

SECOND REGULAR SESSION

# HOUSE BILL NO. 2838

## 103RD GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE WEST.

6189H.011

JOSEPH ENGLER, Chief Clerk

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### AN ACT

To repeal sections 370.081 and 370.357, RSMo, and to enact in lieu thereof two new sections relating to credit unions.

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

Section A. Sections 370.081 and 370.357, RSMo, are repealed and two new sections  
2 enacted in lieu thereof, to be known as sections 370.081 and 370.357, to read as follows:

370.081. 1. A credit union may add to its membership additional groups or  
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, **and**  
5 **subsections 3 and 4 of this section**, only employer groups with fewer than three thousand  
6 members shall be eligible 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

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.

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;

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 3. The director shall not permit state-chartered credit unions to merge without a  
28 thorough assessment by the director that the combined field of membership is consistent with  
29 this chapter and is reasonable in terms of size, service area, and geographic location.

30 4. Upon approval by the director of a merger of two or more credit unions, the  
31 field of membership of the surviving credit union shall include the field of membership  
32 of the surviving credit union and each of the merged credit unions.

33 [3-] 5. Notwithstanding subsection 2 of section 370.080, the director of the division of  
34 credit unions may allow the membership of a credit union serving groups of occupation,  
35 association or employer to include any person within a proximate geographic area if:

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

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

40 [4-] 6. The credit union may apply and receive approval from the director of the  
41 division of credit unions to include the proposed new occupation, employer, or association  
42 groups or geographic areas in the credit union's membership. In the case of a new credit  
43 union application, the organizers of such credit union as provided in subsection 1 of section  
44 370.080 shall specify the membership group selected as provided in subsection 2 of section  
45 370.080. If an existing credit union applies for a field of membership expansion, such credit  
46 union shall select either a geographic area or occupation, employer, or association group as  
47 provided in subsection 2 of section 370.080 which shall be binding for all future expansions.  
48 When a credit union serving occupation, association, or employer groups has converted to a  
49 geographic area credit union, that credit union shall not accept as members new groups that  
50 are headquartered outside the geographic area of the credit union, or new employees or new  
51 members of those groups who work or reside outside the geographic area of the credit union.  
52 Upon receipt of an application from a credit union to include a new group or new geographic  
53 area in its membership, and no later than five business days after an application has been  
54 received, the director shall cause notice of the application to be published in the division's

55 electronic bulletin and sent electronically to any party who has requested notification of such  
56 applications. From the date such notice is published, there shall be a ten-business-day  
57 comment period during which any person or entity desiring to do so may comment on such  
58 proposal in writing. Comments received shall become a part of the credit union's application  
59 file, subject to public inspection and copying. Within ten days after the comment period ends,  
60 the director of the division of credit unions shall issue a decision either granting or rejecting  
61 the credit union's application and stating the reasons therefor. In addition to any other  
62 requirements required by law or rule, prior to granting the application, the director of the  
63 division of credit unions shall determine that:

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

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

80 ~~[5:]~~ 7. Within fifteen days after the decision is published, any person or entity with an  
81 interest different from that of a member of the general public, upon establishing that such  
82 person or entity may be aggrieved based upon competent and substantial evidence of potential  
83 actual damages, shall have the right to contest the decision by appealing the decision to the  
84 credit union commission utilizing the procedure as set out in section 370.063. If the  
85 commission finds that the decision or the findings of the director of the division of credit  
86 unions was arbitrary and capricious or not based on evidence in the director's possession, the  
87 commission shall set aside the findings and decision of the director of the division of credit  
88 unions and enter its own findings and decision. Any party in the proceeding before the  
89 commission who has exhausted all administrative remedies provided by law may appeal the  
90 decision to the circuit court of Cole County.

91           ~~[6:]~~ 8. Subject to the restrictions contained in this chapter, the director of the division  
92 of credit unions shall have the authority to approve applications to amend bylaws regarding  
93 credit union membership or to organize credit unions that include single or multiple groups.

370.357. When the merger or consolidation has been effected:

2           (1) The several credit unions parties to the plan of merger or consolidation shall be a  
3 single credit union which, in the case of a merger, shall be that credit union designated in the  
4 plan of merger as the surviving credit union, and, in the case of consolidation, shall be the  
5 new credit union provided for in the plan of consolidation;

6           (2) The separate existence of all credit union parties to the plan of merger or  
7 consolidation, except the surviving or new credit union, shall cease;

8           (3) The surviving or new credit union shall have all the rights, privileges, immunities,  
9 and powers, and shall be subject to all the duties and liabilities of a new credit union;

10          (4) The surviving or new credit union shall thereupon and thereafter possess all the  
11 rights, privileges, immunities, and franchises of each of the merging or consolidating credit  
12 unions; and all property, real, personal, and mixed, and all debts due on whatever account,  
13 loans, and all other choses in action, and all and every other interest of or belonging to or due  
14 to each of the credit unions so merged or consolidated, shall be taken and deemed to be  
15 transferred to and vested in the single credit union, without further act or deed; and the title to  
16 any real estate, or any interest therein, under the laws of this state, vested in any of the credit  
17 unions, shall not revert or be in any way impaired by reason of the merger or consolidation;

18          (5) The surviving or new credit union shall thenceforth be responsible and liable for  
19 all the liabilities and obligations of each of the credit unions so merged or consolidated; and  
20 any claim existing or action or proceeding pending by or against any of such credit unions  
21 may be prosecuted to judgment as if the merger or consolidation had not taken place, or the  
22 surviving or new credit union may be substituted in its place; neither the rights of creditors  
23 nor any liens upon the property of any of the corporations shall be impaired by the merger or  
24 consolidation;

25          (6) In case of a merger, the articles of agreement and the bylaws of the surviving  
26 credit union shall be deemed to be amended to the extent, if any, that changes in its articles  
27 are stated in the articles of merger; and, in the case of a consolidation, the statement set forth  
28 in the articles of consolidation, and which are required or permitted to be set forth in the  
29 bylaws of credit unions, shall be deemed to be the articles of agreement of the new credit  
30 union.

31           **(7) The surviving or new credit union shall be authorized to retain and continue**  
32 **to serve all members of each of the merging or consolidating credit unions without**  
33 **requiring reapplication or requalification for membership.**

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