

SENATE BILL NO. 846

102ND GENERAL ASSEMBLY

INTRODUCED BY SENATOR HOUGH.

3968S.01H

KRISTINA MARTIN, Secretary

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Section A. Sections 370.071, 370.080, and 370.081, RSMo, are repealed and three new sections enacted in lieu thereof, to be known as sections 370.071, 370.080, and 370.081, to read as follows:

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

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

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

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

(4) To act as the fiscal or transfer agent of the United States, of any state, municipality, or political

EXPLANATION-Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

18 subdivision and in such capacity to receive and disburse
19 money, to transfer, register and countersign certificates of
20 stock, bonds and other evidences of indebtedness;

21 (5) Notwithstanding any other law to the contrary, a
22 credit union may charge initial and/or recurring membership
23 fees, provided such fees have been approved by a majority of
24 the membership in attendance at any regular or special
25 meeting or by a mail or electronic ballot as provided in the
26 credit union bylaws, after notice of the purpose thereof
27 shall have been mailed or delivered to each member, at least
28 seven days and no longer than sixty days prior to the date
29 of such meeting. Such membership fees shall not be
30 construed as reserve income but shall be used at the sole
31 discretion of the board of directors for the benefit of the
32 credit union.

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

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

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

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

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

29 **(4) Any combination of subdivisions (1) to (3) of this**
30 **subsection.**

31 3. No individual shall be eligible for membership in a
32 credit union on the basis of the relationship of such
33 individual to another person who is eligible for membership
34 in such credit union unless the individual is a member of
35 the immediate family or household, as such terms are defined
36 by the commission, of such person, **or the individual was a**
37 **spouse of a person who died while a member of a group**
38 **described in subsection 2 of this section.** Except as
39 provided in section 370.340, once a person becomes a member
40 of a credit union in accordance with this chapter, such
41 person or organization may remain a member of such credit
42 union until the person or organization chooses to withdraw
43 from the membership of the credit union. **Members of a**
44 **credit union may include persons related as pensioners or**
45 **annuitants from the common occupation or employer, persons**
46 **who volunteer in the common occupation or at the common**
47 **employer, and employees of the credit union.**

48 4. Each credit union may, at the option of the board,
49 create one or more classes of shares which shall be known as
50 "membership share" representing the member's ownership
51 interest in the credit union on such terms and conditions as
52 the board of directors may determine, not inconsistent with
53 the bylaws, provided that each membership share shall have a
54 par value of not less than [twenty-five] **one** nor more than
55 one hundred dollars. A membership share shall not be
56 pledged as security on any loan.

57 5. Notwithstanding any other provisions of this
58 chapter to the contrary, in the event of liquidation of the
59 assets of the credit union, the membership share shall be at
60 risk, uninsured, and shall be subordinated to the claims of
61 all nonmembers and participate in the assets of the credit
62 union after all creditors and holders of all other shares,
63 and the National Credit Union Administration.

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

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

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

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

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

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

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

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

31 (a) Determine whether the service area of the merging
32 credit union is contiguous to the area served by the
33 continuing credit union;

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

36 (c) Assess the ability of the continuing credit union
37 to serve the combined area[; and

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

42 The director shall not permit state-chartered credit unions
43 to merge without a thorough assessment by the director that
44 the combined field of membership is consistent with this
45 chapter [and is reasonable in terms of size, service area,

46 and geographic location]. Upon the approval by the director
47 of a merger of two or more credit unions, the field of
48 membership of the surviving credit union shall include the
49 field of membership of the surviving credit union and each
50 of the merged credit unions.

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

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

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

62 4. The credit union may apply and receive approval
63 from the director of the division of credit unions to
64 include the proposed new occupation, employer, or
65 association groups or **common** geographic areas in the credit
66 union's membership. In the case of a new credit union
67 application, the organizers of such credit union as provided
68 in subsection 1 of section 370.080 shall specify the
69 membership group selected as provided in subsection 2 of
70 section 370.080. [If] An existing credit union [applies for
71 a] **may apply to amend its** field of membership [expansion,
72 such credit union shall select either a geographic area or
73 occupation, employer, or association group as provided in
74 subsection 2 of section 370.080 which shall be binding for
75 all future expansions. When a credit union serving
76 occupation, association, or employer groups has converted to
77 a geographic area credit union, that credit union shall not

78 accept as members new groups that are headquartered outside
79 the geographic area of the credit union, or new employees or
80 new members of those groups who work or reside outside the
81 geographic area of the credit union] **to reflect a single**
82 **common bond, multiple common bonds, or a geographic area as**
83 **provided in subsection 2 of section 370.080. Any such**
84 **application shall satisfy the field of membership**
85 **requirements provided in subsection 2 of section 370.080.**

86 Upon receipt of an application from a credit union to
87 include a new group or new geographic area in its
88 membership, and no later than five business days after an
89 application has been received, the director shall cause
90 notice of the application to be published in the division's
91 electronic bulletin and sent electronically to any party who
92 has requested notification of such applications. From the
93 date such notice is published, there shall be a ten-business-
94 day comment period during which any person or entity
95 desiring to do so may comment on such proposal in writing.
96 Comments received shall become a part of the credit union's
97 application file, subject to public inspection and copying.
98 Within ten days after the comment period ends, the director
99 of the division of credit unions shall issue a decision
100 either granting or rejecting the credit union's application
101 and stating the reasons therefor. In addition to any other
102 requirements required by law or rule, prior to granting the
103 application, the director of the division of credit unions
104 shall determine that:

105 (1) The credit union has the immediate ability to
106 serve the additional group or **common** geographic area. In
107 making this determination, the director shall consider the
108 data required to be reported on an annual basis by the state-
109 chartered credit unions that includes aggregated information

110 about the census tracts in which members reside, the actual
111 or estimated annual income of members, and types and numbers
112 of loans or extensions of credit for which members received
113 approval. For the purposes of this section, the term
114 "member data" shall mean information on the income levels of
115 credit union members that credit unions are required to
116 report; provided, however, that no member data includes the
117 names, account numbers, or taxpayer identification numbers.
118 In the event that the National Credit Union Administration
119 (NCUA) has a regulation on member data reporting
120 requirements, the state annual member data report shall be
121 made consistent with NCUA reporting requirements. The
122 director shall determine the nonproprietary data to be
123 included in the annual member data report which shall be
124 made available to the public.

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

130 5. Within fifteen days after the decision is
131 published, any person or entity with an interest different
132 from that of a member of the general public, upon
133 establishing that such person or entity may be aggrieved
134 based upon competent and substantial evidence of potential
135 actual damages, shall have the right to contest the decision
136 by appealing the decision to the credit union commission
137 utilizing the procedure as set out in section 370.063. If
138 the commission finds that the decision or the findings of
139 the director of the division of credit unions was arbitrary
140 and capricious or not based on evidence in the director's
141 possession, the commission shall set aside the findings and

142 decision of the director of the division of credit unions
143 and enter its own findings and decision. Any party in the
144 proceeding before the commission who has exhausted all
145 administrative remedies provided by law may appeal the
146 decision to the circuit court of Cole County.

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

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