

7112

I N S E N A T E

April 28, 2014

Introduced by Sen. GRIFFO -- read twice and ordered printed, and when printed to be committed to the Committee on Banks

AN ACT to amend the banking law, in relation to qualifications for membership and general powers of credit unions

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 Section 1. Subdivision 2 of section 451 of the banking law, as amended
2 by chapter 660 of the laws of 2004, is amended to read as follows:
3 2. The qualifications for membership.
4 [(a) Membership shall be limited to:
5 (1) persons having a common employer;
6 (2) persons and organizations who are members of the same trade,
7 industry, profession, club, union, society or other association;
8 (3) in the case of a credit union incorporated under this chapter as
9 of the effective date of this subdivision, and with the approval of the
10 superintendent, which approval shall not be given if it would be
11 destructive of competition within a municipality, more than one common
12 employer; provided, however, that an employer group with under three
13 thousand employees may be added upon receipt of a notice as provided in
14 subdivision two of section four hundred seventy-eight of this article;
15 (4) with the approval of the superintendent, and subject to the
16 provisions of paragraph (b) of this subdivision, more than one group
17 each of which has, within the group, a common bond of occupation,
18 including a common employer, or association; provided, however, that a
19 group of less than three thousand members, which is within reasonable
20 proximity to the credit union's service area or areas, may be added upon
21 receipt of a notice as provided in subdivision two of section four
22 hundred seventy-eight of this article; or
23 (5) persons and organizations within a well-defined local community,
24 neighborhood or rural district and who in the judgment of the super-
25 intendent have such a community of interest as will insure proper admin-
26 istration.
27 (b) In considering an application to add a group to a credit union
28 authorized under subparagraph four of paragraph (a) of this subdivision,

EXPLANATION--Matter in *ITALICS* (underscored) is new; matter in brackets [] is old law to be omitted.

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1 the superintendent shall not approve the addition unless the group is
2 within reasonable proximity to the credit union's service area or areas.
3 If the group has more than three thousand members, the superintendent
4 shall not approve such addition unless he or she determines that the
5 group could not feasibly or reasonably establish a new single common
6 bond credit union because:

7 (1) the group lacks sufficient volunteer and other resources to
8 support the efficient and effective operation of a credit union;

9 (2) the group does not meet the criteria which the superintendent has
10 determined to be important for the likelihood of success in establishing
11 and managing a new credit union, including demographic characteristics
12 such as geographical location of members, diversity of ages and income
13 levels, and other factors that may affect the financial viability and
14 stability of a credit union;

15 (3) the group would be unlikely to operate a safe and sound credit
16 union; or

17 (4) the group has been transferred from another credit union in
18 connection with a merger or consolidation recommended by a state or
19 federal regulator based on safety and soundness concerns or by the board
20 of the National Credit Union Administration in its capacity as conserva-
21 tor or liquidating agent.

22 (c) With the approval of the superintendent, a credit union may extend
23 membership to persons and organizations in an underserved local communi-
24 ty, neighborhood or rural district, where such area is determined by the
25 superintendent to be an "investment area" as defined in the federal
26 Community Development Banking and Financial Institutions Act of 1994 (12
27 U.S.C. 4703(16)) and any other requirements imposed by the superinten-
28 dent, including a requirement that the credit union establish and main-
29 tain an office or facility in such area.

30 (d) To the extent not expressly prohibited by the bylaws of the credit
31 union:

32 (1) in each instance where a person is a member or is directly eligi-
33 ble for membership, members of his or her immediate family or household
34 shall be eligible for membership. For the purposes of this subparagraph,
35 "immediate family" means a person's spouse, and their lineal ancestors
36 and descendants, including persons so related by adoption, siblings,
37 stepparents, stepchildren, and stepsiblings; and "household" means
38 persons living in the same residence and maintaining a single economic
39 unit;

40 (2) any employee of the credit union shall be eligible to membership;
41 and

42 (3) any member who leaves the field of membership and who has not
43 withdrawn or been expelled may retain membership.

