



Senate Fiscal Agency
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Senate Bills 493, 494, and 495 (as enrolled)
Senate Bill 496 (as enrolled)
House Bill 4695 (as enrolled)
House Bills 4698 and 4699 (as enrolled)
Sponsor: Senator Bev Hammerstrom (S.B. 493)
Senator Burton Leland (S.B. 494)
Senator Gerald Van Woerkom (S.B. 495)
Senator Shirley Johnson (S.B. 496)
Representative Steve Tobocman (H.B. 4695)
Representative Clark Bisbee (H.B. 4698)
Representative Craig DeRoche (H.B. 4699)
Senate Committee: Banking and Financial Institutions
House Committee: Commerce

PUBLIC ACTS 216-218 of 2003
PUBLIC ACT 215 of 2003
PUBLIC ACT 219 of 2003
PUBLIC ACTS 220 & 221 of 2003

Date Completed: 8-13-04

RATIONALE

Credit unions are nonprofit cooperative financial institutions, mutually owned by their member-depositors. Credit unions serve the financial needs of defined groups of people who share a common bond. For instance, a credit union's field of membership might consist of the members of a church, a particular company's employees, those employed in a designated profession, or the residents of a community. A credit union may offer savings and checking accounts, loans, and other financial services to its members at lower costs than those charged by banks or other financial institutions. As nonprofit, cooperative entities, credit unions are exempt from Federal and State business taxes, though they do pay other taxes and fees. As member-owned cooperatives, credit unions pay dividends to members based on their shares (or amounts on deposit).

Michigan's previous credit union regulations were codified in Public Act 285 of 1925, which was last significantly revised in 1986. In the meantime, financial institutions and the financial services industry have undergone great change. The laws that regulate banks, savings banks, and savings and loan associations all have been updated in recent years to reflect the changing nature of the banking industry. Credit unions, however, continued to operate under

what some claimed was an outdated regulatory structure that limited credit unions' potential for growth, prevented them from offering certain basic services to their members and others, and failed to recognize technological advances that enable firms to conduct business electronically. It was suggested that the law regulating credit unions be updated and recodified.

CONTENT

Senate Bill 496 repealed Public Act 285 of 1925 and created the Credit Union Act to provide for the regulation of credit unions. Among other things, the bill does all of the following:

- **Allows a credit union's board to identify mixed fields of membership.**
- **Requires the Commissioner of the Office of Financial and Insurance Services (OFIS) to examine a credit union at least once every 18 months.**
- **Authorizes a credit union to perform certain financial services for any person, with certain restrictions.**
- **Caps the fee a domestic credit union may charge for check-cashing services.**
- **Identifies factors that a credit union board may consider in making loans.**

- **Allows a credit union to lend up to \$1,000, payable within 30 days, to its members, with certain restrictions.**
- **Provides for the confidentiality of credit union information and documents.**
- **Allows a credit union to conduct its business by mail or electronically, with the prior approval of the OFIS Commissioner.**
- **Allows notices to be given electronically.**

The bill also authorizes the OFIS Commissioner to do the following:

- **Suspend or remove a credit union official from office if he or she is charged with or convicted of a felony involving dishonesty or breach of trust.**
- **Initiate and order an involuntary merger of a distressed credit union with another credit union or other financial institution, under certain circumstances.**
- **Require a credit union to close in an emergency.**
- **Revoke the authority of a foreign credit union to conduct business in Michigan.**
- **Assess civil fines against a credit union or a credit union official.**

Senate Bills 493, 494, and 495 and House Bills 4695, 4698, and 4699 amended various laws to replace references to Public Act 285 of 1925 with references to the Credit Union Act. The bills also refer to a "domestic credit union" rather than a "credit union" or "state-chartered credit union", and updated references to the Banking Code and the Savings and Loan Act.

Senate Bill 493 amended the Michigan Consumer Protection Act; Senate Bill 494 amended the Michigan Penal Code; Senate Bill 495 amended Public Act 43 of 1973, which permits associations, institutions, and credit unions to process or handle food stamps; House Bill 4695 amended Public Act 156 of 1851, which defines the powers and duties of county boards of commissioners; House Bill 4698 amended Public Act 322 of 1978, which authorizes financial institutions to make electronic funds transfer terminals available to consumers; and House Bill 4699

amended the Motor Vehicle Sales Act. The bills were tie-barred to Senate Bill 496.

