



COLORADO

**Department of
Regulatory Agencies**

Division of Financial Services

To: Colorado State Chartered Credit Unions

From: Mark Valente, Commissioner of the Division of Financial Services

Date: July 12, 2023

Subject: Permissibility of Colorado State Chartered Credit Union Mergers with Credit Unions Chartered in Other States

The statutory authority for Colorado chartered credit unions is prescribed by Article 30 of the Colorado Revised Statute (“C.R.S.”) Under Article 30, mergers of Colorado chartered credit unions must adhere to § 11-30-122, C.R.S. (the “Merger Process”). The Merger Process is silent on interstate mergers. The Merger Process, however, grants explicit permission for Colorado chartered credit unions to merge with federally chartered credit unions.

C.R.S. § 11-30-104(1)(j) states Colorado credit unions are permitted to “engage in any activity in which such credit union could engage were it operating under a federal charter at the time” upon approval of the commissioner, unless the activity is prohibited by the laws of Colorado. Federally chartered credit unions are permitted to merge with state-chartered credit unions without geographic restriction. Thus, a federal credit union headquartered in Colorado could enter into a merger with a state-chartered credit union chartered by a state other than Colorado (and also with a Colorado state-chartered credit union).

The statutory authority controlling the merger of a Colorado state-chartered credit union does not expressly restrict mergers to those occurring exclusively with other Colorado credit unions. A merger of a Colorado chartered credit union and an out-of-state credit union is permissible. If the out-of-state credit union is state chartered, there needs to be a careful evaluation process to ensure compliance with Colorado law and to properly evaluate the health of the out-of-state chartered credit union before the merger occurs.

The Division of Financial Services, part of the Department of Regulatory Agencies (DORA), works to protect public interest and preserve public trust by regulating the business of state-chartered credit unions, savings and loan associations and the financial activities of life care institutions under its supervision.

