

STATEMENT OF POLICY OF THE COLORADO FINANCIAL SERVICES BOARD

Common Bond of Employment

Pursuant to C.R.S. 11-30-103(2), state-chartered credit union membership is “limited to groups having a common bond of employment or association or groups which reside within a well-defined neighborhood, community, or rural district having a population of no more than twenty-five thousand or as otherwise authorized by the board.”

The term “common bond of employment” is not defined in the Colorado credit union statutes or Division of Financial Services (“Division”) regulations. The State Commissioner of Financial Services (“Commissioner”) generally has interpreted that a common bond of employment exists only when a group of persons is employed by the same company/organization of affiliated companies/organizations. The Financial Services Board (“Board”) believes that such an interpretation is unnecessarily restrictive and finds that the adoption of this statement of policy is in the public interest. The Board also finds that this statement of policy is consistent with field of membership practices in numerous other states.

First, for a common bond to exist, the Board believes there must be an affinity, unifying factor or characteristic that links a group of persons together and distinguishes them from the general public. Then, it is the Board’s policy that the term “common bond of employment” includes the following:

1. Groups of persons employed by the same company or organization or by affiliated companies or organizations. As indicated above, this is the traditional interpretation.
2. Groups of persons employed in the same field, trade, business, profession or occupation. The description of the field, trade, business, profession or occupation must be specific enough that the members of the group can be readily ascertained. The Commissioner shall use appropriate discretion in considering the acceptability of common bonds of employment of this type. Also, the Commissioner should consider the need for appropriate geographic limits for this type of common bond of employment. Such groups must be added to the credit union’s field of membership only through an amendment to the bylaws.

3. Groups of persons employed in a particular well-defined industrial park, office complex, shopping mall or other similar development. A mixed-use development including such elements as commercial buildings, multi-family dwellings and lots for either residential or commercial development would not qualify for this type of common bond of employment. Qualifying groups must be added to a credit union's field of membership only through an amendment to the bylaws. The bylaws amendment request must be accompanied by a letter from the building owner, property manager, leasing agent or other authoritative official requesting credit union service for the group.

The Board recognizes that the types of common bond of employment authorized under provisions 2 and 3 of this policy may increase credit union field of membership overlaps. However, the Board continues to believe, consistent with its Statement of Policy dated April 19, 1996, that providing Colorado citizens with a choice of credit unions is in the public interest. In addition, the Board believes that credit unions have demonstrated they can compete with each other while maintaining both financial soundness and the ability to cooperate as a credit union movement. Finally, the Board recognizes that the field of membership expansions authorized under provisions 2 and 3 of this policy largely can already be achieved under the Division's existing small group procedures, but in an inefficient piecemeal manner. Thus, the Board believes that the adoption of this policy will reduce regulatory burden and paperwork for credit unions, which will ultimately benefit members and potential members.

Approved this _____ day of _____ 1999

COLORADO FINANCIAL SERVICES BOARD

Stephen R. Williams
Chairman