Senate Bill 496 took effect on June 1, 2004. The other bills all took effect on December 2, 2003.

An overview of Senate Bill 496 follows.

Domestic & Foreign Credit Unions

Public Act 285 of 1925 defined "credit union" as a cooperative, nonprofit association incorporated under the Act for the purposes of encouraging thrift among its members, creating a source of credit at rates of interest not greater than allowed by law, and providing an opportunity for its members to use and control their own money on a democratic basis in order to improve their economic and social condition. The term included a credit union incorporated under the Act, under the laws of another U.S. state or territory, or under Federal law.

The bill distinguishes between a "domestic" and a "foreign" credit union. "Domestic credit union" means a cooperative nonprofit entity organized under the Credit Union Act for the purposes of encouraging thrift among its members, providing a variety of financial services to its members, and providing an opportunity for its members to use and control their own money on a democratic basis in order to improve their economic and social condition. "Foreign credit union" means a credit union organized under the laws of another U.S. state or territory or a Federal credit union.

Credit Union Operations, Organization, & Structure

Field of Membership. Under Public Act 285, credit union organization was limited to groups having a common bond of occupation or association, or to groups within a well-defined neighborhood, community, or rural district. That Act allowed the organization of a community credit union whose field of membership was composed of individuals with a common bond based on relatively close geographical proximity to one another, personal acquaintance among the residents, and the existence of a community of interests, activities, and objectives.

The bill requires a domestic credit union board to establish the credit union's field of membership. The field of membership must consist of one or more of the following:

- One or more groups of any size that have a common bond of occupation, association, or religious affiliation.
- One or more groups consisting of people whose common bond is residence, employment, or place of religious worship within a geographic area composed of one or more school districts, counties, cities, villages, or townships.
- One or more groups whose common bond is common interests, activities, or objectives.

One or more credit unions may serve one or more of those groups.

A credit union that establishes or revises its field of membership must submit the field of membership to the OFIS Commissioner for approval. If an application seeks to revise a field of membership to include one or more groups with a common bond based on residence, employment, or place of religious worship within one or more geographic areas, the Commissioner may require the applicant to provide additional information regarding the common bond of people in those areas. The Commissioner, by rule, order, or declaratory ruling, must establish standards for obtaining the additional information.

In reviewing an application to establish or revise a domestic credit union's field of membership, the Commissioner first must determine if the proposed field of membership meets the bill's common bond requirements. If so, the Commissioner may disapprove the application only on the basis of the credit union's safety and soundness.

A domestic credit union's bylaws may allow a person to continue as a member of the credit union even if he or she no longer is in the field of membership.

Confidentiality. The bill prohibits a domestic credit union officer, committee member, or employee, except as otherwise provided by law, from disclosing any confidential information related to the conduct of the credit union's business that he or she has a duty not to disclose, including personnel matters, matters involving actual or

potential litigation or real estate transactions, or other matters related to strategic business endeavors, or information concerning transactions between the domestic credit union and either its members or other people. This does not apply to the disclosure of information necessary to the conduct of the credit union's business.

Except as otherwise provided under the bill, any documents, materials, or other information in the possession or control of OFIS that is furnished by a domestic or foreign credit union or an employee or representative acting on behalf of a credit union, or obtained by the Commissioner in an investigation or examination conducted under the Credit Union Act, is confidential and privileged, is not subject to the Freedom of Information Act, is not subject to subpoena, and is not subject to discovery or admissible in evidence in any private civil action.

A report of a credit union examination prepared or obtained by OFIS is its sole property. Any copy provided to the credit union board or any credit union official is solely for the purpose of management oversight. A credit union or any person in possession of a report of an examination, may not disclose the report or its contents without the Commissioner's express prior written consent.

The Commissioner, and any person who receives documents, materials, or other information while acting under the Commissioner's authority, may not testify in any private civil action concerning any confidential documents, materials, or other protected information and reports.

