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**Rules of**  
**Department of Economic**  
**Development**  
**Division 100—Division of Credit Unions**  
**Chapter 2—State-Chartered Credit Unions**

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**Title 4—DEPARTMENT OF  
ECONOMIC DEVELOPMENT**  
**Division 100—Division of  
Credit Unions**  
**Chapter 2—State-Chartered  
Credit Unions**

**4 CSR 100-2.010 Location of Credit Union  
Records**

*PURPOSE:* This rule sets the location and availability of the books and records of a credit union in order that the division may have access to them for examinations.

(1) Credit union books and records must be maintained in one (1) location and available for examination sometime between the hours of 8 a.m. and 5 p.m. weekdays. This location should be the principal place of business as recorded with the Division of Credit Unions. Any exception to this must receive prior written approval by the director of credit unions.

(2) If the examiners arrive to examine the credit union books and cannot receive access to them, sections 370.140 and 370.150, RSMo may apply, if, in the opinion of the director, that action is necessary.

*AUTHORITY:* section 370.100, RSMo 1994.\* Original rule filed Jan. 15, 1968, effective Jan. 25, 1968. Amended: Filed Dec. 15, 1975, effective Dec. 25, 1975. Amended: Filed June 8, 1976, effective Sept. 11, 1976. Emergency amendment filed Feb. 14, 1984, effective Feb. 24, 1984, expired June 23, 1984. Amended: Filed March 12, 1984, effective June 11, 1984. Amended: Filed April 21, 1998, effective Oct. 30, 1998.

\*Original authority: 370.100, RSMo 1939, amended 1945, 1945, 1949, 1959, 1967, 1972.

**4 CSR 100-2.011 Accounting Manual and  
Procedures**

*PURPOSE:* This rule establishes the basic accounting system to be utilized by state-chartered credit unions to assure an overall uniformity in the credit unions' bookkeeping and recordkeeping methods.

*PUBLISHER'S NOTE:* The publication of the full text of the material that the adopting agency has incorporated by reference in this rule would be unduly cumbersome or expensive. Therefore, the full text of that material will be made available to any interested person at both the Office of the Secretary of State and the office of the adopting agency, pur-

suant to section 536.031.4, RSMo. Such material will be provided at the cost established by state law. For anyone desiring a personal copy, this reference publication is available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

(1) Accounting and recordkeeping shall conform to generally accepted accounting procedures on an accrual basis as may be necessary for full material disclosure and be acceptable to the director of credit unions.

(2) The *Accounting Manual for Federal Credit Unions*, published by the National Credit Union Administration, provides detailed instructions and approved procedures, including the approved chart of accounts, for Missouri credit unions.

*AUTHORITY:* section 370.100, RSMo 1994.\* Original rule filed June 8, 1976, effective Sept. 11, 1976. Emergency amendment filed Feb. 14, 1984, effective Feb. 24, 1984, expired June 23, 1984. Amended: Filed March 12, 1984, effective June 11, 1984. Amended: Filed Jan. 6, 1986, effective April 25, 1986. Amended: Filed April 21, 1998, effective Oct. 30, 1998.

\*Original authority: 370.100, RSMo 1939, amended 1945, 1945, 1949, 1959, 1967, 1972.

**4 CSR 100-2.012 Accounting Machine  
Handbook**  
(Rescinded June 11, 1984)

*AUTHORITY:* section 370.100, RSMo 1978. Original rule filed June 8, 1976, effective Sept. 11, 1976. Emergency rescission filed Feb. 14, 1984, effective Feb. 24, 1984, expired June 23, 1984. Rescinded: Filed March 12, 1984, effective June 11, 1984.

**4 CSR 100-2.013 Data Processing Guide-  
lines**  
(Rescinded June 11, 1984)

*AUTHORITY:* section 370.100, RSMo 1978. Original rule filed June 8, 1976, effective Sept. 11, 1976. Emergency rescission filed Feb. 14, 1984, effective Feb. 24, 1984, expired June 23, 1984. Rescinded: Filed March 12, 1984, effective June 11, 1984.

**4 CSR 100-2.020 Membership**

*PURPOSE:* This rule establishes the minimum requirements for membership in a cred-

it union (see section 370.080, RSMo for statutory provisions).

(1) A member must establish one (1) full share in his/her share account within a specified time period as set by the board of directors; however, that period shall not be less than three (3) months and shall maintain this one (1) share as long as s/he remains a member of the credit union. If a member has a loan with his/her credit union, s/he shall maintain one (1) full share in his/her account until his/her loan has been paid in full, has been determined to be a collection problem loan, has been referred to a third party for collection or until the balance is charged to the reserve fund as a bad debt.

*AUTHORITY:* section 370.100, RSMo 1986.\* Original rule filed Jan. 15, 1968, effective Jan. 25, 1968. Amended: Filed Dec. 15, 1975, effective Dec. 25, 1975. Amended: Filed June 8, 1976, effective Sept. 11, 1976. Emergency amendment filed Feb. 14, 1984, effective Feb. 24, 1984, expired June 23, 1984. Amended: Filed March 12, 1984, effective June 11, 1984.

\*Original authority: 370.100, RSMo 1939, amended 1945, 1945, 1949, 1959, 1967, 1972.

**4 CSR 100-2.030 Surety Bond Require-  
ment**

*PURPOSE:* This rule establishes the minimum surety bond coverage a credit union must carry for protection of its assets (see section 370.235, RSMo for statutory provisions).

(1) All credit unions are required to carry a surety blanket bond with the types and amounts of coverage required to qualify for and maintain, if required, federal share insurance and must provide for faithful-performance-of-duty coverage for any officer or employee.

(2) The board of directors of each credit union shall, at least annually, carefully review the bond coverage in force to determine its adequacy in relation to risk exposure and to minimum regulatory requirements and shall document this review in the board of directors' minutes.

*AUTHORITY:* section 370.100, RSMo 1994.\* Original rule filed Jan. 15, 1968, effective Jan. 25, 1968. Amended: Filed Sept. 14, 1972, effective Sept. 24, 1972. Amended: Filed Dec. 15, 1975, effective Dec. 25, 1975.



Amended: Filed Sept. 30, 1996, effective March 30, 1997.

\*Original authority: 370.100, RSMo 1939, amended 1945, 1949, 1959, 1967, 1972.

