associations related to the credit union's busi-
35 ness;

36 (13) Receive funds as shares or deposits from a state or federal credit
37 union, bank, savings bank, savings and loan association, or any other type of
38 depository institution;

39 (14) Receive deposits from the federal government, a state, or any po-
40 litical subdivision of the federal government or a state, or a corporation or
41 other entity established by either;

42 (15) Establish and operate electronic service facilities to provide
43 services in accordance with this chapter. An electronic service facility
44 that is not operated by personnel on the premises at which the electronic
45 service facility is located is not a branch office for the purposes of sec-
46 tion 26-2143, Idaho Code;

47 (16) Make charitable contributions that are reasonable in amounts in
48 relation to the credit union's financial circumstances;

1 (17) Indemnify its directors, supervisory committee members, officers,
2 employees, and others in accordance with provisions in its bylaws that are
3 consistent with the Idaho business corporation act;

4 (18) Provide financial counseling services to its members, including
5 but not limited to investment counseling or advice and debt counseling;

6 (19) Act as an insurance producer, employ insurance producers, or enter
7 into other arrangements with insurance producers to offer any type of insur-
8 ance to members in accordance with the Idaho insurance code;

9 (20) Join, make deposits in or loans to, or purchase shares of any fed-
10 eral reserve bank, federal home loan bank, or central liquidity facility es-
11 tablished under federal or state law;

12 (21) Receive funds as shares or deposits from a deferred compensation
13 plan or other retirement plan that serves any of the credit union's members
14 or potential members;

15 (22) Sell, pledge, discount, or otherwise dispose of, in whole or in
16 part, obligations of its members and service obligations of which it has dis-
17 posed;

18 (23) Offer tax return preparation and filing services for its members;

19 (24) Enter into joint marketing, networking, or referral arrangements
20 to facilitate members' purchases of goods and services from third parties.
21 Such arrangements may include compensation to the credit union, subject to
22 applicable law;

23 (25) Guarantee the signature of a member in connection with a transac-
24 tion that involves tangible or intangible property in which a member has or
25 seeks to acquire an interest;

26 (26) Perform any of the following services for any person in an under-
27 served area, as designated in 12 CFR 1026.35(b)(2)(iv)(B), that does not
28 have an established relationship with a financial institution or for any
29 person in any area if the credit union has been designated as a low-income
30 credit union as that term is defined in 12 CFR 701.34:

31 (a) Cashing and selling checks, drafts, or money orders;

32 (b) Purchasing and selling foreign currencies in exchange for United
33 States currency;

34 (c) Wire transfers; and

35 (d) Financial counseling services;

36 (27) Sell all or part of its assets, purchase all or part of the assets
37 and assume all or part of the liabilities of another credit union, out-of-
38 state credit union, or federal credit union, subject to the approval of the
39 director; and

40 (28) Exercise such incidental powers as are necessary or convenient to
41 enable the credit union to conduct the business of a credit union or to other-
42 wise fulfill the purposes for which it was organized, in accordance with this
43 chapter.

44 SECTION 5. That Section 26-2109, Idaho Code, be, and the same is hereby
45 amended to read as follows:

46 26-2109. POWER TO ACQUIRE AND HOLD REAL PROPERTY. (1) A credit union
47 may invest in fixed assets necessary or related to its operations, subject to
48 the following limitations:

