

DIVISION OF FINANCIAL SERVICES

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Title: COMMUNITY FIELD OF MEMBERSHIP EXPANSIONS BY EXISTING STATE-CHARTERED CREDIT UNIONS (POPULATION EXCEEDING 25,000)

Reference: §11-30-101.7, C.R.S. and §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 exceeds 25,000.

Pursuant to §11-30-101.7, C.R.S., an application for a community charter shall be subject to public notice and hearing. At its April 8, 1994 regular meeting, the Colorado Financial Services Board determined that §11-30-101.7, C.R.S., also applied to community field of membership expansions by existing credit unions.

However, at its January 19, 1996 regular meeting, the Colorado Financial Services Board adopted a new 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.

The guidelines for application content follow:

1. The application should be in letter form addressed to the Financial Services Board (“Board”).
2. The applicant must submit an electronic copy of the full application to the Division, which will be distributed to the Board members, Division of Financial Services (“Division”) staff and potential protestants.
3. The application must provide sufficient information to address the four findings that the Board must make, pursuant to §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.
- Describe the credit union's plan for serving the community (ie., 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 Board 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 Board, with a recommendation from Division staff, 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 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 Board 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. The applicant also shall include appropriate exclusionary language in its proposed bylaws amendment, unless it wishes to make a case to the Board that good cause exists for not including said exclusionary language. 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 Board 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. In order that the Board may give appropriate public notice of the required public hearing on an application, pursuant to §11-30-101.7(3), C.R.S., the application shall include the name and mailing address of each credit union, savings and loan association, commercial bank or industrial bank that operates an office within the defined community. Also, the application shall identify a general circulation newspaper serving the defined community.
5. The applicant may be required to submit such additional information as Division staff or the Board deems necessary to properly address the statutory findings under §11-30-101.7(5), C.R.S.