Other Provisions. The bill does all of the following:

- Provides authority for credit unions to use trade names.
- Allows a domestic credit union with a principal place of business in Michigan to conduct its business solely by mail or through electronic communication, without having a physical location where members may transact credit union business, with the prior approval of the OFIS Commissioner.
- Establishes minimum qualifications for a domestic credit union director, credit

- committee member, or supervisory committee member.
- Allows a domestic credit union board to delegate to the credit union's general manager certain duties, such as determining interest rates, hiring employees and fixing their compensation, and making and selling investments according to board policies.
- Requires a domestic credit union board to meet at least once every 62 days and a minimum of nine times per year (rather than monthly as was previously required).
- Allows a domestic credit union to accept an individual's estate as a member, if that individual had been a member of the credit union at the time of his or her death.
- Allows a domestic credit union board to terminate the membership, or some or all services of membership, of a member who causes a loss to the credit union, commits fraud against the credit union, or violates any law on the credit union's premises.
- Allows the Commissioner, by order or declaratory ruling, to permit a domestic credit union to use one or more forms of secondary capital other than capital stock.

Credit Union Powers

Universal Services. The bill establishes the powers of a domestic credit union. Among other things, a domestic credit union may perform any of the following services for a person who is not a member of the credit union, if the service is performed under a contractual agreement in which another financial organization performs the same service for the credit union's members:

- Cash advances.
- Funds transfers.
- Cashing traveler's checks.
- Any other service specified by the OFIS Commissioner by rule, order, or declaratory ruling.

The bill also allows a credit union to perform any of the following services for any person who is in an underserved area or does not have an established relationship with a financial institution:

- Cashing and selling checks, drafts, or money orders.

- Buying and selling foreign currency in exchange for U.S. currency.
- Wire transfers.

Check-Cashing Fee. A domestic credit union may not contract for, receive, impose, assess, or collect a charge or fee for check-cashing services that exceeds one of the following:

- 5% for a payroll, pension, or government check.
- 7% for a check from an insurance company.
- 10% for a personal check, money order, or other check.

A domestic credit union, however, may contract for, receive, impose, assess, or collect a charge or fee of up to \$25 for the first check the credit union cashes for an individual.

Short-Term Loans. The bill allows a domestic credit union to enter into a loan agreement with a credit union member for any amount up to \$1,000 with a loan term of 30 days. The credit union may charge a fee, in addition to interest authorized by law, which would not be part of the interest collected or agreed to be paid on loans within the meaning of a Michigan law limiting the rate of interest in a transaction. The total interest, fees, and other costs of the loan may not exceed 10% of its principal amount. A member may not have more than one such short-term loan outstanding with that credit union.

Service Organization Loans & Investment. Like Public Act 285, the bill allows a credit union to organize, invest in, and make loans to corporations or other organizations that engage in activities incidental to the conduct of a credit union or in activities that further or facilitate the purposes of a credit union, or that furnish services to credit unions. Previously, however, a credit union had to notify the Commissioner of an investment or loan of this type that caused the aggregate of these investments and loans to exceed 2% of the credit union's shares, deposits, undivided earnings, and reserves. The investments and loans could not, in the aggregate, exceed 5% of the shares, deposits, undivided earnings, and reserves. The bill specifies instead that these types of investments and loans may not exceed 15% of a domestic credit union's assets and that,

without the Commissioner's prior approval, a credit union's loans and investments of these types may not, in the aggregate, exceed 7% of its assets.

Other Provisions. As Public Act 285 allowed, the bill permits a domestic credit union to make secured or unsecured loans at a fixed or variable interest rate, and take and hold any real or personal property as security. The bill specifies that, in establishing an interest rate, the credit union may consider the collateral provided, the borrower's creditworthiness, the loan's duration, and any other factor the credit union reasonably determines to affect the interest rate.

The bill also allows a domestic credit union to make charitable contributions, if the individual contributions and their aggregate amount are reasonable.

Commissioner's Powers

Suspension/Removal of Officials. Under the bill, if a person participating in the conduct of the affairs of a domestic credit union is charged with a felony involving dishonesty or breach of trust in any information, indictment, warrant, or complaint by a county, State, or Federal authority, the Commissioner may suspend the person from office or prohibit him or her from further participating in any manner in conducting the credit union's affairs. If the person is convicted, after the judgment is no longer subject to appellate review, the Commissioner may remove the person from office or prohibit him or her from further participating in the credit union's affairs. An acquittal or other disposition does not preclude the Commissioner from taking these actions.

Involuntary Merger or Sale. The bill allows the Commissioner to order the merger or sale of a domestic credit union if he or she determines that the credit union is in danger of insolvency, in an unsafe or unsound condition, or in danger of becoming in an unsafe or unsound condition; that expeditious action is required to deal with such a condition; and that other actions available to the Commissioner are not reasonably available with respect to the credit union.

