

SECOND REGULAR SESSION

HOUSE BILL NO. 2452

102ND GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE WEST.

5122H.011

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To repeal sections 370.071, 370.080, and 370.081, RSMo, and to enact in lieu thereof three new sections relating to credit unions.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Sections 370.071, 370.080, and 370.081, RSMo, are repealed and three
2 new sections enacted in lieu thereof, to be known as sections 370.071, 370.080, and 370.081,
3 to read as follows:

370.071. A credit union may have the following additional powers:

2 (1) To contract for group insurance plans, approved by the state of Missouri, on
3 behalf of members electing to participate in such insurance programs and to charge a fee for
4 providing such services;

5 (2) To exercise such additional powers, with the approval of the director, as federally
6 chartered credit unions may be authorized under federal statutes~~[- however, this section shall
7 not apply to field of membership provisions within this chapter];~~

8 (3) To hold membership in central credit unions whose field of membership includes
9 credit unions, and to invest funds in shares of corporations to aid the liquidity of credit
10 unions;

11 (4) To act as the fiscal or transfer agent of the United States, of any state,
12 municipality, or political subdivision and in such capacity to receive and disburse money, to
13 transfer, register and countersign certificates of stock, bonds and other evidences of
14 indebtedness;

15 (5) Notwithstanding any other law to the contrary, a credit union may charge initial
16 and/or recurring membership fees, provided such fees have been approved by a majority of

EXPLANATION — Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

17 the membership in attendance at any regular or special meeting or by a mail or electronic
18 ballot as provided in the credit union bylaws, after notice of the purpose thereof shall have
19 been mailed or delivered to each member, at least seven days and no longer than sixty days
20 prior to the date of such meeting. Such membership fees shall not be construed as reserve
21 income but shall be used at the sole discretion of the board of directors for the benefit of the
22 credit union.

370.080. 1. The membership shall consist of the organizers and such persons,
2 societies, associations, copartnerships and corporations as have been duly elected to
3 membership and have subscribed to one or more general shares, or one membership share
4 and/or membership fee when required, and have paid for the same in the whole or in part,
5 with the entrance fee as required by the bylaws, and have complied with such other
6 requirements as the certificate of organization may contain.

7 2. A credit union shall be composed of one or more groups of persons. The members
8 of each such individual group must share:

9 (1) A **single common bond of occupation, association, or employer** [or];

10 (2) **Multiple common bonds of occupation, association, or employer or any**
11 **combination thereof;**

12 [~~2~~] (3) A **common** geographic area which may include all those persons who reside
13 or work in a city not within a county or a county, in which the main office **or a branch** of the
14 credit union is located [~~as reported on the National Credit Union Administration (NCUA)~~
15 ~~2006 year end 5300 call report~~], and counties contiguous to such areas as may be approved by
16 the director[~~. The director shall not allow a geographic area credit union to expand beyond~~
17 ~~counties contiguous to a city not within a county or a county in which its main office is~~
18 ~~located. The director shall not allow a credit union to expand its geographic area due to a~~
19 ~~relocation of the credit union's main office.]; **or**~~

20 (4) **Any combination of subdivisions (1) through (3) of this subsection.**

21 3. No individual shall be eligible for membership in a credit union on the basis of the
22 relationship of such individual to another person who is eligible for membership in such
23 credit union unless the individual is a member of the immediate family or household, as such
24 terms are defined by the commission, of such person **or the individual was the spouse of a**
25 **person who died while a member of a group described in subsection 2 of this section.**
26 Except as provided in section 370.340, once a person becomes a member of a credit union in
27 accordance with this chapter, such person or organization may remain a member of such
28 credit union until the person or organization chooses to withdraw from the membership of the
29 credit union. **Members of a credit union may include persons related as pensioners or**
30 **annuitants from the common occupation or employer, persons who volunteer in the**

31 **common occupation or employer, persons who volunteer in the common occupation or**
 32 **at the common employer, and employees of the credit union.**

33 4. Each credit union may, at the option of the board, create one or more classes of
 34 shares which shall be known as "membership share" representing the member's ownership
 35 interest in the credit union on such terms and conditions as the board of directors may
 36 determine, not inconsistent with the bylaws, provided that each membership share shall have
 37 a par value of not less than ~~twenty-five~~ **one dollar** nor more than one hundred dollars. A
 38 membership share shall not be pledged as security on any loan.

39 5. Notwithstanding any other provisions of this chapter to the contrary, in the event of
 40 liquidation of the assets of the credit union, the membership share shall be at risk, uninsured,
 41 and shall be subordinated to the claims of all nonmembers and participate in the assets of the
 42 credit union after all creditors and holders of all other shares, and the National Credit Union
 43 Administration.

370.081. 1. A credit union may add to its membership additional groups or **common**
 2 geographic areas that comply with the provisions of subsection 2 of section 370.080 if the
 3 credit union meets the criteria set forth in this section.