44 (e) To the extent not expressly prohibited by the bylaws of the credit
45 union, any incorporated or unincorporated organization composed princi-
46 pally of persons eligible to membership in the credit union and the
47 organization's employees shall be eligible to membership in the credit
48 union.

49 (f) Any person who is eligible for membership by reason of the fact
50 that he or she is an employee either of a common employer or of a credit
51 union shall not become ineligible, after the termination of such employ-
52 ment, as long as he or she receives a pension or annuity from, or under,
53 a plan or other arrangement established by such common employer or cred-
54 it union.

55 (g) The provisions of this subdivision shall not apply to a corporate
56 credit union.] SUCH QUALIFICATIONS FOR MEMBERSHIP SHALL BE ESTABLISHED

1 IN ACCORDANCE WITH THE PROVISIONS OF SECTION FOUR HUNDRED FIFTY-ONE-A OF
2 THIS ARTICLE, EXCEPT THAT SUCH SECTION SHALL NOT APPLY TO A CORPORATE
3 CREDIT UNION.

4 S 2. The banking law is amended by adding a new section 451-a to read
5 as follows:

6 S 451-A. QUALIFICATIONS FOR MEMBERSHIP. 1. SUBJECT TO APPROVAL OF THE
7 SUPERINTENDENT, THE MEMBERSHIP OF A CREDIT UNION SHALL CONSIST OF
8 PERSONS WITHIN THE CREDIT UNION'S FIELD OF MEMBERSHIP WHO HAVE BEEN DULY
9 ADMITTED MEMBERS.

10 SUBJECT TO THE APPROVAL OF THE SUPERINTENDENT, A CREDIT UNION'S FIELD
11 OF MEMBERSHIP MAY INCLUDE ONE OR MORE OF THE FOLLOWING CATEGORIES:

12 (A) PERSONS:

13 (1) WITHIN THE SAME OCCUPATION OR FROM MULTIPLE GROUPS EACH REPRESENT-
14 ING A DIFFERENT OCCUPATION;

15 (2) WITHIN THE SAME ASSOCIATION OR INTEREST OR FROM MULTIPLE GROUPS
16 EACH REPRESENTING A DIFFERENT ASSOCIATION OR INTEREST;

17 (3) WHO RESIDE, WORK, WORSHIP OR ATTEND SCHOOL WITHIN A WELL-DEFINED
18 IDENTIFIABLE NEIGHBORHOOD, COMMUNITY OR RURAL DISTRICT AND WHO, IN THE
19 JUDGMENT OF THE SUPERINTENDENT, HAVE SUCH A COMMUNITY OF INTEREST AS
20 WILL ENSURE PROPER ADMINISTRATION. FOR PURPOSES OF THIS SECTION A
21 "WELL-DEFINED IDENTIFIABLE NEIGHBORHOOD, COMMUNITY OR RURAL DISTRICT"
22 MEANS ONE OR MORE ADJACENT PRECINCTS, DISTRICTS, CITIES, COUNTIES OR
23 OTHER BOUNDARIES DEFINED BY THE STATE OR A UNIT OF GOVERNMENT OR BY A
24 STATE OR GOVERNMENT AGENCY; OR

25 (4) WITHIN A COMBINATION OF THESE THREE CATEGORIES DESCRIBED IN THIS
26 SUBDIVISION; OR

27 (B) BUSINESSES, ASSOCIATIONS OR ORGANIZATIONS LOCATED WITHIN A
28 WELL-DEFINED GEOGRAPHIC AREA AND WHICH, IN THE JUDGMENT OF THE SUPER-
29 INTENDENT, HAVE SUCH A COMMUNITY OF INTEREST AS WILL ENSURE PROPER
30 ADMINISTRATION; OR

