# Rules of Department of Insurance, Financial Institutions and Professional Registration

## Division 1105—Credit Union Commission

### Chapter 3—Credit Union Membership and Chartering

<table>
<thead>
<tr>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>20 CSR 1105-3.010 Definitions</td>
<td>3</td>
</tr>
<tr>
<td>20 CSR 1105-3.011 Definitions—Immediate Family and Household</td>
<td>3</td>
</tr>
<tr>
<td>20 CSR 1105-3.012 Definition—Low-Income or Underserved Community</td>
<td>3</td>
</tr>
<tr>
<td>20 CSR 1105-3.020 Criteria for Additional Membership Groups</td>
<td>3</td>
</tr>
<tr>
<td>20 CSR 1105-3.030 Economic Advisability</td>
<td>4</td>
</tr>
<tr>
<td>20 CSR 1105-3.040 Exemption from Limitations on Groups</td>
<td>4</td>
</tr>
</tbody>
</table>
Title 20—DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION
Division 1105—Credit Union Commission
Chapter 3—Credit Union Membership and Chartering

20 CSR 1105-3.010 Definitions

PURPOSE: This rule defines several terms that are used in Missouri credit union law, Chapter 370, RSMo, in the manner that they will be used by the Credit Union Commission and the Division of Credit Unions when implementing Chapter 370, RSMo.

(1) “Well defined local neighborhood, community or rural district” is defined as a city, township, county, telephone area code, zip code, or other geographical areas with clearly defined boundaries, and/or an area which includes persons who have common interests.

(2) “Immediate family” is defined as spouse, child, sibling, parent, grandparent, grandchild, aunt, uncle, niece, nephew, first cousin, or legal guardian and includes step, in-law, and legally adoptive relationships.

(3) “Household” is defined as persons living in the same residence who maintain a single economic unit. Included in this definition is any person who is a member of and participate in the maintenance of the household.

(4) “Underserved community” is defined as a local neighborhood, community or rural district that has insufficient access to credit union services.

(5) “Low income area” is defined as an area with a majority of residents who make less than eighty percent (80%) of the average for all wage earners as established by the Bureau of Labor Statistics or have annual household income at or below eighty (80%) percent of the median household income for the nation as established by the Census Bureau.


20 CSR 1105-3.011 Definitions—Immediate Family and Household

PURPOSE: This rule defines terms that are used in Missouri credit union law, Chapter 370, RSMo, in the manner that they will be used by the Credit Union Commission and the Division of Credit Unions when implementing Chapter 370, RSMo.

(1) “Immediate family” is defined as spouse, child, sibling, parent, grandparent, grandchild, aunt, uncle, niece, nephew, first cousin, or legal guardian and includes step, in-law, and legally adoptive relationships.

(2) “Household” is defined as persons living in the same residence who maintain a single economic unit. Included in this definition is any person who is a member of and participate in the maintenance of the household.


20 CSR 1105-3.012 Definition—Low-Income or Underserved Community

PURPOSE: This rule defines terms that are used in Missouri credit union law, Chapter 370, RSMo, in the manner that it will be used by the Credit Union Commission and the Division of Credit Unions when implementing Chapter 370, RSMo.

(1) A low-income or underserved community is an area that is any of the following:

(A) That wholly consists of or is wholly located within an empowerment zone or enterprise community designated under section 1391 of the Internal Revenue Code (26 U.S.C. 1391);

(B) Where the percentage of the population living in poverty is at least twenty percent (20%);

(C) In a metropolitan area where the median family income is at or below eighty percent (80%) of the metropolitan area median family income or the national metropolitan area median family income, whichever is greater;

(D) An area outside of a metropolitan area, where the median family income is at or below eighty percent (80%) of the statewide non-metropolitan area median family income or the national non-metropolitan area median family income, whichever is greater;

(E) An area where the unemployment rate is at least one hundred fifty percent (150%) of the national average; or

(F) An area meeting the criteria for economic distress that may be established by the Community Development Financial Institutions Fund of the United States Department of the Treasury.


20 CSR 1105-3.020 Criteria for Additional Membership Groups

PURPOSE: This rule sets forth the criteria the director of the Division of Credit Unions will apply in determining whether or not one or more additional groups may be included in the membership of an existing credit union.

(1) The director will approve the addition of groups to a credit union’s field of membership, if the director determines in writing that the following criteria are met:

(A) The credit union is operating in a safe and sound manner and is making satisfactory progress in addressing any adverse conditions, including but not limited to areas of concern identified in the most recent supervisory examination report, or other regulatory concerns that may exist;

(B) The credit union is “adequately capitalized.” The commission defines adequately capitalized, exclusively for the purpose of adding new membership groups, to mean that the credit union has a net capital ratio of not less than seven percent (7%). The director may determine that a net capital ratio of less than seven percent (7%) is adequate if the credit union is making reasonable progress toward meeting the seven percent (7%) net capital requirement;

(C) The credit union has the administrative capability and the financial resources to serve the proposed group; and

(D) The formation of a separate credit union by such group is not practical and consistent with reasonable standards for the safe and sound operation of a credit union.

20 CSR 1105-3.030 Economic Advisability

PURPOSE: This rule sets forth criteria the Credit Union Commission has determined to be important for the likelihood of success in establishing and maintaining a new credit union.

(1) Before approving a charter application for a new credit union the director of the Division of Credit Unions must be satisfied that the credit union will be viable and that it will provide needed services to its members. Economic advisability, which is a determination that a potential charter will have a reasonable opportunity to succeed, is essential in order to qualify for a credit union charter.

(2) The Division of Credit Unions will conduct an investigation of each charter application to ensure that the proposed credit union can be successful. This investigation will include an evaluation of—

(A) The character and fitness of proposed management;

(B) The degree of membership support; and

(C) The adequacy of the proposed credit union’s business plan.


20 CSR 1105-3.040 Exemptions from Limitations on Groups

PURPOSE: This rule sets forth the criteria the Credit Union Commission may consider when determining whether or not to approve a request for an exemption from the limitations on groups, established pursuant to 370.081, RSMo.

(1) A credit union desiring to make an application to expand its field of membership pursuant to 370.081, RSMo by adding a group with more than three thousand (3,000) members must request approval from the commission prior to submitting an application to the director. The request should be submitted on the form approved by the commission. The request should also include proof in the form of documentation or otherwise that is sufficient to show the group satisfies one of the three (3) exceptions listed in 370.081.2(1)(a)--(c), RSMo. This proof can include but is not limited to the following:

(A) Lack of volunteers or other resources.
   1. Documentation in the form of letters from the group desiring credit union membership indicating the lack of volunteer support.
   2. Letters, surveys or petitions indicating that no group has shown an interest in starting a credit union that would encompass the group desiring to join the credit union;

(B) The desire of the new group to start their own credit union.
   1. Documentation showing the desire of the group to join the existing credit union.
   2. Documentation showing the desire of the group to start their own credit union.
   3. Documentation regarding the economic advisability of the group to start a credit union including market expectations, ability to build capital and reasonable accessibility.

   4. The group must show it can meet the criteria established in 4 CSR 105-3.030; and

(C) Group would be unlikely to operate in a safe and sound manner.
   1. Documentation showing lack of management, lack of capital, lack of expertise to operate a credit union, lack of volunteers and lack of insurability or any action which would result in abnormal risk.

(2) None of these categories are exclusive allowing an applicant to use any combination of proof to meet its burden under the statute.