4 CSR 100-2.035 Special Standards for Newly Chartered Credit Unions

PURPOSE: This rule sets forth certain standards and goals which a newly chartered credit union must meet within its first year of operation. It also sets forth certain prohibited activities.

- (1) A newly chartered credit union must— (A) Maintain its books and records in accordance with generally accepted accounting principles; (B) Generate from normal operations sufficient income to fund operations, reserve transfers, pay a reasonable dividend, a nominal contribution to retained earnings and further maintain solvency; (C) Close its books quarterly and transfer to regular reserves at least ten percent (10%) gross income beginning with the first full quarter of operations; (D) Record all accounts properly and on a timely basis; financial statements must be posted by the fifteenth of the following month; (E) Not engage in the following prohibited activities and practices: 1. It shall not make any commercial loans nor hold any mortgage loans as assets; 2. It will not form a Credit Union Service Organization (CUSO) nor enter into any arrangement where it participates in the sponsorship of CUSO; 3. It shall not accept brokered funds; 4. It shall not make and hold as an asset any single loan over twenty-five thousand dollars (\$25,000) or ten percent (10%) of assets whichever is less; and 5. It shall not enter into any insurance programs (other than credit disability, credit life, auto insurance or insurance securing property held for collateral on loans) where the credit union member finances the payment of insurance premiums through loans from the credit union without prior approval of the director of the Division of Credit Unions; and (F) Forward to the director of the Division of Credit Unions its monthly financial statements and board of directors' minutes by the fifteenth of each month.

AUTHORITY: section 370.040(5), RSMo 1986.\* Original rule filed Oct. 17, 1985, effective Jan. 26, 1986.

\*Original authority: 370.040(5), RSMo 1939, amended 1945, 1949, 1959, 1967, 1972.

4 CSR 100-2.040 Loans

PURPOSE: In order to protect the consumer borrower as well as the lending credit union, this rule establishes the minimum requirements to be met for all credit union loans (see sections 370.140(1), 370.220(4) and 370.310, RSMo for statutory requirements).

- (1) All notes and security agreements must be completely filled out in detail. (2) Security must be stated on note and listed on security agreement in sufficient detail for identification. (3) All such instruments shall be typed or in ink. (4) It is highly recommended that signatures be witnessed on notes, security agreements and financing statements. (5) No member of the board of directors or of the supervisory or credit committee shall enter into loan contracts with the credit union where the total loans outstanding at any one (1) time shall exceed twenty-five thousand dollars (\$25,000), except for loans secured by mortgages on primary and secondary borrower-occupied residences, negotiable securities, licensed motor vehicles (licensed motor vehicle shall be defined as a noncommercial vehicle licensed to operate on a highway or waterway) or shares. It is recommended that employees of the credit union shall be subject to similar loan restrictions.

(6) In processing the loan application of a member of the board of directors or of the credit or supervisory committee where the official makes application to the credit union of which s/he is an official—

(A) The loan application to be approved must receive the majority approval of the members of the credit committee present at the meeting at which the loan application is considered; or

(B) The loan application must be approved by the loan officer in the manner provided in the Credit Union Act and the bylaws of the credit union adopted and where the loan is so approved.

(7) When a member of the board of directors or of the credit or supervisory committee makes application to the credit union of which she is an official—

(A) The approval of the loan application shall be reported at the next regularly scheduled meeting of the board of directors. The minutes of the meeting of the board shall include number of the account, name of applicant and amount of loan;

(B) An application for an increase in the credit limit of a previously approved line of credit or credit card loan is considered a new application which, if approved, shall be reported to the board. Periodic advances on a previously approved and properly reported line of credit or credit card loan shall not be considered a new application if the previously approved credit limit is not exceeded;

(C) Any loan to a member of the board of directors or to a member of the supervisory or credit committee that becomes sixty (60) days or more delinquent shall be reported to the board of directors by the president or manager at the next board meeting following the discovery of the delinquency. That report shall be recorded in the board minutes. The board then shall act to make appropriate arrangements to bring the loan(s) current. Arrangements to bring the loan current shall be on terms no more favorable than those available to other members and be acceptable to the director of the Division of Credit Unions. In no event shall a loan to an official become more than ninety (90) days delinquent nor shall any loan remain in a delinquent status more than one hundred eighty (180) days;

(D) No director or member of the credit or the supervisory committee in any manner, directly or indirectly, shall participate in the deliberation of any question affecting his/her application for a loan; and

(E) These provisions also are applicable to officials who enter into contracts for a loan(s) as co-makers.

AUTHORITY: section 370.100, RSMo 1986.\* Original rule filed Jan. 15, 1968, effective Jan. 25, 1968. Amended: Filed Sept. 14, 1972, effective Sept. 24, 1972. Amended: Filed Dec. 15, 1975, effective Dec. 25, 1975. Amended: Filed June 8, 1976, effective Sept. 11, 1976. Emergency amendment filed Feb. 14, 1984, effective Feb. 24, 1984, expired June 23, 1984. Amended: Filed March 12, 1984, effective June 11, 1984. Amended: Filed May 4, 1987, effective July 23, 1987. Amended: Filed Oct. 12, 1988, effective Feb. 11, 1989. Amended: Filed Oct. 11, 1991, effective March 9, 1992.

\*Original authority: 370.100, RSMo 1939, amended 1945, 1949, 1959, 1967, 1972.

St. Louis Teachers' Credit Union v. Marsh, 585 SW2d 474 (Mo. banc 1979). Statute



*establishing rates of interest for credit union loans different from those of other lending institutions violates Article III, section 44 of the Missouri Constitution and is void.*

#### 4 CSR 100-2.045 Member Business Loans

*PURPOSE: This rule establishes specific criteria for credit unions making member business loans.*

(1) For purposes of this section, the following words and terms, shall have the following meanings, unless the context clearly indicates otherwise:

(A) "Associated member," any member with a common ownership, investment, or other pecuniary interest in the business or agricultural endeavor with the borrower.

(B) "Net worth," retained earnings as defined under Generally Accepted Accounting Principles.

(C) "Immediate family member," as defined in rule 4 CSR 105-3.010(2).

(D) "Director," the director of the Division of Credit Unions in the Missouri Department of Economic Development.

