

STATEMENT OF POLICY OF THE COLORADO FINANCIAL SERVICES BOARD

Supervision of Multi-State Credit Union Branch Operations

For a number of years, a relatively small number of credit unions chartered under the laws of states other than Colorado have established branch offices in Colorado to serve their members who reside in this state. The term “multi-state credit union” will be used to identify such credit unions. The most common situation is a multi-state credit union serving a particular employee group that places a branch office in or near the company facility located in Colorado.

Colorado credit union law does not address expressly the conditions under which multi-state credit unions may establish and operate branches in Colorado. The small number that have operated here have done so without complaints to the State Commissioner of Financial Services (“Commissioner”) and without apparent harm to Colorado citizens. In 1992, C.R.S. 11-30-105 was amended to add multi-state credit unions and federal credit unions as entities that have “the exclusive right to use the words ‘credit union’ in (their) name or title.” Previously, only credit unions chartered under the laws of this state and credit union trade associations possessed this statutory right. All other parties technically were in violation of the law, which could have subjected them to misdemeanor penalties. The Colorado Financial Services Board (“Board”) interprets this 1992 amendment as the General Assembly’s recognition that multi-state credit unions can and do operate in Colorado.

The Board’s policy is that multi-state credit unions may establish and operate branch offices in Colorado to serve their members, subject to the following conditions:

1. A written notification of the intent to establish a branch must be provided to the Commissioner.
2. The multi-state credit union must apply for a certificate of authority as a “foreign corporation” doing business in Colorado, as required by the Colorado Secretary of State.
3. The multi-state credit union must maintain federal share insurance of accounts or comparable insurance approved by the Commissioner, as required by C.R.S. 11-30-117.5. (No alternative to federal share insurance has ever been approved.)

4. The multi-state credit union must provide evidence satisfactory to the Commissioner that a credit union chartered in Colorado would be permitted to conduct business as a credit union in the state in which the multi-state credit union is chartered.

Certain other state laws, notably consumer protection laws such as the Uniform Consumer Credit Code, would be applicable to a multi-state credit union's Colorado operations.

The Board believes that the above stated conditions and statutory requirements are reasonable and necessary for the protection of Colorado citizens conducting business with multi-state credit unions. While the Board recognizes that existing multi-state credit unions are small in number and operate branches in Colorado almost exclusively to serve members from limited employee groups, the Board also believes that multi-state credit union branch operations in Colorado may proliferate, perhaps significantly, in the years ahead. The Board further believes that multi-state credit unions may wish to expand their fields of membership in Colorado in order to provide their financial services to more of our citizens.

The Board's policy is that the Commissioner may approve a multi-state credit union's request to expand its field of membership in Colorado to include small groups having a common bond of employment or association that can be conveniently served from its branch office, if the multi-state credit union is chartered in a state that would permit a credit union chartered in Colorado to expand its field of membership to at least the same extent. Any such field of membership expansion by a multi-state credit union must be in compliance with applicable Colorado law and regulations and must be acceptable to the credit union's home state regulator.

The Board does not believe that the agency can legally approve community field of membership expansions for multi-state credit unions under C.R.S. 11-30-101.7, because the Board (or the Commissioner under delegated authority), as the host state regulator, would not be in the proper position to make certain of the required findings under subsection (5) of the above cited statute.

The Board recognizes that adopting this policy necessarily entails a commitment to an appropriate degree of supervision of multi-state credit union branch operations in Colorado by the Commissioner and Division of Financial Services ("Division") staff. Therefore, in order to conserve limited Division resources, protect Colorado citizens, promote communication and coordination among state credit union regulators, impose the least possible regulatory burden on multi-state credit unions, and maintain the viability of state credit union chartering, the Board hereby delegates authority to the Commissioner to sign and participate in the "Nationwide Cooperative Agreement for the Supervision of State Chartered Credit Unions Operating in a Multi-State Environment."

Finally, the Board agrees that the Commissioner should assess multi-state credit unions to cover the cost of their supervision only if such costs become material in amount.

The Board's adoption of this policy and delegation of authority to the Commissioner are pursuant to the statutory authority granted under C.R.S. 11-44-101.7 (3)(h) and (5).

This statement of policy amends and supersedes the original Board policy approved on January 9, 1998.

Approved this _____ day of _____ 2001.

COLORADO FINANCIAL SERVICES BOARD

By _____
Edwin R. Bigby, Jr.
Chairman