- 1 (a) The credit union's net worth equals at least seven percent (7%) of
2 total assets;
- 3 (b) The board approves any investment in real property; and
- 4 (c) The aggregate book value of all such investments does not exceed
5 seven and one-half percent (7.5%) of the total of its assets.
- 6 (2) The director may, upon written application, waive any of the limi-
7 tations listed in subsection (1) of this section.
- 8 (3) A credit union may acquire property through foreclosure, deed in
9 lieu of foreclosure, repossession, or other means in connection with protec-
10 tion or enforcement of the credit union's rights as a secured lender. Prop-
11 erty acquired in this manner shall not be subject to the limitations of sub-
12 section (1) of this section.
- 13 (4) For purposes of this section:
- 14 (a) "Abandoned premises" means premises previously used to transact
15 credit union business but no longer used for that purpose. It also means
16 premises originally acquired to transact future credit union business
17 but no longer intended for that purpose.
- 18 (b) "Fixed assets" means premises and furniture, fixtures, and equip-
19 ment.
- 20 (c) "Immediate family member" means a spouse, domestic partner, or
21 other family member living in the same household.
- 22 (d) "Partially occupy" means occupation and use, on a full-time basis,
23 of at least fifty percent (50%) of each of the premises by the credit
24 union.
- 25 (e) "Premises" means any office, branch office, suboffice, service
26 center, parking lot, other facility, or real estate where the credit
27 union transacts or will transact business.
- 28 (f) "Senior management employee" means the credit union's chief execu-
29 tive officer, any assistant chief executive officers, and the chief fi-
30 nancial officer.
- 31 (g) "Unimproved land" or "unimproved real property" means:
- 32 (i) Raw land or land without development, significant buildings,
33 structures, or site preparation;
- 34 (ii) Land that has never had improvements;
- 35 (iii) Land that was improved at one time but has functionally re-
36 verted to its unimproved state; or
- 37 (iv) Land that has been improved, but the improvements serve no
38 purpose for the credit union's planned use of the property.
- 39 (5) Premises not currently used to transact credit union business.
- 40 (a) If a credit union acquires premises, including unimproved land or
41 unimproved real property, it must partially occupy each of them within a
42 reasonable period, but no later than six (6) years after the date of ac-
43 quisition. The director may waive the partial occupation requirements
44 based on economic or business conditions, or other conditions affecting
45 use of the property, subject to a reasonable plan for partial occupancy.
46 To seek a waiver, a credit union must submit a written request to the di-
47 rector and fully explain why it needs the waiver. The director shall
48 provide the credit union a written response, either approving or disap-
49 proving the request. The director's decision shall be based on safety
50 and soundness considerations.

1 (b) A credit union must make diligent efforts to dispose of abandoned
2 premises and property acquired as described in subsection (3) of this
3 section. The credit union must seek fair market value for the premises
4 or property and record its efforts to dispose of the premises or prop-
5 erty. The credit union must complete the sale within five (5) years of
6 abandonment of the premises or acquisition of the property. Upon ap-
7 plication by the credit union, the director shall approve the continued
8 holding by the credit union for an additional period of five (5) years
9 upon the credit union's showing of its good faith attempt to dispose
10 of the premises or property, or that disposal within the first five
11 (5) year period would be detrimental to the credit union. The director
12 shall provide the credit union a written response, either approving or
13 disapproving the application. If the director fails to respond within
14 forty-five (45) days of receipt, the application is deemed approved.
15 The director's decision shall be based on safety and soundness con-
16 siderations. ~~The credit union shall, during the second five (5) year~~
17 ~~period, at the end of each year beginning at the end of the sixth year~~
18 ~~in which it holds the premises or property, write down the value of the~~
19 ~~premises or property by twenty percent (20%) of the value carried on its~~
20 ~~books at the beginning of the second five (5) year period. Value at the~~
21 ~~beginning of the second five (5) year period shall be the lower of cost~~
22 ~~or market value as determined pursuant to appraisal.~~

23 ~~(6) A credit union must not acquire, except as allowed in subsection~~
24 ~~(3) of this section for real property, or lease for one (1) year or longer,~~
25 ~~premises from any of the following, unless the director waives this prohibi-~~
26 ~~tion:~~

27 ~~(a) A member of the credit union's board of directors, credit commit-~~
28 ~~tee, supervisory committee, or senior management, or an immediate fam-~~
29 ~~ily member of such individual;~~