(2) A member business loan includes any loan, line of credit, or letter of credit, the proceeds of which will be used for a commercial, corporate, business investment property or venture, or agricultural purpose, except that the following types of loans shall not be considered member business loans for the purposes of this rule:

(A) A loan fully secured by a lien on a one to four (1-4)-family dwelling that is the member's primary residence;

(B) A loan fully secured by shares in the credit union making the extension of credit or deposits in other financial institutions;

(C) Loan(s) otherwise meeting the definition of a member business loan made to a member or associated member that, in the aggregate, is fifty thousand dollars (\$50,000) or less;

(D) A loan where a federal or state agency or one of its political subdivisions, or another credit union fully insures repayment, or fully guarantees repayment, or provides an advance commitment to purchase in full; or

(E) A loan granted by a corporate credit union to another credit union.

(3) A credit union that engages in member business lending shall adopt specific member business loan policies and procedures, and review such policy and procedures at least annually. Credit unions must submit business-lending policies and procedures to the Division of Credit Unions for review prior to

commencing a member business loan program. The policies and procedures, at a minimum, shall address all of the following areas:

(A) Types of business loans to be made;

(B) The maximum amount of credit union assets, relative to credit union net worth, that will be invested in member business loans;

(C) The maximum amount of credit union assets, relative to credit union net worth, that will be invested in a given category or type of member business loan;

(D) The maximum amount of credit union assets, relative to credit union net worth, that will be loaned to any one member or group of associated members, subject to subsection (D) of this section;

(E) The qualifications and experience requirements for personnel involved in making and servicing business loans;

(F) Documented analysis of the member's initial and ongoing financial capacity to repay the debt;

(G) Receipt and periodic documentation supporting each request for an extension of credit, advance on a line of credit, or an increase in an existing loan or line of credit, which shall address all of the following:

1. A balance sheet;
2. An income statement;
3. A cash flow analysis;
4. Tax returns;
5. Leveraging; and
6. Receipt and the periodic updating of financial statements, tax returns, and other documentation;

(H) Collateral requirements which must include all of the following:

1. Loan-to-value (LTV) ratios, that for all liens cannot exceed eighty percent (80%) unless the value in excess of eighty percent (80%) is covered through private mortgage or equivalent insurance, or third party guarantee, but in no case can it exceed ninety-five percent (95%);
2. Appraisal, title search, determination of value and insurance requirements;
3. Steps to be taken to secure various types of collateral; and
4. Frequency of revaluation/marketability of collateral; and

(I) Identification, by position, of the officials and senior management employees who are prohibited from receiving member business loans that, at a minimum, shall include the credit union's chief executive officer, any assistant chief executive officers, the chief financial officer, and any associated member or immediate family member of such persons.

(4) The aggregate amount of outstanding member business loans to any one member or group of associated members shall not be more than fifteen percent (15%) of the credit union's net worth less the Allowance for Loan Losses account, or one hundred thousand dollars (\$100,000), whichever is greater. These limitations only apply to borrowers with member business loans. If any portion of a member business loan is secured by shares in the credit union or deposits in another financial institution, or is fully or partially insured or guaranteed by, or subject to an advance commitment to purchase by, any agency of the federal government or of a state or any of its political subdivisions, such portion shall not be calculated in determining the fifteen percent (15%) limit.

(5) Construction and development of commercial or residential property are subject to the following additional requirements:

(A) The aggregate of all construction and development loans must not exceed fifteen percent (15%) of the credit union's net worth. To determine the aggregate, a credit union may exclude any portion of a loan:

1. Secured by shares in the credit union;
2. Secured by deposits in another financial institution;
3. Fully or partially insured or guaranteed by any agency of the federal government, state, or its political subdivisions; or
4. Subject to an advance commitment to purchase by an agency of the federal government, state, or its political subdivisions;

(B) The member borrower and associated members must have a minimum of thirty-five percent (35%) equity interest in the project being financed; and

(C) The funds may be released only after on-site, written inspections are performed by qualified personnel. Funds shall be released only in accordance to a preapproved draw schedule and any other conditions set forth in the loan documentation or business plan.

(6) The aggregate limit on a credit union's outstanding member business loans, including any unfunded commitments, is the lesser of 1.75 times the credit union's net worth or 12.25% of the credit union's total assets. Loans that are exempt from the definition of member business loans are not counted for the purpose of the aggregate loan limit.

(7) The following types of credit unions are exempt from the aggregate loan limit:

(A) Credit unions that have a low-income designation or participate in the Community Development Financial Institutions program; and

(B) Credit unions that were chartered for the purpose of making member business loans and that can provide documentary evidence of such purpose, including but not limited to the original charter, original bylaws, original business plan, original field of membership, board minutes and loan portfolio.

(8) A loan granted by a credit union to another credit union or corporate credit union service organization or natural person credit union service organization is exempt from this rule except for the aggregate limits established in section (6) of this rule.

*AUTHORITY: sections 370.070, 370.071, 370.100 and 370.310, RSMo 2000. \* Original rule filed March 7, 2000, effective Sept. 30, 2000. Amended: Filed Nov. 6, 2000, effective May 30, 2001.*

*\*Original authority: 370.070, RSMo 1939, amended 1945, 1949, 1951, 1965, 1967, 1972, 1984, 1986, 1994; 370.071, RSMo 1977, amended 1978, 1986, 1991; 370.100, RSMo 1939, amended 1945, 1945, 1949, 1959, 1967, 1972; 370.310, RSMo 1939, amended 1945, 1951, 1965, 1969, 1972, 1982, 1986, 1988, 1991, 1994.*

**4 CSR 100-2.050 Credit Union Interlending**

*PURPOSE: This rule establishes the basic lending policies for credit unions who borrow or lend money to other credit unions (see section 370.070(8), RSMo for statutory provisions).*

(1) State-chartered credit unions having surplus funds over and above their need in making loans to their members may lend to other credit unions, provided the following guidelines and conditions are followed:

(A) The borrowing credit union must submit to the lending credit union and to the director of Division of Credit Unions a current financial and statistical report and a copy of the resolution of the board of directors authorizing the request for the loan signed by the chief executive officer and secretary; and

(B) The terms of the loans are not to exceed a period of one (1) year and can be repaid in part or in full at any time before the date due.

