

## DIVISION OF FINANCIAL SERVICES

**Policy Number:** 400-11  
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**Title:** COMMUNITY FIELD OF MEMBERSHIP EXPANSIONS BY EXISTING STATE-CHARTERED CREDIT UNIONS (POPULATION NOT EXCEEDING 25,000)

**Reference:** §11-30-101.7, C.R.S., §11-30-102, C.R.S., §11-30-103(2). C.R.S.  
Financial Services Board Statements of Policy dated 1/19/96 and 10/10/02

**Purpose:** To provide guidelines for application content for credit unions applying for community field of membership expansions in which the population does not exceed 25,000.

At its January 19, 1996 regular meeting, the Colorado Financial Services Board (“Board”) adopted a statement of policy that the public notice and hearing requirements of §11-30-101.7, C.R.S., apply to community field of membership expansion applications by existing state-chartered credit unions only when the population of the proposed well-defined neighborhood, community or rural district exceeds 25,000. If the community application by an existing credit union involves a population of not more than 25,000, the State Commissioner of Financial Services (“Commissioner”) has the authority to approve such an application as an amendment to the credit union’s bylaws, pursuant to §11-30-102, C.R.S. However, if the Commissioner determines that any such community application undermines legislative intent, the Commissioner shall refer the application to the Board for public notice, hearing and decision pursuant to §11-30-101.7, C.R.S.

1. The application should be in letter form addressed to the Commissioner.
2. The applicant must submit one copy of the application.
3. Although Board action is no longer required on such an application, it is logical and appropriate to subject the application to the same standards required by statute for community applications going to the Board. Therefore, the application must provide sufficient information to address the four findings under §11-30-101.7(5), C.R.S.
  - (a) The first finding is that the application and bylaws amendment conform to state credit union law and Division regulations. The applicant credit union shall address this finding primarily by submitting a properly completed and executed Credit Union Amendment to Bylaws form.
  - (b) The second finding is that the credit union's expansion would benefit its members or potential members, that the general character and fitness of the credit union's officials is

appropriate, and that it is economically advisable to permit the proposed field of membership expansion. The applicant can address the member benefit and economic advisability elements of this finding in several ways, including but not limited to the following:

- Describe how the proposed expansion is expected to benefit the credit union's existing members.
- Describe the credit union's services and any advantages in rates, fees, and terms compared to competing financial institutions located in the community.
- Provide evidence of community support for the credit union's proposed expansion through petitions, surveys, letters, etc. (optional).
- Identify the number of members of the credit union who already reside in the community to be served (optional unless a new branch is planned for the community).
- Describe the credit union's plan for serving the community (i.e., branch, shared service facility, ATM, by mail or phone through an existing office, etc.).
- Describe the expected impact on the credit union's financial condition from serving the community. The extent of the information provided will depend on the size of the community and the credit union's plan for service. For example, if the credit union plans to open a branch in order to serve the community, a greater level of financial data should be presented to document the impact of the expansion.

It should be noted that the Commissioner is not required under this finding to determine that there is a "need" for the applicant credit union's service to the community. Also, the Commissioner will make the finding related to the character and fitness of the credit union's officials. The applicant does not need to specifically address this finding.

(c) The third finding is that the proposed community is politically, geographically, socially, or economically well-defined. The applicant can address this finding, in most cases, with a narrative description of the community accompanied by a map that clearly delineates the boundaries of the community. It should be noted that §11-30-103(2), C.R.S., limits community fields of membership to groups which reside within a well-defined neighborhood, community or rural district. The term "groups which reside" means persons living or working in the proposed community. The applicant should also provide the estimated population of the community and the source of the population estimate.

(d) The fourth finding is that the members of other credit unions within the community are specifically excluded from membership in the applicant credit union, unless the Commissioner provides otherwise for good cause. The applicant shall address this finding by identifying all state and federal credit unions that operate an office within the defined community. If the Commissioner has a concern that one or more identified credit unions would be adversely affected by the overlap, the Division shall provide written notice to such credit unions of the application and invite the credit unions to provide written comment to the Commissioner on the application within 14 days. At its April 19, 1996 regular meeting, the Board adopted a statement of policy that "good cause" for not including appropriate exclusionary language in the applicant's bylaws should be deemed to exist when neither a credit union other than the applicant nor the Commissioner makes a compelling argument that overlap protection through

an exclusionary clause is necessary in order to prevent an unsafe and unsound condition in a credit union other than the applicant. The applicant may make such additional comments addressing this finding as deemed appropriate.

4. The application also shall include the name and address of each savings and loan association, commercial bank or industrial bank that operates an office within the defined community.
5. The applicant may be required to submit such additional information as the Commissioner deems necessary to properly address the statutory findings under §11-30-101.7(5), C.R.S.