30 ~~(b) A corporation in which a member of the credit union's board of~~
31 ~~directors, credit committee, supervisory committee, or senior manage-~~
32 ~~ment, or an immediate family member of such individual, is an officer or~~
33 ~~director or has a stock interest of ten percent (10%) or more; or~~

34 ~~(c) A partnership, limited liability company, or other entity in which~~
35 ~~a member of the credit union's board of directors, credit committee, su-~~
36 ~~pervisory committee, or senior management, or an immediate family mem-~~
37 ~~ber of such individual, is a general partner or a limited partner or en-~~
38 ~~tity member with an interest of ten percent (10%) or more.~~

39 ~~(7) A credit union must not lease for one (1) year or longer premises~~
40 ~~from any of its employees if the employee is directly involved in acquiring~~
41 ~~premises, unless the credit union's board of directors determines the em-~~
42 ~~ployee's involvement is not a conflict of interest.~~

43 ~~(8) All transactions with business associates or family members not~~
44 ~~specifically prohibited by this section must be conducted at arm's length~~
45 ~~and in the interest of the credit union.~~

46 ~~(9) To seek a waiver of any of the prohibitions in subsections (6)~~
47 ~~through (8) of this section, a credit union must submit a written request to~~
48 ~~the director and fully explain why it needs the waiver. Within forty-five~~
49 ~~(45) days of the receipt of the waiver request or all necessary documen-~~
50 ~~tation, whichever is later, the director shall provide the credit union a~~

1 ~~written response, either approving or disapproving its request. The direc-~~
2 ~~tor's decision shall be based on safety and soundness considerations and a~~
3 ~~determination as to whether a conflict of interest exists.~~

4 SECTION 6. That Section 26-2111, Idaho Code, be, and the same is hereby
5 repealed.

6 SECTION 7. That Chapter 21, Title 26, Idaho Code, be, and the same is
7 hereby amended by the addition thereto of a NEW SECTION, to be known and des-
8 ignated as Section 26-2111, Idaho Code, and to read as follows:

9 26-2111. EXPULSION AND WITHDRAWAL FROM FIELD OR MEMBERSHIP. A member
10 may be expelled in accordance with the bylaws and any policies established by
11 the board. The credit union shall notify a member of the expulsion, the rea-
12 sons for the expulsion, and the process by which the member may challenge the
13 expulsion and seek reinstatement. The credit union shall, upon the request
14 of the expelled member in accordance with this section, allow the member to
15 challenge the expulsion and seek reinstatement as a member. A member who
16 withdraws from membership or whose membership is otherwise terminated pur-
17 suant to the bylaws or who is expelled is not relieved of any liability to the
18 credit union.

19 SECTION 8. That Section 26-2113A, Idaho Code, be, and the same is hereby
20 amended to read as follows:

21 26-2113A. ANNUAL MEMBERSHIP MEETINGS. (1) A credit union's annual
22 membership meeting shall be held ~~in one of the communities where it main-~~
23 ~~tains a branch to serve its members~~ at such time and in such manner as the
24 board prescribes, as permitted in the bylaws ~~prescribe~~, and shall be con-
25 ducted according to the rules of procedure approved by the board. If the
26 meeting is conducted electronically, the credit union shall offer a means
27 of participation in the meeting for members that are unable to participate
28 electronically using their own communication services and equipment.

29 (2) Notice of the annual membership meetings of a credit union shall be
30 given as provided in the bylaws of the credit union.

31 SECTION 9. That Section 26-2113B, Idaho Code, be, and the same is hereby
32 amended to read as follows:

33 26-2113B. SPECIAL MEMBERSHIP MEETINGS. (1) A special membership meet-
34 ing of a credit union may be called by:

35 (a) A majority vote of the board;

36 (b) A majority vote of the supervisory committee to suspend a director
37 for cause; or

38 (c) A written petition signed or similarly authenticated by at least
39 ten percent (10%) or two thousand (2,000) of the members of a credit
40 union, whichever is less.

