

FIELD OF MEMBERSHIP EXPANSION

Credit union management may use this document to assist in the preparation of a field of membership (FOM) expansion application packet, which consists of an application letter and supporting enclosures. This document also provides general timeframes for the processing of an FOM expansion request. Credit unions with a community-based FOM may expand its FOM by amending its bylaws and/or articles of incorporation (AOI) to expand its community. A credit union with a common bond FOM may expand its FOM by amending its bylaws and/or AOI to include additional common bond groups.

Application Letter

An application letter requesting approval to expand an existing FOM contains the following items:

- Narrative description of the specific FOM requested with the name of the community or common bond group that the applicant is seeking.
- The reason for the proposed FOM expansion, including a detailed statement demonstrating that the proposed FOM complies with Idaho Code § 26-2110(2).
- Explanation of how the credit union is currently serving members within its existing FOM and how the requested FOM is connected to the credit union's existing FOM.
- Explanation of products and services, and how these products will be offered and delivered to the proposed FOM.
- A statement on whether a new branch(es)/ATM(s) will be established within the proposed FOM, and if known, the proposed location(s).
- A statement of how management perceives the proposed FOM will impact the institution's financial condition and safety and soundness.
- A copy of the credit union's existing bylaws or articles of incorporation (AOI) with track changes of the proposed FOM.¹
- Signature of the Chief Executive Officer or Board Chairperson of the applicant credit union.

Enclosures for a Community FOM

- A description of the well-defined neighborhood, community, or rural district that the applicant is seeking to add to its FOM. "Well-defined" means the proposed area has specific geographic boundaries, such as:
 - By metes and bounds, or
 - A city, township, county (single, multiple, or portions of a county) or a political equivalent, school districts, or a clearly identifiable neighborhood.
- A map highlighting the boundaries of the proposed FOM.
- A statement of the population of the community, and the name and date of the source of the figures.

¹ Please note that this item does not constitute a formal submission of proposed bylaw amendments but simply provides a basis for reviewing the proposed FOM expansion request.

- Strategic or business plan accompanied by an explanation of how the FOM expansion is in line, or modifies, the existing strategic or business plan. The plan must include:
 - Pro forma financial statements for 36 months inclusive of the proposed FOM, including the underlying assumptions and rationale for projected member, share, loan, and asset growth.
 - Anticipated financial impact on the credit union, including the need for additional employees and fixed assets, and the associated costs.
 - If not an Idaho state-chartered credit union, a description of the current and proposed office/branch/ATM structure.
- A copy of the applicant's most recent quarterly financial statements.
- The name of the community that the applicant desires to add to its bylaws.
- Compelling evidence of common interests or interaction. The applicant must demonstrate that the proposed FOM is contiguous and further demonstrate a sufficient level of common interests or interaction among area residents to qualify the area as a well-defined community. The community as a whole must be distinct and recognizable. The description of the community should be supported on as many of the following as may be appropriate:
 - Political jurisdictions.
 - Major trade areas.
 - Traffic flows.
 - Shared/common facilities, such as educational, medical, police and fire protection, school districts, water, etc.
 - Organizations/clubs whose membership is made up exclusively of persons within the area.
 - Newspapers or other periodicals published for and about the area.
 - Census tracts.
 - Common characteristics and background of residents, such as income, religious beliefs, primary ethnic groups, similarity of occupations, household types, primary age group, etc.
 - History of the area.
- If the request is from an out-of-state credit union, please provide the total number of existing Idaho members.
- Any other information or materials the Department may request.

If the applicant is requesting a community FOM that is an exact match to or within (contiguous community) an FOM of an existing or merged credit union with an approved Idaho community FOM, the applicant will not need to provide compelling evidence of common interests or interaction as the Department has previously received sufficient information to establish that a well-defined community exists within the described geographic boundaries.

Enclosures for Occupational or Associational Groups

- The name of the occupational and/or associational group having a common bond that the applicant desires to add to its bylaws or AOI.
- If applicable, the North American Industry Classification System (NAICS) code of the common-bond group.
- The name and description of the geographic boundaries in which the proposed common-bond group FOM will be established.

- Strategic or business plan accompanied by an explanation of how the FOM expansion is in line, or modifies, the existing strategic or business plan. The plan must include:
 - Pro forma financial statements for 36 months inclusive of the proposed FOM, including the underlying assumptions and rationale for projected member, share, loan, and asset growth.
 - Anticipated financial impact on the credit union, including the need for additional employees and fixed assets, and the associated costs.
 - If not an Idaho state-chartered credit union, a description of the current and proposed office/branch/ATM structure.
- A copy of the applicant's most recent quarterly financial statements.
- Any other information or materials the Department may request.

Employees of a Common Employer

A credit union may expand its existing FOM by adding employees of a common employer. The Department must receive a letter from the employer requesting credit union service. The letter must indicate:

- That the employer wants to be added to the credit union's FOM.
- The total number of primary potential members (excluding immediate family) provided by the employer.
- The employer's proximity to the credit union's nearest service facility.

Timeframe

The application is deemed complete when the Department receives all the information required. If an incomplete application is received, the Department will give written notice to the applicant no more than thirty (30) days from the date the original application was received that additional information is necessary. The applicant will be allowed thirty (30) days after receipt of the notice to provide the requested information. If the applicant fails to do so, the Department will return the application and it will be deemed withdrawn. An applicant may request an extension to the thirty (30) day timeline to submit additional information by submitting a written request to the Director explaining the reason for the extension.

The Department will give the applicant written notice of approval or denial within ninety (90) days after the application is deemed complete. The Department'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 applicable Idaho statutes. If the proposed FOM is approved, the applicant may submit the amended bylaws or AOI that reflect the new FOM for Director approval. The bylaws or AOI must be approved by the Director prior to being presented to the board of directors for a vote. Amendments to the bylaws or AOI are effective upon written certification of board approval to the Director.