

SENATE BILL NO. 388

102ND GENERAL ASSEMBLY

INTRODUCED BY SENATOR HOUGH.

1624S.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Section A. Sections 370.071, 370.080, and 370.081, RSMo, are repealed and three new sections enacted in lieu thereof, to be known as sections 370.071, 370.080, and 370.081, to read as follows: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 geographic area which may include all those
18 persons who reside or work in a city not within a county or
19 a county, in which the main office of the credit union is
20 located as reported on the National Credit Union
21 Administration (NCUA) 2006 year-end 5300 call report, and
22 counties contiguous to such areas as may be approved by the
23 director. The director shall not allow a geographic area
24 credit union to expand beyond counties contiguous to a city
25 not within a county or a county in which its main office is
26 located. The director [shall not] **may** allow a credit union
27 to expand its geographic area due to a relocation of the
28 credit union's main office **if:**

29 **(a)** Such main office is located within the St. Louis,
30 MO-IL Metropolitan Statistical Area (MSA), as delineated by
31 the United States Office of Management and Budget, the
32 geographic area may include all counties within such MSA; or

33 **(b)** Such main office is located within the Kansas
34 City, MO-KS Metropolitan Statistical Area (MSA), as
35 delineated by the United States Office of Management and
36 Budget, the geographic area may include all counties within
37 such MSA; or

38 **(c)** A credit union's geographic area consists of a
39 rural district. A geographic area qualifies as a rural
40 district **if:**

41 **a.** The aggregate total population of multiple
42 contiguous counties does not exceed one million as
43 determined by the United States Census Bureau; and

44 **b.** More than fifty percent of the proposed district
45 resides in areas designated as rural by either the Consumer
46 Financial Protection Bureau or the United States Census
47 Bureau, or the geographic area has a population density of
48 one hundred persons or fewer per square mile.

49 3. No individual shall be eligible for membership in a
50 credit union on the basis of the relationship of such
51 individual to another person who is eligible for membership
52 in such credit union unless the individual is a member of
53 the immediate family or household, as such terms are defined
54 by the commission, of such person, **or the individual was a**
55 **spouse of a person who died while a member of a group**
56 **described in subsection 2 of this section.** Except as
57 provided in section 370.340, once a person becomes a member
58 of a credit union in accordance with this chapter, such
59 person or organization may remain a member of such credit
60 union until the person or organization chooses to withdraw
61 from the membership of the credit union. **Members of a credit**
62 **union may include persons related as pensioners or**
63 **annuitants from the common occupation or employer, persons**
64 **who volunteer in the common occupation or at the common**
65 **employer, and employees of the credit union.**

66 4. Each credit union may, at the option of the board,
67 create one or more classes of shares which shall be known as
68 "membership share" representing the member's ownership
69 interest in the credit union on such terms and conditions as
70 the board of directors may determine, not inconsistent with
71 the bylaws, provided that each membership share shall have a
72 par value of not less than twenty-five nor more than one
73 hundred dollars. A membership share shall not be pledged as
74 security on any loan.

75 5. Notwithstanding any other provisions of this
76 chapter to the contrary, in the event of liquidation of the
77 assets of the credit union, the membership share shall be at
78 risk, uninsured, and shall be subordinated to the claims of
79 all nonmembers and participate in the assets of the credit

80 union after all creditors and holders of all other shares,
81 and the National Credit Union Administration.

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

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

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

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

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

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

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

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

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

32 (b) Assess the breadth of the service area of the
33 combined credit unions;

34 (c) Assess the ability of the continuing credit union
35 to serve the combined area; and

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

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

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

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

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

56 4. The credit union may apply and receive approval
57 from the director of the division of credit unions to
58 include the proposed new occupation, employer, or
59 association groups or geographic areas in the credit union's

60 membership. In the case of a new credit union application,
61 the organizers of such credit union as provided in
62 subsection 1 of section 370.080 shall specify the membership
63 group selected as provided in subsection 2 of section
64 370.080. **[If] An existing credit union [applies for a] may**
65 **apply to amend its** field of membership **[expansion, such**
66 **credit union shall select either a geographic area or**
67 **occupation, employer, or association group as provided in**
68 **subsection 2 of section 370.080 which shall be binding for**
69 **all future expansions]** **to reflect a single common bond,**
70 **multiple common bonds, or a geographic area as provided in**
71 **subsection 2 of section 370.080. Any such application must**
72 **satisfy the field of membership requirements provided in**
73 **subsection 2 of section 370.080.** When a credit union
74 serving occupation, association, or employer groups has
75 converted to a geographic area credit union, that credit
76 union shall not accept as members new groups that are
77 headquartered outside the geographic area of the credit
78 union, or new employees or new members of those groups who
79 work or reside outside the geographic area of the credit
80 union. Upon receipt of an application from a credit union
81 to include a new group or new geographic area in its
82 membership, and no later than five business days after an
83 application has been received, the director shall cause
84 notice of the application to be published in the division's
85 electronic bulletin and sent electronically to any party who
86 has requested notification of such applications. From the
87 date such notice is published, there shall be a ten-business-
88 day comment period during which any person or entity
89 desiring to do so may comment on such proposal in writing.
90 Comments received shall become a part of the credit union's
91 application file, subject to public inspection and copying.

92 Within ten days after the comment period ends, the director
93 of the division of credit unions shall issue a decision
94 either granting or rejecting the credit union's application
95 and stating the reasons therefor. In addition to any other
96 requirements required by law or rule, prior to granting the
97 application, the director of the division of credit unions
98 shall determine that:

99 (1) The credit union has the immediate ability to
100 serve the additional group or geographic area. In making
101 this determination, the director shall consider the data
102 required to be reported on an annual basis by the state-
103 chartered credit unions that includes aggregated information
104 about the census tracts in which members reside, the actual
105 or estimated annual income of members, and types and numbers
106 of loans or extensions of credit for which members received
107 approval. For the purposes of this section, the term
108 "member data" shall mean information on the income levels of
109 credit union members that credit unions are required to
110 report; provided, however, that no member data includes the
111 names, account numbers, or taxpayer identification numbers.
112 In the event that the National Credit Union Administration
113 (NCUA) has a regulation on member data reporting
114 requirements, the state annual member data report shall be
115 made consistent with NCUA reporting requirements. The
116 director shall determine the nonproprietary data to be
117 included in the annual member data report which shall be
118 made available to the public.

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

124 5. Within fifteen days after the decision is
125 published, any person or entity with an interest different
126 from that of a member of the general public, upon
127 establishing that such person or entity may be aggrieved
128 based upon competent and substantial evidence of potential
129 actual damages, shall have the right to contest the decision
130 by appealing the decision to the credit union commission
131 utilizing the procedure as set out in section 370.063. If
132 the commission finds that the decision or the findings of
133 the director of the division of credit unions was arbitrary
134 and capricious or not based on evidence in the director's
135 possession, the commission shall set aside the findings and
136 decision of the director of the division of credit unions
137 and enter its own findings and decision. Any party in the
138 proceeding before the commission who has exhausted all
139 administrative remedies provided by law may appeal the
140 decision to the circuit court of Cole County.

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

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