

DCU GUIDELINES
FOR SUBMITTING AN APPLICATION
TO ADD A COMMUNITY
TO FIELD OF MEMBERSHIP BYLAWS
(Last revised March 8, 2002)

A credit union may amend its field of membership (FOM) bylaws to add one or more communities to its field of membership, in accordance with Chapter 208-472 WAC. A copy of this Chapter is enclosed.

These Guidelines supersede any prior Guidelines issued by the Division on community FOM applications.

CAMEL 1s and 2s

A credit union rated a composite CAMEL 1 or 2 by the Division of Credit Unions (Division) may add “qualified communities” to its FOM bylaws without Division approval, as provided in WAC 208-472-020. Qualified communities are defined in WAC 208-472-015(13).

However, a CAMEL 1 or 2 credit union may not add “nonqualified communities” to its FOM bylaws without the prior approval of its board of directors and the prior written approval of the Division of Credit Unions (Division) in accordance with WAC 208-472-025.

CAMEL 3s, 4s and 5s

A credit union rated a composite CAMEL 3, 4 or 5 by the Division may not add a community to its field of membership bylaws without the prior approval of its board of directors and the prior written approval of the director under WAC 208-472-025.

In general, the Division will not approve the addition of a community by a CAMEL 3, 4 or 5 credit union.

Application

In order to request the approval of the Division to add a community to its FOM bylaws, a credit union must submit an application to the Division, including the information and materials outlined in WAC 208-472-025(2)(b).

There is no application form for this purpose. A completed application must include a signed cover letter and the enclosures as described below. The application must be submitted in duplicate to the Division. Applications must be bound in a three-ring binder with section dividers.

Although the WAC requires applications in duplicate, the Division has decided to waive the second copy. Please submit just the original application with no copies. (Note below, however, that we still need two originals of the board resolution approving the FOM bylaws amendment.)

Cover Letter

The cover letter must:

- A. State the name, address, and phone and fax numbers of the person at the applicant credit union who will act as the contact person for the application.
- B. State that the signing party believes that the area applied for constitutes a community as defined in WAC 208-472-015(4).
- C. Be signed by the president or other official of the applicant credit union.

Enclosures

The application must include the following information and materials:

1. The name of the community that the applicant desires to add to its bylaws.
2. Two originals of the resolution of its board of directors approving the FOM bylaws amendment, certified by the board chairperson or secretary.
3. An explanation how the community satisfies the definition of a community in WAC 208-472-015, with supporting documentation, including the items listed in 4 through 10 below.
4. A detailed description of the community.
5. A description of the major aspects of the residents and businesses in the community, in aggregate.
6. A description of the geographic boundaries of the community:
 - a. By metes and bounds, or
 - b. As the limits of a certain governmental unit, such as the limits of a city, town, school district, PUD etc., rather than the actual metes and bounds description of its limits. Note the distinction: use of “city limits” permits the boundaries of the community to automatically change as the city limits change.
7. A map highlighting the boundaries of the community.
8. A statement of the population of the community, and the name and date of the source of the figures.
9. A copy of the relevant pages from the source for the population figures.
10. The community must be distinct and recognizable. The description of the community should be based on as many of the following as may be appropriate:
 - a. Political jurisdictions.
 - b. Major trade areas.
 - c. Traffic flows.
 - d. Shared/common facilities, such as educational, medical, police and fire protection, school districts, water, etc.
 - e. Organizations/clubs whose membership is made up exclusively of persons within the area.

- f. Newspapers or other periodicals published for and about the area.
 - g. Census tracts.
 - h. Common characteristics and background of residents, such as income, religious beliefs, primary ethnic groups, similarity of occupations, household types, primary age group, etc.
 - i. History of the area.
 - j. An explanation of what factors or characteristics among the residents distinguish the community from the general public and the surrounding areas, such as old, well established ethnic neighborhoods, planned communities, or small/rural towns (i.e., describe how area is viewed as a community by outsiders). This item is really the heart of the application, so give it appropriate time and treatment.
11. An explanation how the addition of the FOM group will affect the financial condition of the applicant. In addition, submit:
- a. A copy of the applicant's most recent quarterly financial statements.
 - b. Three year pro forma income statements and balance sheets and key ratios (including, but not limited to, return on average assets, net worth, asset growth and share growth).
12. If the community has more then 500 residents, as applicable, a statement that the applicant has mailed or otherwise provided notice of the application to each credit union and federal credit union headquartered in the county(ies) in Washington in which the FOM group is primarily located.
13. Any other information or materials the Division may request.

The director may waive any of the items in this subsection as the director deems appropriate, such as in the case of the addition of FOM groups located wholly out-of-state.

Timeframe

The community application is deemed complete when the Division has received all of the information required. If an incomplete application is received, the Division will give written notice to the applicant no more than thirty days from the date the original application was received that additional information is necessary. The applicant will be allowed thirty days after receipt of the notice to provide the requested information. If the applicant fails to do so, the Division will return the application and it will be deemed withdrawn.

The Division will give the applicant written notice of approval or denial within thirty days after the application is deemed complete. The Division's determination whether to approve an application will be based on consideration of the safety and soundness of the applicant and the applicant's compliance with this chapter.

Enclosure:
Sample Notice Letter

Sample Notice Letter

To Managing Officer/President addressed

_____ Credit Union (Credit Union) has applied to the Washington State Division of Credit Unions to add a community to its field of membership bylaws. The community is described [as _____] [on the enclosed sheet].

Please feel free to contact me if you have questions or comments about this addition to our FOM.

Signed,

ABC Credit Union