The Commissioner may initiate and order an involuntary merger of a distressed credit

union with another credit union if the other credit union agrees to a merger. If the other credit union is a foreign credit union, it must be authorized to complete the merger under any state or Federal law that applies to it.

The Commissioner may initiate and order an involuntary merger of a distressed credit union with a financial institution other than a credit union, if the Commissioner is unable to complete an involuntary merger with another credit union, the other institution agrees to a merger, and the other institution is authorized to complete the merger under any state or Federal law that applies to it.

"Distressed credit union" means a domestic credit union that the Commissioner determines is insolvent, in danger of insolvency, in an unsafe or unsound condition, or in danger of becoming in an unsafe or unsound condition.

Closure. The bill allows the Commissioner to require a domestic credit union to close its principal place of business or one or more branches, if it appears that the action is required because an emergency exists. If the Commissioner does not issue an order of emergency, and the credit union's general manager or other designated officer determines that an emergency exists, the officer may close the credit union's principal place of business or one or more branches until he or she finds that the emergency has ended.

The Commissioner also may authorize a domestic credit union to close on a day designated by the U.S. President or the Michigan Governor as a day of national mourning, rejoicing, or other special observance.

Under the bill, "emergency" means a condition, event, or occurrence that meets both of the following:

- It interferes or may interfere with the conduct of normal business operations, or poses an imminent or existing threat to the safety and security of a person or property, at the principal place of business or one or more branches.
- It results from a fire, flood, earthquake, hurricane, tornado, wind, rain, snowstorm, labor dispute or strike, power failure, transportation failure, fuel

shortage, interruption of communication facility, shortage of housing, epidemic or other natural or manmade catastrophe, riot, civil commotion, or any other act of lawlessness or violence.

Revocation of Authority. If the Commissioner believes that a foreign credit union is engaging, has engaged, or is about to engage in an unsafe or unsound practice in conducting the business of a credit union branch located in Michigan or is violating, has violated, or is about to violate a State or Federal law, rule, or regulation, the Commissioner may either notify the state or Federal regulatory authority with jurisdiction over the foreign credit union, or issue and serve upon the foreign credit union a notice of intent to revoke its authority to do business in Michigan.

Other Provisions. The bill requires the Commissioner, or his or her authorized agent, to examine the condition and affairs of each domestic credit union at least once every 18 months. (Previously, an examination was required annually.)

The Commissioner, or any person required under the bill to provide a written notice, may use any delivery method reasonably calculated to give actual notice, including physical delivery, in person or by first-class mail or other express delivery service; or, if the recipient agrees, electronic delivery by facsimile, electronic transmission, or other means approved by the Commissioner.

The Commissioner may assess a civil fine of up to \$1,000 against a credit union or credit union official for each violation, if the Commissioner finds that a credit union violated the Credit Union Act or a rule promulgated under it. Each injury to an individual or other person by a violation is a separate violation. The Commissioner may not assess fines that, in the aggregate, are more than \$10,000, plus the costs of investigation, for multiple violations that arise from the same transaction.

MCL 445.904 (S.B. 493)
750.315a & 750.376a (S.B. 494)
400.171 (S.B. 495)
490.101-490.601 (S.B. 496)
46.12a (H.B. 4695)
488.2 & 488.3 (H.B. 4698)
492.136 (H.B. 4699)

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

The previous credit union statute was outdated and inflexible. It was enacted in 1925 and had not seen significant revision since the mid-1980s. The financial services industry experienced great changes in that time period and the statute needed to be updated, as the laws that govern banks, savings banks, and savings and loan associations had been. As Public Act 276 of 1999 did for the Banking Code, Senate Bill 496 modernizes and reorganizes credit union regulation to allow both credit unions and their State regulators to deal with the changes that have occurred in the financial services industry, and provides increased flexibility for credit unions and regulators to respond to the industry as it evolves in the future. The bill removes obsolete provisions, recognizes new technologies, allows more flexibility in the management of credit unions, and accommodates changes in the marketplace in which credit unions conduct business. State-chartered credit unions need the ability to keep pace with other financial services providers.