*AUTHORITY: section 370.100, RSMo 1986. \* Original rule filed Jan. 15, 1968, effective Jan. 25, 1968. Amended: Filed Sept. 14, 1972, effective Sept. 24, 1972. Amended: Filed Dec. 15, 1975, effective Dec. 25, 1975. Emergency amendment filed Feb. 14, 1984, effective Feb. 24, 1984, expired June 23, 1984. Amended: Filed March 12, 1984, effective June 11, 1984.*

*\*Original authority: 370.100, RSMo 1939, amended 1945, 1945, 1949, 1959, 1967, 1972.*

**4 CSR 100-2.055 Allowance for Loan Loss**

*PURPOSE: This rule sets forth certain provisions regarding the establishment and maintenance of the allowance for loan loss account in conformity with generally accepted accounting principles.*

(1) All credit unions shall maintain an allowance for loan loss account. Credit unions that have not in the past considered inherent losses in establishing the balance in this account may transfer the initial amount applicable to inherent losses from the regular reserve or undivided earnings.

(2) The allowance for loan loss account shall represent an estimate of loan losses in the entire loan portfolio, including estimated inherent losses, in conformity with generally accepted accounting principles and meet regulatory requirements for full and fair disclosure. The allowance account will be adjusted at least quarterly or more often as required. All adjustments to increase or decrease the allowance account will be made to the provision for loan loss expense. All charged off loans and recoveries will be to the allowance account. In view of the legal requirement to maintain a regular reserve at the end of each dividend period an amount equal to the net amount charged to provision for loan loss expense will be debited to regular reserve and credited to the undivided earnings account.

(3) Full and complete documentation of the determination of the balance of the allowance account must be maintained by the credit union.

*AUTHORITY: section 370.100, RSMo 1986. \* Original rule filed Oct. 17, 1985, effective Jan. 26, 1986. Amended: Filed Nov. 25, 1991, effective April 4, 1992.*

*\*Original authority: 370.100, RSMo 1939, amended 1945, 1945, 1949, 1959, 1967, 1972.*

**4 CSR 100-2.060 Delinquent Loan and Extension Agreements Reporting Procedures**

*PURPOSE: This rule sets forth reporting requirements for delinquent loans and extension agreements and establishes minimum standards for charging off loans.*

(1) The scheduling or classifying of delinquent loans shall be on the contract basis. This means that the status of the accounts is

determined by comparing the amount of money or the number of full payments received against the amount of money or the number of full payments that should have been made in accordance with the contract (note). Delinquencies of a partial month shall be considered a full month when scheduling or classifying delinquent loans.

(2) Each credit union shall maintain a monthly schedule of delinquent loans which shall list in columnar form the account number, name of borrower, date of loan, date of last payment, original amount of loan and outstanding balance of loan at date of schedule and share balance, together with space to note current action or status.

(3) The unpaid balances of loans shall be set apart in columns of the schedule of delinquent loans which will indicate the extent of delinquency as determined by the oldest delinquent installment according to note contract, as follows:

(A) Loans on which the oldest delinquent installment is two (2) months, but less than six (6) months, past due;

(B) Loans on which the oldest delinquent installment is six (6) months, but less than twelve (12) months, past due; and

(C) Loans on which the oldest delinquent installment is past due twelve (12) months or more.

(4) In determining the oldest delinquent installment, all repayments received are to be considered as applying to installments in the order in which they came due.

(5) The schedule of delinquent loans shall be reviewed by the board of directors at least quarterly.

(6) Loans listed as twelve (12) months or more delinquent and classified Loss on the most recent state examination and are the same at the next annual examination or supervisory contact (which shall be not less than one hundred fifty (150) days from the day of the previous examination), with no change in circumstances (change in circumstances shall be defined as receiving a minimum of twenty-five percent (25%) of scheduled monthly payments for the period), will be charged to the allowance for loan loss at that time. If the allowance for loan loss is insufficient, sufficient amounts will be charged to the provision for loan loss expense for that requirement. Upon written application by the board of directors, the director of credit unions, considering special circumstances, may waive this requirement.

(7) The proper control of extension agreements is of considerable significance and is singled out for special attention. Extension agreements, by their very nature, may lend themselves to misuse and should be monitored carefully by the board of directors at least quarterly.

*AUTHORITY: section 370.100, RSMo 2000.\* Original rule filed Jan. 15, 1968, effective Jan. 25, 1968. Amended: Filed Sept. 14, 1972, effective Sept. 24, 1972. Amended: Filed Dec. 15, 1975, effective Dec. 25, 1975. Amended: Filed June 8, 1976, effective Sept. 11, 1976. Emergency amendment filed Feb. 14, 1984, effective Feb. 24, 1984, expired June 23, 1984. Amended: Filed March 12, 1984, effective June 11, 1984. Amended: Filed Jan. 6, 1986, effective April 25, 1986. Amended: Filed April 18, 2001, effective Oct. 30, 2001.*

*\*Original authority: 370.100, RSMo 1939, amended 1945, 1945, 1949, 1959, 1967, 1972.*

#### 4 CSR 100-2.070 Completing Dissolution of Credit Union

*PURPOSE: This rule outlines the procedures for liquidating a credit union which enters dissolution either voluntarily or involuntarily (see section 370.350, RSMo for more information regarding dissolutions).*

(1) Immediately following the receipt of consent of dissolution from the director of credit unions, the liquidating agent will file a list of all members holding accounts in the credit union, showing the number, name, share and loan balances.

(2) The liquidating agent will begin filing the following quarterly reports with the director at his/her office in Jefferson City, Missouri:

(A) A financial and statistical report;

(B) A list of each loan account, showing number, name, total payments since last report and balance. S/he also shall report action taken toward collection;

(C) Copy of the minutes of all board meetings since last report. Minutes shall show any court action for or against credit union; and

(D) Statement of total amount and rate of any refund or partial refund of shares to members before final distribution.

(3) The liquidating agent shall present plan of final distribution of funds to director of credit unions for approval.

(4) Upon written approval of the director, the liquidating agent shall make final payment to members.

(5) The liquidating agent shall report to the director the date of final dissolution of the credit union and shall submit an analysis of the disposition of all funds to members.

(6) S/he then shall report the location of the storage of the credit union's books and records for five (5) subsequent years.

