

SB 269 (Portantino) Credit Unions

PROBLEM

Credit unions have the option of either being state-chartered or federally chartered entities. Many credit unions choose to be state-chartered because they enjoy having a regulator, the Department of Business Oversight, that provides local perspective on financial issues in the state. The federal government and regulators often make changes to the federal charter and regulations. These changes can provide an incentive for state-chartered credit unions to switch their charter. Credit unions also face new challenges, as in today's climate, and must update the state charter to help credit unions keep up with the ever-changing landscape and to bolster a robust dual charter framework.

BACKGROUND

The California Credit Union League champions a "state-charter modernization bill" every few years to help keep state-chartered credit unions on an even playing field with both federally chartered credit unions and other financial institutions. Between modernization clean up bills, the League compiles a list of issues brought to them by their members. SB 1031 is the culmination of many discussions between state-chartered credit unions, their league, and other stakeholders

SUMMARY

This bill tackles numerous issues for state-chartered credit unions and will allow these credit unions to better serve their membership. Namely this bill does the following:

- Expands the grounds for expulsion to include abusive behavior
- Authorizes the Board of Directors to delegate expulsion authority

- Revises the appeal process for a member that has been expelled
- Allows for alternating exams with the Nation Credit Union Administration
- Allows state-chartered credit unions to accept non-member deposits from other credit unions
- Creates a process for escheated accounts to be removed
- Other technical changes

EXISTING LAW

The California Credit Union Law (CCUL) provides for the licensure and regulation of credit unions by the Commissioner of Business Oversight.

SUPPORT

The California Credit Union League (Sponsor)

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