41 (2) Call of a special membership meeting of a credit union shall be in
42 writing submitted to the secretary of the credit union by the board, the
43 petitioners or the supervisory committee as applicable and, shall state
44 specifically the purpose or purposes for which the meeting is called and the

1 agenda item or items for consideration by the members at the meeting. If
2 the special membership meeting is called for the removal of one (1) or more
3 directors or supervisory committee members, the call shall state the name of
4 each individual whose removal is sought.

5 (3) (a) On receipt of a call for a special membership meeting, the sec-
6 retary of the credit union shall determine whether the call satisfies
7 the requirements of this section. If so, the secretary shall determine
8 a reasonable date, and time, and place at which the special member-
9 ship meeting will be held and provide notice of the special membership
10 meeting in accordance with the requirements of this subsection. The
11 special membership meeting must be held at a reasonable location within
12 the county in which the principal place of business of the credit union
13 is located, unless provided otherwise in the manner prescribed by the
14 board in accordance with the bylaws. If the meeting is conducted elec-
15 tronically, the credit union shall offer a means of participation in the
16 meeting for members who are unable to participate electronically using
17 their own communication services and equipment. The special membership
18 meeting must be held no later than sixty (60) days after the date on
19 which the call is received by the secretary.

20 (b) The secretary shall give notice of the special membership meeting
21 at least thirty (30) days before the date of the meeting, or within such
22 other reasonable time period as may be provided in the bylaws. The no-
23 tice must state the purpose or purposes for which the special membership
24 meeting is called and the agenda items for the meeting. If the special
25 membership meeting is called for the removal of one (1) or more direc-
26 tors or supervisory committee members, the notice must state the name of
27 each individual whose removal is sought.

28 (4) Except as provided in this subsection, the chairperson of the board
29 shall preside over special membership meetings. If the purpose of the spe-
30 cial membership meeting includes the removal of the chairperson, the next
31 highest-ranking board officer whose removal is not sought shall preside over
32 the meeting. If the removal of all board officers is sought, the chairperson
33 of the supervisory committee shall preside over the special membership meet-
34 ing.

35 (5) At the special membership meeting, only those agenda items that are
36 stated in the notice for the meeting may be considered.

37 (6) Special membership meetings shall be conducted according to the
38 rules of procedure set forth in the bylaws. If the bylaws do not specify
39 the rules of procedure that shall govern a special membership meeting, the
40 special membership meeting shall be conducted according to the rules of pro-
41 cedure approved by the board.

42 SECTION 10. That Section 26-2114, Idaho Code, be, and the same is hereby
43 amended to read as follows:

44 26-2114. BOARD OF DIRECTORS -- ELECTION OF DIRECTORS -- TERMS -- VA-
45 CANCIES -- MEETINGS -- RULES. (1) The business and affairs of a credit union
46 shall be managed by a board of no fewer than five (5) and no more than fifteen
47 (15) directors.

1 (2) The directors must be elected by and from the membership in con-
2 junction with the credit union's annual membership meeting. They shall hold
3 their offices until their successors are elected or appointed.

4 (3) Directors shall be elected to terms of between one (1) and three (3)
5 years, as provided in the bylaws. If the terms are longer than one (1) year,
6 the directors must be divided into classes, and an equal number of directors,
7 as nearly as possible, must be elected each year.

8 (4) Except as provided in subsection (5) of this section, any vacancy on
9 the board must be filled by an interim director appointed by the board, un-
10 less the interim director would serve a term of fewer than ninety (90) days.
11 Interim directors appointed to fill vacancies created by expansion of the
12 board will serve until the next annual meeting of members. Other interim di-
13 rectors will serve out the unexpired term of the former director, unless pro-
14 vided otherwise in the credit union's bylaws.