*AUTHORITY: section 370.100, RSMo 1986.\* Original rule filed Jan. 15, 1968, effective Jan. 25, 1968. Amended: Filed Sept. 14, 1972, effective Sept. 24, 1972. Amended: Filed Dec. 15, 1975, effective Dec. 25, 1975. Emergency amendment filed Feb. 14, 1984, effective Feb. 24, 1984, expired June 23, 1984. Amended: Filed March 12, 1984, effective June 11, 1984.*

*\*Original authority: 370.100, RSMo 1939, amended 1945, 1945, 1949, 1959, 1967, 1972.*

*Op. Atty. Gen. No. 56, Mackey, 5-15-53. A solvent credit union, subject to provisions of Chapter 370, RSMo (1949), but which cannot effect liquidation and dissolution under the provisions of that chapter, may do so under the provisions of Chapter 351, RSMo (1949).*

#### 4 CSR 100-2.080 Fiscal and Financial Services

*PURPOSE: This rule establishes the procedures for a credit union to follow when it desires to initiate additional financial services such as money orders, travelers checks, and the like (see section 370.070(10), RSMo for statutory provisions).*

(1) All fiscal and financial services not provided as a service to the members by the credit union shall have the approval of the director of credit unions before each new service is offered.

(2) Application for authority to provide each additional fiscal and financial service shall be made in writing to the director and shall contain a concise description of the service to be provided as well as projected cost of providing this service to the members and the projected fee structure and which fees would be charged to each member using the service. Accompanying the application shall be a copy of the most recent financial report of the credit union, as well as other documents that may support the feasibility of the credit union

offering the service for which application was made.

(3) The director, from time-to-time, may approve programs for credit unions by which specific additional new services may be offered by credit unions to their members and the director also may establish prerequisites for credit unions who may elect to offer these services; and credit unions meeting these prerequisites may offer these services to their members.

(4) Where a credit union, prior to August 13, 1972, has provided the member services of money orders and travelers checks, authority is given for the credit unions to continue these fiscal and financial services to their members, unless the director orders a specific credit union to cease these services. The credit union offering these services shall make available to the director, upon his/her request, the direct and indirect cost of providing the services together with a schedule of the fees charged for the services.

*AUTHORITY: section 370.100, RSMo 1986.\* Original rule filed Sept. 14, 1972, effective Sept. 24, 1972. Amended: Filed Dec. 15, 1975, effective Dec. 25, 1975. Emergency amendment filed Feb. 14, 1984, effective Feb. 24, 1984, expired June 23, 1984. Amended: Filed March 12, 1984, effective June 11, 1984. Amended: Filed May 4, 1987, effective July 23, 1987.*

*\*Original authority: 370.100, RSMo 1939, amended 1945, 1945, 1949, 1959, 1967, 1972.*

#### 4 CSR 100-2.085 Credit Union Service Organization (CUSO)

*PURPOSE: This rule outlines certain procedures and practices a credit union is to follow when investing in or lending to a credit union service organization.*

(1) Definition. A credit union service organization (CUSO) is a legal entity established by or funded by one (1) or more credit unions (with or without participation of other parties) to meet the needs of its member credit unions by providing primarily those services and performing primarily those activities that are associated with routine credit union operations.

(2) Structure. A CUSO must be organized as a corporation or as a limited partnership with the credit union participating as a limited partner. These forms of organization do not guarantee against potential liability of the

participating credit union. The credit union must obtain legal advice as to whether the organization and operation of the CUSO is in a manner that meets the goal of limited liability. In general, the corporate form must be adequately capitalized and operated as a separate entity. The limited partnership form must not engage in activities that would cause the limited partnership to be treated as a general partnership.

(3) Funding. No single credit union's investment in a CUSO(s) shall exceed in the aggregate one per centum (1%) of the total paid in and unimpaired capital and surplus of the credit union (shares and undivided earnings). The credit union also may lend in the aggregate to the CUSO up to one per centum (1%) of its total paid in and unimpaired capital and surplus.

(4) Permissible Services and Activities.

(A) A CUSO may perform any of the following operational services: credit card and debit card services; automatic teller machine (ATM) services; electronic funds transfer (EFT) services, accounting services, data processing services, sale or lease of computer hardware and software, management and personnel training and support, payment item processing, locator services, marketing services, debt collection services, credit analysis, loan servicing, and coin and currency services.

(B) A CUSO may offer the following financial services: financial planning and counseling, retirement counseling, investment counseling, discount brokerage services, estate planning, income tax preparation, developing and administering individual retirement accounts (IRA), Keogh, deferred compensation and other personnel benefit plans; trust services; acting as trustee, guardian, conservator, estate administrator, or in any other fiduciary capacity; real estate agency services; agent for sale of insurance; personal property leasing; and provision of vehicle warranty programs. A CUSO must comply with applicable state and local laws when engaging in activities or services as listed previously. Any service or activity which is not authorized in the preceding subsection (4)(A) and this subsection must be approved by the director of the Division of Credit Unions before a CUSO may offer that service or activity. Any request for approval must include a full explanation of the proposed service or activity and how it is associated with routine credit union operations.

(5) Prohibited Activities. A CUSO may not acquire control, directly or indirectly, of another financial institution nor invest in shares, stocks or obligations of an insurance

company, trade association, liquidity facility of other similar organization. The credit union will not engage in any activities, contract for or enter into any form or manner of arrangement that will allow the credit union to be committed or potentially committed for an amount in excess of its legally allowed investment in or lendings to the CUSO.

(6) Insider Dealings. Individuals who serve as officials of or who are employed by a credit union and immediate family members of those individuals may not receive any salary, commission, investment income or other income or compensation from any CUSO affiliated with their credit union. For purposes of this section, official means any director or committee member and immediate family member means a spouse or a child, parent, grandchild, grandparent, brother or sister or the spouse of any such individual. An affiliated CUSO is one which a credit union invests in or loans to.

(7) Accounting.

(A) Credit unions must follow generally accepted accounting principles (GAAP) in their involvement with CUSOs.

(B) Credit unions must obtain, from any CUSO for which the credit union has an outstanding loan or investment, a certified public accountant (C.P.A.) audit on at least an annual basis and financial statements (balance sheet and income statement) on at least a quarterly basis.

(C) A CUSO must agree in writing with its participating credit unions to follow GAAP.

(8) Director Access to Books and Records. A CUSO must agree, in writing, with its participating credit unions to provide the director or his/her representative with complete access to any books and records of the CUSO and to make periodic reports in the manner and form deemed necessary by the director in carrying out his/her duties.

