



# BULLETIN

## Colorado Division of Financial Services

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**Issued to:** State-Chartered Credit Unions

**Subject:** Amendments to Community Field of Membership Policies **Date Issued:** June 22, 2004

The purpose of this bulletin is to inform you of several changes in the Division's policies regarding community field of membership ("FOM") applications. Amended versions of Division Policies 400-11 (communities not exceeding 25,000 in population) and 400-12 (communities exceeding 25,000) are now available on the Division's web site. Click on the home page link entitled [Policies and Bulletins](#) to find these policies. If you would like to receive print copies of the policies, please contact this office.

The substantive amendments are as follows:

1. In both policies, two of the suggested ways to demonstrate member or potential member benefit from a community FOM expansion are now labeled as "optional." This is to clarify that they do not have to be addressed in all situations.
2. In both policies, the term "groups which reside" in a well-defined community is now defined as persons living or working in the proposed community. This interpretation of statutory language contained in § 11-30-103(2), C.R.S., is a significant shift in Division policy that gives state-chartered credit unions greater parity with federal credit unions. Previously, the Division's position was that the word "reside" referred only to persons living in a community. However, upon further review, I note that the American Heritage College Dictionary defines the word "residence," the noun for the act of residing in a place, to mean "the official home or location of a corporation." I am also aware that in common business usage, corporations and other business entities are said to "reside" in a particular geographic location. This lends support for a broader interpretation of the term "groups which reside" as used in state credit union law. Finally, I note that such an interpretation is not inconsistent with any provision of state credit union law, Division rule or Financial Services Board policy.

Any state-chartered credit union that has previously amended its bylaws to include one or more well-defined communities in its FOM may take advantage of this policy change by having its board of directors approve a new amendment to the bylaws and forwarding the amendment to this office for approval. The wording for each reference to a community FOM in the bylaws should be "persons living or working" or "persons who live or work" in the community.

3. In Division Policy 400-11, the required notice of a community FOM application to other credit unions in the proposed community and a 14-day opportunity to comment on the application is now at the Commissioner's discretion. Therefore, such notice will be provided only if this office has a concern that a particular credit union will be adversely affected by an overlap caused by approving the application. Based on the Division's past experience, in most cases the notice will not be provided.

4. In Division Policy 400-12, the required certified mail notification of the public hearing before the Financial Services Board on a community FOM application now must be sent only to the principal offices of financial institutions with offices located in the proposed community. For larger proposed communities with many financial institution branches, this will greatly reduce the number of costly certified mailings that have to be made. This change is the result of an amendment to § 11-30-101.7(3), C.R.S., which becomes effective on July 1, 2004.

As a group, I believe these policy changes will result in significant reductions in the paperwork and regulatory burden associated with credit unions obtaining approval to include community components in their FOMs. Please contact me if you have questions.

David L. Paul  
Commissioner of Financial Services