

DIVISION OF FINANCIAL SERVICES

Policy Number: 400-14
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Title: CONVERSIONS OF FEDERAL CREDIT UNIONS TO STATE CHARTER

Reference: §11-30-101 and §11-30-120.5, C.R.S.
§11-30-101.7, C.R.S. and Division Policy 400-12

Purpose: To provide guidelines for the conversion of a federal credit union to state charter.

Section 11-30-101, C.R.S., relating to the organization of a new state-chartered credit union, is applicable in the case of a federal credit union desiring to convert to state charter pursuant to §11-30-120.5(5), C.R.S.

Upon request, the Division shall provide information regarding the conversion process, including this policy, the attached Document Check List, relevant state statutes and sample forms.

The following modifications of the new credit union chartering process would apply in the case of a federal to state charter conversion:

1. A letter of application for state charter should be submitted which explains the reasons for the conversion request and contains a general description of the credit union (i.e., services, field of membership, any sponsor assistance, brief history, etc.). The letter also should explain in detail any proposed change in the field of membership of the credit union.
2. The Articles of Incorporation should be completed in draft form. Properly executed final Articles of Incorporation may be filed in duplicate at a later date. The Division recommends that the federal credit union's present board of directors serve as incorporators. If needed, other credit union officials may serve as incorporators in order to assure that there are at least eight Colorado residents serving in this capacity.
3. The Bylaws also should be completed in draft form. Properly executed final Bylaws may be filed in duplicate at a later date.

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4. Biographical Reports should be completed for members of the federal credit union's board of directors, the manager and any other person who will sign the Articles of Incorporation as an incorporator.
5. A complete copy of the federal credit union's most recent NCUA examination report should be submitted.
6. A complete copy of the federal credit union's most recent independent or supervisory committee audit report also should be submitted.

The Division reserves the right to require additional information deemed necessary to make the statutory determinations required for approval of the application. The Division also reserves the right to conduct an on-site examination if deemed necessary to make such statutory determinations.

Pursuant to §11-30-101.7(6), C.R.S., a conversion application that proposes the establishment of a community field of membership, regardless of the community's population size, is subject to the provisions of §11-30-101.7, C.R.S. and Division Policy 400-12.

If the applicant federal credit union, upon conversion, wishes to exercise its option under state law to have the board of directors appoint the supervisory committee and the credit committee or credit officer, the credit union's members must vote to so authorize the board of directors. The Division recommends that such a vote occur at the meeting called for the members to consider and vote on the conversion to state charter.

The applicant federal credit union, of course, is responsible for complying with all requirements of federal law and regulations in effecting the conversion.

**DOCUMENT CHECKLIST – FEDERAL TO STATE CHARTERED
CREDIT UNION CONVERSION**

1. Letter of Application
2. Draft Articles of Incorporation
3. Draft Bylaws
4. Biographical Reports on all members of the board of directors, the manager and any other person who will sign the Articles of Incorporation as an incorporator.
5. Most recent NCUA examination report
6. Most recent independent or supervisory committee audit report
7. Check for filing fee (payable to Colorado Division of Financial Services – amount set by the Commissioner)
8. Other items requested by the Division:

Please contact David J. Francis, Supervisory Examiner with any questions.