Supporting Argument

The provisions of Public Act 285 regarding a credit union's field of membership were too restrictive and limited credit unions' opportunities to expand in response to market conditions. Organization of a credit union was limited to groups having a common bond of occupation or association, or to groups within a well-defined neighborhood, community, or rural district. Under Public Act 285, the field of membership of a community credit union could consist of individuals who had a common bond based on close geographic proximity, personal acquaintance, and the existence of community interest, activities, and objectives.

If a credit union sought to expand its field of membership, it was required to document the common bond that existed among those in the expanded field. This process could be quite expensive, time-consuming, and labor intensive. According to testimony before the Senate Committee on Banking and Financial Institutions, in order to expand its field of

membership from a single community to a neighboring town, one small community credit union had to document personal acquaintanceships between people in the adjacent communities and shared activities and interests, such as park usage and shopping locations. These factors had nothing to do with the credit union's financial health or administrative ability to provide services to the neighboring community. State regulators, however, had to ensure that these common bonds existed before approving the credit union's enlarged field of membership.

Senate Bill 496 enables credit unions to operate with greater flexibility, and eases OFIS's regulatory responsibilities, by allowing a credit union's board to establish its field of membership; relaxing the common bond criteria; and providing that, if the Commissioner determines that the field of membership complies with the bill, he or she may disapprove a field of membership application only on the basis of the credit union's safety and soundness. Under the bill, a credit union's field of membership may consist of one or more groups of people who share a common bond of occupation, association, or religious affiliation; one or more groups of people whose common bond is residence, employment, or place of worship in an area of one or more municipalities or school districts; or one or more groups whose common bond is common interests, activities, or objectives. This standard is far less restrictive than the previous provisions that governed credit unions' field of membership, and allows credit unions to respond to market and community trends and concerns. Under the bill, credit unions may grow along with their community of members and accommodate the financial needs of those members and others within the community. As credit unions' fields of membership become broader and more open, credit unions will have greater opportunity to grow, diversify risk, and serve the public—especially underserved populations and people of modest means. In the end, all consumers will benefit from improved access to reliable and affordable financial services.

Relaxing the field of membership requirements also relieves OFIS regulators of the responsibility to look far beyond a credit union's financial health and administrative capabilities. The Office

should not have to administer regulations that are unnecessary and increase State government costs. Under the bill, regulators may focus on protecting consumers by ensuring that credit unions remain safe and sound.

Response: The bill still requires the Commissioner to ensure that field of membership requirements are met before he or she assesses the credit union's safety and soundness.

Supporting Argument

Senate Bill 496 allows credit unions to provide a broader range of services to their members, compared with previous operations. For example, the deferred presentment of service industry, also known as payday lending or check advance, has experienced considerable growth in recent years. Designed for individuals who find themselves temporarily short of cash, payday advances are short-term loans of relatively small amounts based on a personal check held for future deposit. Although payday lenders may perform a valuable service for individuals who need a little cash until their next payday, this industry is unregulated in Michigan and its service can be financially damaging to some borrowers due to the sizeable fees typically charged for cash advances.

Under the bill, credit unions may offer their members an alternative to unregulated and potentially financially draining payday advance services. The bill allows a credit union to loan a member up to \$1,000 for 30 days. While a credit union may charge a fee for this service, in addition to a rate of interest authorized by law for loans, the bill caps the total interest, fees, and other costs of the loan at 10% of the principal amount. This is less than the fee of \$15 to \$20 that payday lenders usually charge on a \$100 loan.

Response: Fees charged for providing a service should not be capped by law. The market should determine the going rate for short-term loan fees.

Supporting Argument

Credit unions previously could provide services only to their members; they were not authorized to perform even basic services like check cashing or currency exchange for nonmembers. By allowing a credit union to perform certain services for nonmembers, Senate Bill 496 affords credit

unions some flexibility in their operations and provides another opportunity for people in the community to secure those services. While a credit union still may not make a loan to a nonmember, it now may, in some circumstances, provide cash advances, perform funds transfers, cash and sell checks, money orders, and traveler's checks, and buy and sell foreign currency.

Response: The term "cash advances" is not defined in the bill and sounds similar to the short-term loans that the bill allows credit unions to make only to their members.

Supporting Argument

By increasing the ability of credit union boards to delegate to managers operational responsibilities, such as handling personnel matters and setting interest rates, and by establishing minimum qualifications for a domestic credit union director, credit committee member, and supervisory committee member, Senate Bill 496 allows for the more efficient and professional operation of credit unions. In addition, the bill specifies the factors that credit unions may consider in establishing loan interest rates.