15 (5) In the case of a merger between two (2) credit unions pursuant to
16 section 26-2132, Idaho Code, a board member of the merging credit union may
17 continue to serve as a board member of the continuing credit union for a pe-
18 riod not to exceed the equivalent of the duration of his or her unexpired term
19 on the board of the merging credit union, provided that the approved plan of
20 merger or other agreement approved by the director provides for such service
21 on the continuing credit union's board, with a corresponding expansion in
22 the size of the continuing credit union's board not to exceed the limits un-
23 der subsection (1) of this section.

24 (6) (a) The board must have at least six (6) regular meetings each year,
25 with at least one (1) of these meetings held in each calendar quarter.
26 ~~The board meetings must be held in the community of the credit union's~~
27 ~~principal place of business within this state. The director may, upon~~
28 ~~written request of a credit union's board of directors, authorize a~~
29 ~~credit union's board meetings to be held at another location. Written~~
30 ~~requests from the credit union's board of directors shall not include~~
31 ~~holding the credit union's board meeting outside the state of Idaho~~
32 ~~unless a majority of the credit union's membership resides in another~~
33 ~~state.~~

34 (b) The director may require the board to meet more frequently than six
35 (6) times per year if the director finds it necessary in order to address
36 matters the director determines necessitate more frequent meetings in-
37 cluding, without limitation, evidence of any of the following:

38 (i) The credit union's current composite capital adequacy, as-
39 set quality, management, earnings, liquidity, and sensitivity to
40 market risk (CAMELS) rating issued by the director is a "3," "4" or
41 "5";

42 (ii) The credit union's current management component CAMELS rat-
43 ing issued by the director is a "3," "4" or "5";

44 (iii) The credit union's net worth ratio is less than seven percent
45 (7%);

46 (iv) The credit union is currently in a troubled condition;

47 (v) In the judgment of the director, the credit union has commit-
48 ted an unsafe or unsound practice that has not been corrected to
49 the satisfaction of the director and that continues to be a concern

1 to the director, or the credit union is about to commit an unsafe or
2 unsound practice; or

3 (vi) The credit union has been notified in writing by the director
4 of a significant supervisory or financial concern.

5 (c) If the director determines, as set forth in paragraph (b) of this
6 subsection, that a board of directors must meet more frequently than as
7 set forth in paragraph (a) of this subsection, the director will send
8 written notice to the board chair, with a copy to the credit union's
9 manager, setting forth the director's findings underlying the determi-
10 nation and the required frequency of the board of directors meetings.
11 This notice will remain in effect until rescinded in writing by the di-
12 rector.

13 SECTION 11. That Section [26-2143](#), Idaho Code, be, and the same is hereby
14 repealed.

15 SECTION 12. That Chapter 21, Title 26, Idaho Code, be, and the same is
16 hereby amended by the addition thereto of a NEW SECTION, to be known and des-
17 ignated as Section 26-2143, Idaho Code, and to read as follows:

18 26-2143. HEAD OFFICE AND BRANCH OFFICES. (1) A credit union may relo-
19 cate its head office and the location of its books and records upon written
20 notice to the director.

21 (2) A credit union may, under such rules as the director may adopt, es-
22 tablish branch offices at locations other than its head office. A credit
23 union shall notify the director in writing at least thirty (30) days before
24 opening a branch office location to conduct business.

25 (3) Prior to opening a branch office location, a credit union must ob-
26 tain written approval from the director if:

27 (a) The credit union is subject to an order issued by the director pur-
28 suant to this chapter;

29 (b) The credit union's current CAMELS rating or its current management
30 or capital CAMELS component ratings, as issued by the director, is a
31 "3," "4," or "5"; or

32 (c) The location of a proposed branch office is outside of the credit
33 union's current field of membership if its membership is based on a
34 well-defined neighborhood, community, or rural district.

35 SECTION 13. An emergency existing therefor, which emergency is hereby
36 declared to exist, this act shall be in full force and effect on and after
37 July 1, 2022.