



Department of Commerce

Division of Financial Institutions

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State of Ohio Department of Commerce Division of Financial Institutions

Administrative Guideline for Credit Unions 10-1

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Expanding a Credit Union's Field of Membership

Recently the Ohio Division of Financial Institutions (the "Division") has received numerous requests for information on how to expand a credit union's field of membership. A credit union may expand its field of membership through the submission of an application to the Division to add select groups having a common bond of occupation or association ("SEGs") or groups within a well-defined neighborhood, community, or rural district ("Community Groups") under Ohio Revised Code ("ORC") § 1733.05(D)(1).

When a credit union submits an application to add a SEG or Community Group, the credit union is requesting to legally change the credit union's field of membership. The Division must approve in writing any application pursuant to Ohio Revised Code § 1733.05 and Ohio Administrative Code § 1301:9-2-17(A). This is why it is crucial that applications contain accurate and complete information.

To help facilitate expeditious reviews, this administrative guideline provides an overview of legal requirements for expanding a credit union's field of membership, what an application must include and factors that must be considered by the Superintendent for approval to be granted.

Adding a SEG or Community Group

In order to add a SEG or Community Group, a credit union must first determine whether its charter authorizes the inclusion of multiple groups within the credit union's field of membership. A credit union's Articles of Incorporation may list the SEGs or Community Groups whose members may belong to the credit union, or may include a general provision that authorizes the inclusion of more than one group without listing specific groups.

If a credit union's Articles of Incorporation do not authorize the addition of multiple groups, then a credit union must amend its Articles of Incorporation and submit this amendment to the Division for approval pursuant to Ohio Revised Code § 1733.33, along with the required fee of fifty dollars (\$50.00) made payable to the Ohio Secretary of State. This article amendment must contain reference to Ohio Revised Code § 1733.05(D)(1)'s clause permitting the credit union to provide membership services to select groups with the common bond of occupation, association, and/or community groups.

A SEG may include any group having a common bond of occupation or association. For a Community Group, a common bond must exist on the basis of a well-defined geographic location of the group's residence, property, worship, school attendance, or employment. To meet this requirement, the proposed area must have specific geographical boundaries, including a political subdivision of the state, or a clearly definable neighborhood.

Required Information for Submission to the Division

To add a SEG or Community Group, the following information must be submitted to the Division as part of the credit union's application:

- A copy of the credit union's Articles of Incorporation, and, if applicable, its Code of Regulations which authorize the expansion of the credit union's field of membership to include such a group;
- A specific description of the group to be added, including the number of persons in the group, the potential membership size of the group, the dispersion of the group, and the general characteristics of the sponsor of the group, if any;
- Evidence that the group is within the operational area of the home office or a service facility of the credit union or evidence of one or more of the following:
 - a. The associational or occupational group wishes to obtain the credit union's services, if applicable;
 - b. The credit union has or will have the means service the group;
 - c. The majority of potential new members can regularly access the credit union's services; or
 - d. The credit union meets any additional conditions the Division deems reasonable;
- Evidence that the associational or occupational group, through its authorized representative, has requested service from the applicant credit union;
- Evidence demonstrating the credit union is able to provide service to the group including current service facilities within the proposed SEG or Community Group area;
- Proof of certification of the credit union's vote to approve membership services to the group; and
- Any other relevant information the Division requests.

To add multiple SEGs or Community Groups, the following information must also be submitted to the Division:

- Evidence that the credit union is financially and organizationally sound to provide credit union service to each of the groups; and
- Evidence that the expansion to include multiple groups is economically feasible and advisable.

Applications to expand a credit union's field of membership are available on the Division's website at <http://www.com.state.oh.us/fiin/Forms.aspx#CreditUnions>. An application must be signed by an authorized representative or officer of the credit union and contain the complete legal name of the select group. An authorized representative includes: the president, the secretary, the treasurer, a chairman of the board, a vice chairman of the board, or any other

officer designated through a resolution of the board of directors. A credit union may also submit any other information the credit union feels will help the Division make a determination on their application.

Approval from the Division

In order to approve a credit union's application to expand its field of membership, the Superintendent must consider whether:

- The convenience and needs of the members of the credit union will be served by the proposed expansion;
- The population and economic characteristics of the potential membership pool afford reasonable promise for adequate support for the proposed expansion;
- The policies, condition and operation of the credit union afford no basis for supervisory objection;
- The proposed expansion will occur within twelve (12) months of approval unless otherwise allowed by the Superintendent; and
- There are any other pertinent factors relating to the field of membership expansion that should be considered.

Upon receipt of a complete application to expand a credit union's field of membership, the Superintendent will notify the credit union not more than fifteen (15) days whether the application is approved, denied or modified. If additional information is required for consideration, the Superintendent will notify the credit union in writing and the credit union has thirty (30) days to submit the required information. Denials may be appealed in accordance with the Ohio Administrative Procedures Act, Ohio Revised Code §§ 119.01 – 119.13.

Additional Information

A credit union may contact the Division to determine if a SEG is currently being provided service by another credit union.

Please be aware that if the SEG or Community Group extends outside the boundaries of the State of Ohio, per ORC § 1733.05(E), the other state's supervisory authority must give approval for the credit union to provide service to the individuals in the select group located outside Ohio. This process may extend the review time for this application.

Questions?

For any questions about applications to expand a credit union's field of membership or any other regulatory matters, please contact Corporate Administrator, Dina Doganiero, at (614) 644-9576.