(9) Preexisting Credit Union Service Organizations. Any CUSO that was in existence prior to January 26, 1986 and that was legally operating in a manner that, although inconsistent with this rule, may continue operation until January, 26, 1987.

*AUTHORITY: sections 370.070, 370.100, 370.120 and 370.275, RSMo 1986 and 370.075, RSMo Supp. 1988.\* Original rule filed Oct. 17, 1985, effective Jan. 26, 1986.*

*\*Original authority: 370.070, RSMo 1939, amended 1945, 1949, 1951, 1965, 1967, 1972, 1984, 1986; 370.075, RSMo 1965, amended 1972, 1982, 1988; 370.100, RSMo 1939, amended 1945, 1945, 1949, 1959, 1967, 1972; 370.120, RSMo 1939, amended 1945, 1945, 1949, 1955, 1959, 1972; and 370.275, RSMo 1984.*

**4 CSR 100-2.090 Unlocatable Members: Small Share Balances: How to Handle**

*PURPOSE: This rule gives the procedures for handling inactive accounts of unlocatable members (see sections 370.260(2) and 370.340, RSMo for statutory requirements on expelling or withdrawing member accounts).*

(1) Where a member of a credit union cannot be located, and when no contact has been had with the member, and when the member has a small share balance with the credit union, even though the credit union may elect to group the small balances in a single account for bookkeeping purposes, as long as the credit union has not expelled that member pursuant to the provisions of section 370.340, RSMo, the shares remain the property of the member and dividends are to be credited to the account.

(2) When nonlocatable members are expelled pursuant to the Credit Union Act, share balances in those members' accounts shall be transferred to an unlocatable member accounts payable account and no further dividend shall be credited to these accounts; however, a record shall be maintained in the event the member later makes a claim upon the credit union for his/her share balance, which shall be paid to him/her. All credit unions are required to file an annual report and remit all unclaimed property to Missouri per Chapter 470, RSMo.

(3) If the total of unlocated member shares exceeds ten percent (10%) of the regular reserve fund, the financial statement will be footnoted to show the entire amount of unlocated shares as a potential liability.

(4) When unlocated member share accounts exist and they are grouped together into a single account for bookkeeping purposes, this account should be labeled Unlocatable Member Shares and it should be listed separately on the monthly financial statement, but combined with the regular share accounts on the annual report; and this account shall be credited with dividends each dividend period.

(5) Attempts to locate members carried as unlocatable pursuant to this rule may be made by using a locator service under the provision of section 370.260(2), RSMo.

*AUTHORITY: section 370.100, RSMo 1986.\* Original rule filed Sept. 14, 1972, effective Sept. 24, 1972. Amended: Filed Dec. 15, 1975, effective Dec. 25, 1975. Emergency amendment filed Feb. 14, 1984, effective Feb.*



24, 1984, expired June 23, 1984. Amended: Filed March 12, 1984, effective June 11, 1984. Amended: Filed May 4, 1987, effective July 23, 1987.

*\*Original authority: 370.100, RSMo 1939, amended 1945, 1945, 1949, 1959, 1967, 1972.*

#### 4 CSR 100-2.100 Audits in Lieu of Examination: Procedure

*PURPOSE: This rule establishes the requirements to be met before a credit union may have an audit in place of the regular examination by the division (see section 370.120(3), RSMo for statutory provisions).*

(1) The reports of an auditor who has audited a credit union may be accepted by the director in lieu of an examination by his/her office, where the auditor has been approved by the director for the audit on the basis of a written application from the credit union for the acceptance of the audit in lieu of examination. Further, the director, in approving the performance of the audit, may require the submission of various classes of data, delineated by him/her, to be reported in the manner required by him/her and upon forms as s/he may require.

*AUTHORITY: section 370.100, RSMo 1986.\* Original rule filed Sept. 14, 1972, effective Sept. 24, 1972. Amended: Filed Dec. 15, 1975, effective Dec. 25, 1975.*

*\*Original authority: 370.100, RSMo 1939, amended 1945, 1945, 1949, 1959, 1967, 1972.*

#### 4 CSR 100-2.110 Credit Union Investments: Shares of Credit Unions, Credit Union Associations and Credit Union Financial Agencies

(Rescinded June 11, 1984)

*AUTHORITY: section 370.100, RSMo 1978. Original rule filed Sept. 14, 1972, effective Sept. 24, 1972. Amended: Filed Dec. 15, 1975, effective Dec. 25, 1975. Amended: Filed June 8, 1976, effective Sept. 11, 1976. Emergency rescission filed Feb. 14, 1984, effective Feb. 24, 1984, expired June 23, 1984. Rescinded: Filed March 12, 1984, effective June 11, 1984.*

#### 4 CSR 100-2.120 Credit Union Investments: Savings and Loan Associations and Savings Banks

*PURPOSE: This rule establishes the requirements a credit union must meet when investing in federal and state-chartered savings and*

*loan associations and savings banks (see section 370.075(4), RSMo for statutory provisions).*

(1) With the statutory limitation of twenty-five percent (25%) of a credit union's capital, surplus and reserve funds, credit unions may invest in accounts of federally insured savings and loan associations and savings banks. Attention is called to the fact that where the investment in any one (1) savings and loan association or savings bank exceeds one hundred thousand dollars (\$100,000), all funds in excess of one hundred thousand dollars (\$100,000) are uninsured funds. Subsidiary ledgers shall be maintained to detail multiple investment transactions.

*AUTHORITY: section 370.100, RSMo 1994.\* Original rule filed Sept. 14, 1972, effective Sept. 24, 1972. Amended: Filed Dec. 15, 1975, effective Dec. 25, 1975. Amended: Filed June 8, 1976, effective Sept. 11, 1976. Amended: Filed Aug. 13, 1980, effective Jan. 30, 1981. Amended: Filed May 4, 1987, effective July 23, 1987. Amended: Filed Oct. 12, 1988, effective Feb. 11, 1989. Amended: Filed Nov. 20, 1997, effective June 30, 1998.*

*\*Original authority: 370.100, RSMo 1939, amended 1945, 1945, 1949, 1959, 1967, 1972.*

#### 4 CSR 100-2.130 Credit Union Investments: United States Government Securities and Obligations

*PURPOSE: This rule lists those United States government securities and obligations that are acceptable investments for credit unions (see section 370.075(1), RSMo for statutory requirements).*

(1) The following list of securities and obligations of the federal government of the United States of America is approved for investment by Missouri credit unions: United States Savings and Treasury Bonds acquired by a direct purchase; Inter-Governmental Credit Union (ICU) Services Corporation Federal Securities Investment program, Federal Intermediate Credit Bank Debentures, Federal Home Loan Bank Notes, Federal Home Loan Bank Board Debentures, Federal Land Bank Bonds, Central Bank and Bank for Cooperative Debentures, Federal National Mortgage Association, and Government National Mortgage Association.