31 (C) FAMILY MEMBERS OF SUCH PERSONS DESCRIBED IN PARAGRAPH (A) OF THIS
32 SUBDIVISION. FOR THE PURPOSES OF THIS PARAGRAPH, "FAMILY MEMBER" MEANS A
33 PERSON RELATED BY BLOOD, MARRIAGE OR LIVING IN THE SAME HOUSEHOLD WITH A
34 PERSON WITHIN THE FIELD OF MEMBERSHIP AND THEIR LINEAL ANCESTORS AND
35 DESCENDANTS INCLUDING PERSONS SO RELATED BY ADOPTION, SIBLINGS, STEPPAR-
36 ENTS, STEPCHILDREN AND STEPSIBLINGS; AND "HOUSEHOLD" MEANS PERSONS
37 LIVING IN THE SAME RESIDENCE AND MAINTAINING A SINGLE ECONOMIC UNIT; OR

38 (D) ANY EMPLOYEE OF THE CREDIT UNION; OR

39 (E) ANY MEMBER WHO LEAVES THE FIELD OF MEMBERSHIP AND WHO HAS NOT
40 WITHDRAWN OR BEEN EXPELLED MAY RETAIN MEMBERSHIP; OR

41 (F) ANY INCORPORATED OR UNINCORPORATED ORGANIZATION COMPOSED PRINCI-
42 PALLY OF PERSONS ELIGIBLE TO MEMBERSHIP IN THE CREDIT UNION AND THAT
43 ORGANIZATION'S EMPLOYEES.

44 2. ANY PERSON WHO IS ELIGIBLE FOR MEMBERSHIP BY REASON OF THE FACT
45 THAT HE OR SHE IS AN EMPLOYEE OF A COMMON EMPLOYER OR OF A CREDIT UNION
46 SHALL NOT BECOME INELIGIBLE, AFTER THE TERMINATION OF SUCH EMPLOYMENT,
47 AS LONG AS HE OR SHE RECEIVES A PENSION OR ANNUITY FROM, OR UNDER, A
48 PLAN OR OTHER ARRANGEMENT ESTABLISHED BY SUCH COMMON EMPLOYER OR CREDIT
49 UNION.

50 3. SUBJECT TO APPROVAL OF THE SUPERINTENDENT, A CREDIT UNION MAY
51 EXTEND MEMBERSHIP TO PERSONS AND ORGANIZATIONS IN AN UNDERSERVED LOCAL
52 COMMUNITY, NEIGHBORHOOD OR RURAL DISTRICT WHERE SUCH AREA IS CONSIDERED
53 AN "INVESTMENT AREA" AS DEFINED IN THE FEDERAL COMMUNITY DEVELOPMENT
54 BANKING AND FINANCIAL INSTITUTIONS ACT OF 1994 (12 U.S.C. 4703(16)).

1 S 3. Subparagraph (i) of paragraph (a) of subdivision 18 of section
2 454 of the banking law, as amended by chapter 679 of the laws of 2003,
3 is amended to read as follows:

4 (i) Those securities authorized as permissible investments for savings
5 banks by subdivisions one, two, three, four, twelve, [paragraph] PARA-
6 GRAPHS (a) AND (B) of subdivision twelve-a, and subdivisions fifteen,
7 seventeen, twenty-seven and twenty-eight-a of section two hundred thir-
8 ty-five of this chapter AND SUCH OTHER INVESTMENTS AS THE SUPERINTENDENT
9 DEEMS PERMISSIBLE.

10 S 4. Subdivision 21 of section 454 of the banking law, as amended by
11 chapter 679 of the laws of 2003, is amended to read as follows:

12 21. To purchase, hold, lease and convey a plot whereon there is or may
13 be erected a building suitable for the transaction of its business, from
14 portions of which not required for its own use a revenue may be derived,
15 and a plot whereon parking accommodations are or are to be provided,
16 with or without charge, primarily for its members or employees or both;
17 provided that the net aggregate of all investments of any credit union
18 in such plots and building shall be limited to [six] FIFTEEN per centum
19 of the capital and retained earnings of such credit union, except with
20 the approval of the superintendent.

21 S 5. This act shall take effect on the ninetieth day after it shall
22 have become a law.