

FINANCIAL INSTITUTIONS LAW

SERVICE OF NOTICE OF GARNISHMENT

ORS 18.854

2013 OR LAWS CH 472 (SB 184)

Generally, under ORS 18.652, garnishment documents must be sent by certified mail or personally delivered to the garnishee by the sheriff or a person who is not a party or attorney in the action. Senate Bill 184 creates an exception concerning delivery of garnishment documents where the garnishor is a state agency or the county tax collector. In those cases, the notice of garnishment and other garnishment documents may be delivered by any employee of the state agency or county tax collector; or may be mailed to the garnishee by either first-class or certified mail; or the documents may be sent to the garnishee by other means if the garnishee has agreed to the different delivery method. However, the state agency or county tax collector cannot seek sanctions against a non-complying garnishee unless the garnishment documents are either personally delivered to the garnishee or mailed by certified mail.

Effective date: June 24, 2013. The bill's provisions apply only to notices of garnishment delivered on or after the effective date.

CREDIT UNION CHAPTER AMENDMENTS

ORS 181.871, 723.122 TO 723.840

2013 OR LAWS CH 480 (SB 520)

Senate Bill 520 makes a number of changes to Oregon's credit union law. This bill makes slight changes in the formula under which the amount of a state-chartered credit union's fiduciary bond or irrevocable letter of credit is

calculated; and it revises the "wild card" rule of ORS 723.156, under which a state-chartered credit union may exercise powers available to federal credit unions or credit unions chartered by other states that do business in Oregon. In addition, the bill deletes from ORS 723.296 a general requirement that a credit union's board perform other duties mandated by the institution's members and perform or authorize any action consistent with chapter 723 and not specifically reserved to the membership. Authority for a credit union's supervisory committee to suspend members of the credit committee is deleted from ORS 723.326.

Current law limits credit union loans to members to the greater of 15% of the credit union's equity or \$15,000. This dollar amount is increased to \$100,000. As before, these limits do not apply to loans that are fully guaranteed by shares or deposits.

ORS 723.840, limiting personal liability for good-faith actions or omissions, is augmented with provisions drawn from ORS 707.660 in the Oregon Bank Act, shielding directors and officers from personal liability to the credit union or members for damages resulting from the director's or officer's exercise of judgment or discretion or in rendering services to the credit union unless the director or officer fails to act in good faith and as a prudent person; and permitting officers and directors to rely on certain information.

Finally, SB 520 repeals ORS 723.332, authorizing credit union supervisory committees to call special meetings to consider violations of chapter 723 or the credit union's articles or bylaws, or any practice which the committee deems unsafe or unauthorized.

Effective date: January 1, 2014.

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OREGON BANK ACT AMENDMENTS
ORS 707.670, 707.740, 708A.120,
708A.410

2013 OR LAWS CH 104 (HB 2070)

House Bill 2070 enacts four amendments to the Oregon Bank Act:

- (1) ORS 707.670 governs the frequency with which bank boards of directors must meet. This bill replaces a general fixed one-a-month requirement with a mandate that the Director of the Department of Consumer and Business Services (DCBS) establish minimum frequency requirements for bank board meetings by rule.
- (2) ORS 707.740 is revised to provide that a copy of a bank's audit report must be transmitted to the DCBS Director only upon the Director's request; and to delete the requirement that the copy be certified.
- (3) ORS 708A.120 permits banks to invest in certain corporations. HB 2070 broadens this statute to permit investments in membership interests of limited liability companies of the types described in this section.
- (4) ORS 708A.410 is amended to permit "inadvertent overdrafts" on bank savings accounts, so long as the overdraft results from events or circumstances beyond the bank's reasonable control and is eliminated within 14 days after the bank becomes aware of the overdraft.

Effective date: January 1, 2014.

DIRECT DEPOSIT – PUBLIC EMPLOYEES
ORS 292.026, 292.032, 292.033,
652.110, 652.610

2013 OR LAWS CH 369 (HB 2207)

House Bill 2207 provides that, as a general rule, officers and employees who are compensated under the state payroll system will receive payment through direct electronic deposit to a financial institution specified by the officer or employee. Departments are required to electronically provide itemized statements of payroll deductions to officers and employees.

The bill provides two exceptions to this general rule:

- (1) If the officer's or employee's department determines that electronic payment is not practicable or efficient, payment may be made by paper check or credit to a bank-issued payroll card if the officer or employee consents to payment by this means.

- (2) If the officer or employee wants to receive payment by check, or to receive a paper statement itemizing deductions, the officer or employee must request payment by check or paper statements pursuant to rules adopted by the department.

Interestingly, the bill merely implies but does not expressly say that if an officer or employee wants to be paid by paper check, the department will make payment in that form.

Effective date: June 13, 2013. However, the bill specifies that the provisions become operative on January 1, 2014.

DIRECT DEPOSIT – PRIVATE EMPLOYEES
ORS 652.110

2013 OR LAWS CH 380 (HB 2683)

Previously, the law permitted private employers to pay wages to their employees by direct deposit into the employee's financial institution account, provided that the employee and employer agree to that means of payment. House Bill 2683 revises this provision to allow such electronic payments absent an agreement with the employee, so long as the employer honors employee requests for payment by check.

Effective date: January 1, 2014.