(2) The listed investments are considered safe for all credit unions without regard to their size or management ability.

(A) Further, credit unions are cautioned to take adequate time and thought before investing in long-term, nonredemption-type securities.

(B) Subsidiary ledgers shall be maintained to detail multiple investment transactions.

*AUTHORITY: section 370.100, RSMo 1986.\* Original rule filed Sept. 14, 1972, effective Sept. 24, 1972. Amended: Filed Dec. 15, 1975, effective Dec. 25, 1975. Amended: Filed Aug. 13, 1980, effective Jan. 30, 1981. Amended: Filed May 4, 1987, effective July 23, 1987.*

*\*Original authority: 370.100, RSMo 1939, amended 1945, 1945, 1949, 1959, 1967, 1972.*

*Op. Atty. Gen. No. 27, Mackey, 1-24-63. Missouri credit unions are authorized to invest their funds in bonds of school districts.*

#### 4 CSR 100-2.135 Credit Union Investments: Other

*PURPOSE: This rule lists those additional securities that are acceptable investments for credit unions (see section 370.075(1), RSMo for statutory requirements).*

(1) The following securities are approved for investment of Missouri credit unions: bankers' acceptances and federal funds of insured domestic banks. No investment in any such single institution or corporation shall exceed five percent (5%) of the credit union's shares, surplus and reserve fund, nor shall the previously mentioned investments exceed in the aggregate twenty-five percent (25%) of the credit union's shares, surplus and reserve fund.

(2) Other securities, with the approval of the director of the Division of Credit Unions, as may be permissible for investment by federally chartered credit unions.

(3) Recognizing the increasing complexity and importance of safe and sound investment decisions by credit unions, investment policy is singled out for special attention. Each credit union will maintain written investment policies. The investment policies will be as detailed as is applicable to adequately address the degree of the individual credit union's investment strategy and practice and to be in conformity with overall funds management policy.

(4) Missouri credit unions may invest in Collateralized Mortgage Obligations (CMOs) rated at least AA or better by a

nationally recognized rating firm. Should the rating of the instrument fall below the AA rating, the credit union will mark the investment to market and should divest itself of the security as soon as possible. The board of directors is responsible for determining the permissibility of an investment which should be supported by legal opinion from an independent source. In the aggregate, investments in CMOs shall not exceed twice the amount of unimpaired equity of a credit union (regular reserves, undivided earnings and unencumbered reserves). A credit union may request in writing an exemption from the director for the aggregate limit.

*AUTHORITY:* section 370.075(7), RSMo 1986.\* *Emergency rule filed Feb. 14, 1984, effective Feb. 24, 1984, expired June 23, 1984. Original rule filed March 12, 1984, effective June 11, 1984. Amended: Filed May 4, 1987, effective July 23, 1987. Amended: Filed Oct. 12, 1988, effective Feb. 11, 1989.*

\*Original authority: 370.075(7), RSMo 1965, amended 1975, 1982.

**4 CSR 100-2.140 Dividends: Posting to Individual Accounts**  
(Rescinded June 11, 1984)

*AUTHORITY:* section 370.100, RSMo 1978. *Original rule filed Sept. 14, 1972, effective Sept. 24, 1972. Emergency rescission filed Feb 14, 1984, effective Feb. 24, 1984, expired June 23, 1984. Rescinded: Filed March 12, 1984, effective June 11, 1984.*

**4 CSR 100-2.150 Real Property Acquired by Way of Pledge or Foreclosure**  
(Rescinded June 11, 1984)

*AUTHORITY:* section 370.100, RSMo 1978. *Original rule filed Dec. 15, 1975, effective Dec. 25, 1975. Emergency rescission filed Feb. 14, 1984, effective Feb. 24, 1984, expired June 23, 1984. Rescinded: Filed March 12, 1984, effective June 11, 1984.*

**4 CSR 100-2.160 Semi-Annual Report of Conditions**

*PURPOSE:* This rule gives the director the power to require a semi-annual report of condition, in addition to the annual report, when necessary (see section 370.110(1), RSMo for statutory provisions).

(1) In addition to the annual report, state-chartered credit unions shall submit a semi-

annual report of condition which shall contain information all prepared in the manner as the director of credit unions shall deem necessary. This report shall reflect the condition of the credit union as of June 30 and shall be submitted no later than July 20 of the same year.

*AUTHORITY:* section 370.100, RSMo 1986.\* *Original rule filed Dec. 15, 1975, effective Dec. 25, 1975. Amended: Filed June 8, 1976, effective Sept. 11, 1976. Emergency amendment filed Feb. 14, 1984, effective Feb. 24, 1984, expired June 23, 1984. Amended: Filed March 12, 1984, effective June 11, 1984.*

\*Original authority: 370.100, RSMo 1939, amended 1945, 1949, 1959, 1967, 1972.

**4 CSR 100-2.170 Audit of Supervisory Committee**

*PURPOSE:* This rule establishes the basis of required audits by or for the supervisory committee, lines of authority and responsibility, and penalties for noncompliance with section 370.230, RSMo.

(1) The annual audit required by section 370.230(5), RSMo shall be performed by the supervisory committee or by contract with an audit firm acceptable to the Division of Credit Unions within the budget set by the board of directors.

(2) A copy of the annual audit required to be performed under section 370.230, RSMo shall be submitted to the director of credit unions within thirty (30) days of the completion.

(3) Failure of the supervisory committee to make or cause to be made acceptable examinations and the annual audit as required in 370.230, RSMo may result in the director of credit unions requiring an outside independent audit of the books and records of the credit union. Cost of the audit shall be paid by the credit union.