Opposing Argument

Senate Bill 496 allows credit unions to depart significantly from their traditional and historical role. Credit unions began to appear in the early 20th century and expanded their presence during the Great Depression of the 1930s. They were formed to meet the credit needs of populations who were underserved by the banking industry, and their members generally were low-income earners. Having a common bond between credit union members was considered critical, because credit decisions could be based on members' character and standing in the community, rather than solely on their financial situation. As cooperatives, credit unions earmarked their profits for the benefit of their members in the form of paid dividends. Because credit unions were organized as nonprofit cooperatives that served an under-represented population, they were granted Federal and State tax exemptions.

Over the years, some of the limits on credit unions' activities have been relaxed, yet they remain exempt from corporate taxation. As a result, credit unions have an unfair competitive advantage over banks,

savings and loan associations, and savings banks. Many credit unions are no longer the small operations that developed in the first half of the 20th century; credit union members are no longer predominantly low-income people who are underserved by the banking industry; credit union services are not as limited as they once were; and profits are no longer being returned entirely to credit union members. The bill exacerbates the evolution of credit unions away from their original purpose by severely limiting restrictions on membership, broadening the powers of credit unions, and relaxing State regulatory oversight of credit unions. The bill amplifies the competitive disadvantage that banks face as a result of credit unions' operating on a tax-exempt basis.

Response: Credit unions are not the same entities that they were 100 years ago, but today's world is vastly different from the one in which credit unions came into existence. For credit unions to continue as viable institutions offering financial services to their members, the regulatory framework in which they operate must keep pace with members' changing needs and situations.

Although credit unions are exempt from business taxes, they do pay sales taxes, property taxes, payroll taxes, and regulatory fees just as banks and other financial institutions do. To suggest that their limited tax-exempt status gives credit unions a competitive advantage over banks defies the facts. According to testimony before the Senate Committee on Banking and Financial Institutions, each of the three largest banks operating in Michigan holds more assets than all of the State- and Federally chartered credit unions operating in the State, combined; and, nationally, credit unions control only about 2% to 4% of funds on deposit. According to the Michigan Credit Union League's (MCUL's) weekly newsletter *Monitor* (May 14, 2003), a survey conducted by community banks ranked credit unions in third place as their competitors, behind other community banks and large banks.

Moreover, eliminating credit unions' State tax exemption, as detractors suggest, would encourage State-chartered credit unions to convert to Federally chartered credit unions. According to the MCUL, the State then could lose an estimated \$10 million in revenue compared with the \$7 million that could be generated from taxing credit unions. Reportedly, on a national basis, only 40% of

credit unions are chartered by a state, but 60% of the credit unions operating in Michigan are State-chartered institutions. Eliminating the tax exemption would make a State charter less attractive to credit unions operating in Michigan.

In addition, while credit unions continue to pay dividends to members based on their deposits, credit unions must be able to ensure their own financial safety and soundness, for the benefit of all their members, before determining and distributing dividends.

Opposing Argument

By allowing a credit union to establish its own field of membership, Senate Bill 496 essentially eliminates restrictions on credit union membership. Under the bill, a credit union may establish its field of membership based on groups whose common bond is as broad as residence within one or more counties, cities, townships, villages, or school districts in a geographical area. Conceivably, that area could be as expansive as all of the counties within the Lower Peninsula, and OFIS would be powerless to limit the field of membership expansion.

Response: While the bill allows a credit union to establish and revise its field of membership, it also specifies the criteria for doing so and requires the OFIS Commissioner to determine whether the proposed field of membership meets the statutory requirements. Also, the Commissioner still has the authority to deny an application, based on the safety and soundness of the credit union, even if the field-of-membership criteria are satisfied. In addition, if a credit union applies to revise its field of membership based on residence, employment, or location of religious worship within one or more geographical areas, the Commissioner may require the applicant to provide additional information regarding the common bond of people within the proposed areas of expansion. Moreover, field of membership expansion may improve the financial viability of credit unions, particularly smaller operations, by diversifying risk. For instance, a company credit union could have financial difficulties if the company experienced an economic downturn and eliminated a large number of employees who were members of the credit union.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bills will have no fiscal impact on State or local government.

Fiscal Analyst: Maria Tyszkiewicz

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.