

STATEMENT OF POLICY OF THE COLORADO FINANCIAL SERVICES BOARD

Applicability of C.R.S. 11-30-101.7

Subsequent to its organization in the fall of 1993, the Financial Services Board informally followed a policy of subjecting all community field of membership expansion applications by existing state-chartered credit unions to the public notice and hearing requirements of C.R.S. 11-30-101.7. This policy was notwithstanding the absence of express language in the cited statute applying the public notice and hearing requirements to existing credit unions desiring a community expansion. It should be noted that the statute expressly applies such requirements only to newly-organized credit unions [see C.R.S. 11-30-101.7(2)], credit unions seeking to establish a community charter as part of a conversion from federal to state charter [see C.R.S. 101-30-101.7(6)], and merging credit unions where a community charter is involved [see C.R.S. 101-44-101.7(7)].

After in excess of two years of operations and further review of relevant state statutes, the Financial Services Board finds that the adoption of this statement of policy is appropriate.

1. It is Board policy that the public notice and hearing requirements of C.R.S. 11-30-101.7 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 has the authority to approve such an application as an amendment to the credit union's bylaws, pursuant to C.R.S. 11-30-102.

This policy is considered more consistent with legislative intent, given the aforementioned absence of express language applying C.R.S. 11-30-101.7 to existing credit unions desiring a community expansion as well as the clear statement in C.R.S. 11-30-103(2) that credit union membership may include "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." Reading these two sections of the statute together results in the conclusion that public notice, hearing and decision by the Board is only necessary when an existing credit union's proposed community expansion exceeds 25,000 in population.

Of course, it is necessary to ensure that legislative intent is not undermined by, for instance, a credit union's filing and the Commissioner's approval of multiple applications involving contiguous well-defined communities, each with a population of no more than 25,000 but in the aggregate in excess of 25,000. Therefore, it is Board policy that if the Commissioner determines that any community expansion application by an existing credit union undermines legislative intent, the Commissioner shall refer the application to the Board for public notice, hearing, and decision pursuant to C.R.S. 11-30-101.7.

2. It is Board policy that the public notice and hearing requirements of C.R.S. 11-30-101.7 apply to a credit union converting from federal to state charter or merging credit unions only when a new or expanded community field of membership is proposed as a part of the conversion or merger application. Thus, in a case where a federal community credit union applies to convert to a state charter or two credit unions, at least one already possessing a properly-authorized community field of membership, apply to merge, C.R.S. 11-30-101.7 will not govern the application unless an expansion of an existing community field of membership is proposed.

Approved this _____ day of _____, 1996

Steven A. Newell
Chairman
Colorado Financial Services