*AUTHORITY:* section 370.100, RSMo 1986.\* *Original rule filed Dec. 15, 1975, effective Dec. 25, 1975. Emergency amendment filed Feb. 14, 1984, effective Feb. 24, 1984, expired June 23, 1984. Amended: Filed March 12, 1984, effective June 11, 1984.*

\*Original authority: 370.100, RSMo 1939, amended 1945, 1949, 1959, 1967, 1972.

**4 CSR 100-2.180 Investments in Capital Stock of Corporations Established to Assist Credit Union Operations**  
(Rescinded June 11, 1984)

*AUTHORITY:* section 370.100, RSMo 1978. *Original rule filed Dec. 15, 1975, effective Dec. 25, 1975. Emergency rescission filed Feb. 14, 1984, effective Feb. 24, 1984, expired June 23, 1984. Rescinded: Filed March 12, 1984, effective June 11, 1984.*

**4 CSR 100-2.185 Investments in Fixed Assets**

*PURPOSE:* This rule limits the amounts that may be invested in fixed assets to a maximum of five percent of total assets unless approval of the director of the Missouri Division of Credit Unions is obtained to exceed that figure. The specified limitation will avoid excessive loss of income through over-investment in nonincome-producing assets.

(1) No credit union may invest more than five percent (5%) of total assets in fixed assets (land and buildings) without the prior approval of the director of the Missouri Division of Credit Unions.

*AUTHORITY:* sections 370.075 and 370.100, RSMo 2000.\* *Original rule filed Aug. 13, 1980, effective Jan. 30, 1981. Amended: Filed Dec. 15, 2000, effective June 30, 2001.*

\*Original authority: 370.075, RSMo 1965, amended 1975, 1982, 1988; 370.100, RSMo 1939, amended 1945, 1949, 1959, 1967, 1972.

**4 CSR 100-2.190 Special Shares and Thrift Accounts**

*PURPOSE:* This rule defines special share and thrift accounts. It also sets up the procedures and guidelines to follow when establishing special share and thrift accounts (see section 370.070(1) and (9), RSMo for the statutory requirements).

(1) A special share shall be issued only to members of the credit union. The terms and conditions under which any class of special shares is issued shall be passed on by the board of directors. Special shares will not be superior in rank to or have the right to prior payment over general shares or other classes of special shares.

(2) A thrift account shall be available only to nonmembers of the credit union. The terms and conditions under which any type thrift

account is to be authorized shall be passed upon by the board of directors. Thrift accounts which are not insured by the National Credit Union Share Insurance Fund (NCUSIF) will be inferior in rank to and will not have the right to prior payment over general or special shares.

*AUTHORITY:* sections 370.100, RSMo 1994 and 370.350, RSMo Supp. 1999.\* Original rule filed Dec. 15, 1975, effective Dec. 25, 1975. Amended: Filed June 8, 1976, effective Sept. 11, 1976. Amended: Filed Sept. 10, 1981, effective Dec. 11, 1981. Emergency amendment filed Feb. 14, 1984, effective Feb. 24, 1984, expired June 23, 1984. Amended: Filed March 12, 1984, effective June 11, 1984. Amended: Filed Nov. 20, 1997, effective June 30, 1998. Amended: Filed Dec. 17, 1999, effective June 30, 2000.

\*Original authority: 370.100, RSMo 1939, amended 1945, 1945, 1949, 1959, 1967, 1972 and 370.350, RSMo 1939, amended 1945, 1972, 1985, 1993, 1995.

#### 4 CSR 100-2.200 Share Insurance

(Rescinded September 11, 1976)

*AUTHORITY:* section 370.100 RSMo Supp. 1975. Original rule filed Dec. 15, 1975, effective Dec. 25, 1975. Rescinded: Filed June 8, 1976, effective Sept. 11, 1976.

#### 4 CSR 100-2.205 Deposit of Public Funds

*PURPOSE:* This rule allows credit unions to accept public funds for deposit (see sections 148.660, 370.070 and 370.071, RSMo).

(1) All state-chartered credit unions shall have the power to receive deposits from an officer, employee or agent of nonmember units of federal, Indian tribal, state, local governments and political subdivisions, subject to the terms, rates and conditions as may be established by the board of directors.

*AUTHORITY:* sections 148.660, 370.070, RSMo 1986 and 370.071, RSMo Supp. 1991\* and Section 107 (12 U.S.C. 1757). Emergency rule filed Feb. 14, 1984, effective Feb. 24, 1984, expired June 23, 1984. Original rule filed March 12, 1984, effective June 11, 1984.

\*Original authority: 148.660, RSMo 1982; 370.070, RSMo 1939, amended 1945, 1949, 1951, 1965, 1967, 1972, 1984, 1986; and 370.071, RSMo 1977, amended 1978, 1986, 1991.

#### 4 CSR 100-2.210 EDP and Other Machine Accounting Systems

(Rescinded October 10, 1993)

*AUTHORITY:* section 370.100, RSMo 1986. Original rule filed Dec. 16, 1975, effective Dec. 25, 1975. Amended: Filed June 8, 1976, effective Sept. 15, 1976. Amended: Filed Oct. 17, 1985, effective Jan. 26, 1986. Rescinded: Filed April 21, 1993, effective Oct. 10, 1993.

#### 4 CSR 100-2.220 External Deposits

*PURPOSE:* This rule limits the possibility of several types of unsafe and unsound uses of deposits from external sources.

(1) For purposes of this rule only the following definitions shall apply:

(A) Nonmember shall mean any natural person or legal entity, whether or not eligible for membership, not belonging to the credit union into which a deposit is being made; and

(B) Nonnatural person shall mean any legal entity such as a governmental unit, corporation, credit union, association or other similar entity other than a natural person.

(2) Any credit union which receives deposits from nonmember nonnatural persons must notify the director of credit unions, in writing, within ten (10) days of the balance of all such deposits exceeding five percent (5%) of total shares and deposits.

*AUTHORITY:* section 370.100, RSMo 2000.\* Emergency rule filed May 11, 1984, effective May 21, 1984, expired Sept. 18, 1984. Original rule filed May 11, 1984, effective Aug. 11, 1984. Amended: Filed Dec. 15, 2000, effective June 30, 2001.

\*Original authority: 370.100, RSMo 1939, amended 1945, 1945, 1949, 1959, 1967, 1972.