4 2. Except as provided in subdivisions (1), (2), and (3) of this subsection, only
 5 employer groups with fewer than ~~three~~ **six thousand** ~~members~~ **employees** shall be eligible
 6 to be included in the credit union's field of membership, unless:

7 (1) Any employer group which the commission determines, in writing and in
 8 accordance with the guidelines it has set forth, could not feasibly or reasonably establish a
 9 new single common-bond credit union because:

10 (a) The employer group lacks sufficient volunteer or other resources to support the
 11 efficient and effective operation of a credit union;

12 (b) The employer group does not meet the criteria which the commission has
 13 determined to be important for the likelihood of success in establishing and maintaining a
 14 new credit union;

15 (c) The employer group would be unlikely to operate a safe and sound credit union;

16 (2) The groups are involved in an involuntary merger or when the director acts as a
 17 conservator or liquidating agent; or

18 (3) The groups are transferred from another credit union in connection with a merger
 19 or consolidation approved by the director, provided when making this determination the
 20 director shall:

21 (a) Determine whether the service area of the merging credit union is contiguous to
 22 the area served by the continuing credit union;

23 (b) Assess the breadth of the service area of the combined credit unions; **and**

24 (c) Assess the ability of the continuing credit union to serve the combined area~~;~~ **and**

25 ~~(d) Assess the number of voluntary mergers the acquiring credit union has requested,~~
26 ~~or received approval for, during the five-year period preceding the proposed merger].~~

27

28 The director shall not permit state-chartered credit unions to merge without a thorough
29 assessment by the director that the combined field of membership is consistent with this
30 chapter ~~[and is reasonable in terms of size, service area, and geographic location]~~. **Upon the**
31 **approval by the director of a merger of two or more credit unions, the field of**
32 **membership of the surviving credit union shall include the field of membership of the**
33 **surviving credit union and each of the merged credit unions.**

34 3. Notwithstanding subsection 2 of section 370.080, the director of the division of
35 credit unions may allow the membership of a credit union serving groups of occupation,
36 association or employer to include any person within a proximate geographic area if:

37 (1) Such an area meets the definition of a low-income or underserved community as
38 defined by the credit union commission or the National Credit Union Administration; **or**

39 (2) A merger or consolidation has been approved by the director of the division of
40 credit unions which involves any **common** geographic area credit union.

41 4. The credit union may apply and receive approval from the director of the division
42 of credit unions to include the proposed new occupation, employer, or association groups or
43 **common** geographic areas in the credit union's membership. In the case of a new credit union
44 application, the organizers of such credit union as provided in subsection 1 of section 370.080
45 shall specify the membership ~~[group]~~ **groups** selected as provided in subsection 2 of section
46 370.080. ~~[If an]~~ **An** existing credit union ~~[applies for a]~~ **may apply to amend its** field of
47 membership ~~[expansion, such credit union shall select either a geographic area or occupation,~~
48 ~~employer, or association group as provided in subsection 2 of section 370.080 which shall be~~
49 ~~binding for all future expansions. When a credit union serving occupation, association, or~~
50 ~~employer groups has converted to a geographic area credit union, that credit union shall not~~
51 ~~accept as members new groups that are headquartered outside the geographic area of the~~
52 ~~credit union, or new employees or new members of those groups who work or reside outside~~
53 ~~the geographic area of the credit union]~~ **to reflect a single common bond, multiple common**
54 **bonds, or a common geographic area as provided in subsection 2 of section 370.080.**
55 **Any such application shall satisfy the field of membership requirements provided in**
56 **subsection 2 of section 370.080.** Upon receipt of an application from a credit union to
57 include a new group or new geographic area in its membership, and no later than five
58 business days after an application has been received, the director shall cause notice of the
59 application to be published in the division's electronic bulletin and sent electronically to any
60 party who has requested notification of such applications. From the date such notice is
61 published, there shall be a ten-business-day comment period during which any person or

62 entity desiring to do so may comment on such proposal in writing. Comments received shall
63 become a part of the credit union's application file, subject to public inspection and copying.
64 Within ten days after the comment period ends, the director of the division of credit unions
65 shall issue a decision either granting or rejecting the credit union's application and stating the
66 reasons therefor. In addition to any other requirements required by law or rule, prior to
67 granting the application, the director of the division of credit unions shall determine that:

68 (1) The credit union has the immediate ability to serve the additional group or
69 **common** geographic area. In making this determination, the director shall consider the data
70 required to be reported on an annual basis by the state-chartered credit unions that includes
71 aggregated information about the census tracts in which members reside, the actual or
72 estimated annual income of members, and types and numbers of loans or extensions of credit
73 for which members received approval. For the purposes of this section, the term "member
74 data" shall mean information on the income levels of credit union members that credit unions
75 are required to report; provided, however, that no member data includes the names, account
76 numbers, or taxpayer identification numbers. In the event that the National Credit Union
77 Administration (NCUA) has a regulation on member data reporting requirements, the state
78 annual member data report shall be made consistent with NCUA reporting requirements. The
79 director shall determine the nonproprietary data to be included in the annual member data
80 report which shall be made available to the public.

81 (2) No later than five business days after an expansion or merger has been granted,
82 the director shall cause the decision and findings to be published in the division's electronic
83 bulletin and sent electronically to any party who has requested notification of such actions.

84 5. Within fifteen days after the decision is published, any person or entity with an
85 interest different from that of a member of the general public, upon establishing that such
86 person or entity may be aggrieved based upon competent and substantial evidence of potential
87 actual damages, shall have the right to contest the decision by appealing the decision to the
88 credit union commission utilizing the procedure as set out in section 370.063. If the
89 commission finds that the decision or the findings of the director of the division of credit
90 unions was arbitrary and capricious or not based on evidence in the director's possession, the
91 commission shall set aside the findings and decision of the director of the division of credit
92 unions and enter its own findings and decision. Any party in the proceeding before the
93 commission who has exhausted all administrative remedies provided by law may appeal the
94 decision to the circuit court of Cole County.

95 6. Subject to the restrictions contained in this chapter, the director of the division of
96 credit unions shall have the authority to approve applications to amend bylaws regarding
97 credit union membership or to organize credit unions that include single or multiple groups.

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