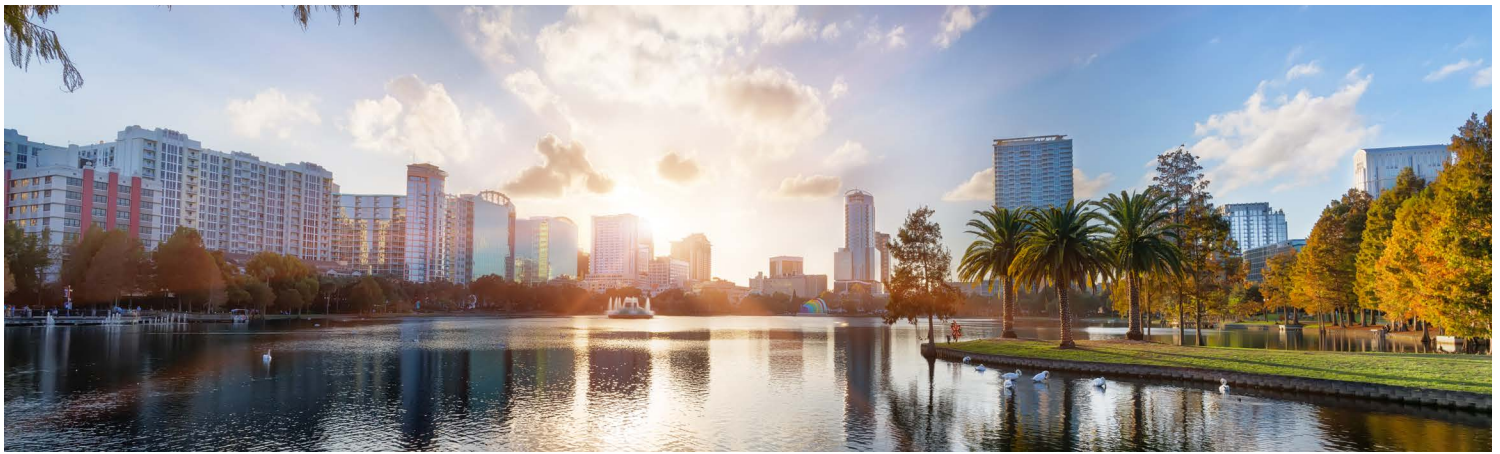




Advantages of the Florida State Charter

One of the strengths of the credit union movement is the versatility and flexibility of the dual chartering system. Credit unions can be chartered by state governments or by the National Credit Union Administration (NCUA).

State charters, those chartered through their state governments as opposed to the National Credit Union Administration (NCUA), often hold several advantages such as local supervision, broader membership options, lower operating fees, and more expansive investment and member business lending authorities.



Russell Weigel, Commissioner
Jeremy Smith Director, Division of Financial Institutions
Around the States: [Florida State System Statistics](#)

Governance from Tallahassee

Florida's state-chartered credit unions are subject to state laws and regulations, including the [Florida Credit Union Act](#) (Title XXXVIII Chapter 657). This Act and [Title XXXVIII Chapter 655](#) outline the authorities and responsibilities of both the [Office of Financial Regulation \(OFR\)](#) and Florida chartered credit unions. [§20.121, Fla.Stat.](#), the enabling language creating OFR, further outlines the Department's authority and [FAC Rule 69T-1](#) establishes the OFR structure. These laws have been enacted to meet the specific needs of Florida's citizens.

The state legislatures approving these laws oversee the state regulatory authorities are sensitive to state-wide needs and receptive to their citizens' concerns. The OFR regulates credit unions under oversight of the [Financial Services Commission](#) (Commission), which includes the Florida's Governor, Attorney General, Chief Financial Officer and Commissioner of Agriculture and is responsible for final approval of rules developed. Under [§20.121, Fla.Stat.](#), the Commission Issues administrative rules found in [FAC Rule 69U](#), however all regulatory decisions are vested within the offices.

With local access to the Commissioner, OFR, the Commission, state legislators, and the governor, state-chartered credit unions have a greater opportunity to affect credit union policy and provide input into their governance than federally chartered credit unions.

State-based Supervision: Local, Responsive, and Timely Decision Making

State-based OFR regulators have a first-hand understanding of the interaction between communities and groups within Florida and are personally invested in the state's well-being. This perspective allows legislators and regulators to articulate the nuanced need for innovative and competitive financial solutions, and to understand any consumer-facing benefits.

With offices in Tallahassee, credit unions can meet in person with the Commissioner or OFR in local offices as issues or questions arise, providing a high level of access, and increased understanding of state or local economic conditions, not always accessible at the federal level. Additionally, state-based offices allow for the collaboration between supervisory, legislative, and credit union engagements.

The OFR also has field offices located in the Tampa and West Palm regions with extensive experience in local markets. OFR personnel are very accessible, with a mission to promote better communication and allow a credit union official to talk directly to a decision maker. The OFR considers and responds to requests in a timely and efficient manner with the industry.

Ensuring Competitiveness: Authorization for New Authorities and Powers

In addition to local access, Florida chartered credit unions are provided the general authorities of a financial institution and necessary incidental powers under [§657.031\(3\), Fla.Stat.](#)



Advantages of the Florida State Charter



- a. similar profession, occupation, or formal association with an identifiable purpose;
- b. living or working within an identifiable neighborhood, community, rural district, or county;
- c. employment by a common employer or
- d. employment by the credit union.

through reference to [§655, Fla.Stat.](#), Florida chartered credit unions are also provided the general powers authorized to a corporation under [§607.0302, Fla.Stat.](#)

Section [§655.001\(2\)\(f\), Fla.Stat.](#) explicitly purposes the financial institutions codes, as well as the OFR Commissioner's responsibility, to maintain Florida credit unions opportunity to be and remain competitive with each other, with financial institutions or organizations existing under Florida statutes, and with other financial institutions and organizations organized or existing under the laws of other states, the United States, or foreign countries.

Further [§655.001\(2\)\(j\), Fla.Stat.](#) delegates rulemaking power to the Commission and administrative discretion to the Commissioner to maintain a flexible charter readily responsive to changing economic conditions, technology environments and financial institution practices. These concepts are further enumerated in the Florida administrative rules in [69U-110](#).

Under these provisions, and the authority outlined under [§655.061, Fla.Stat.](#), Florida credit unions can seek authority to exercise any power it would be authorized if it were a federally chartered institution. The statute further outlines the importance of maintaining a competitive dual system and that consideration in the decision to review such a request.

Field of Membership Flexibility

Section [§657.002\(9\) Fla.Stat.](#) defines a limited field of membership broadly as a group of persons designated as eligible for credit union membership through:

Florida Field of Membership (FOM) laws and regulations allow for the mixing and matching of communities and Select Employee Groups for state-chartered credit unions. State-chartered credit unions enjoy flexible FOM regulations that adhere to Florida's individual geography and communities so that credit unions can best serve their citizens' financial service needs.

Florida law usually permits more rapid FOM expansion than permitted a federally chartered credit union. A credit union can continue to grow, assuming of course that the credit union has the capitalization, administrative ability, and infrastructure to support the increased customer base.

Having a flexible FOM that allows the mixing of various limited FOM types also eases regulatory burdens related to potential merger activity. As unnecessary hurdles do not exist related to the number or type of common bonds, consideration of a merger application can focus on the appropriateness of the business plan behind the merger, the safety and soundness of the transaction and the best interest of the membership.

Broad Incidental Powers

Florida chartered credit unions are afforded the authority under [§657.031\(3\), Fla.Stat.](#), with further guidance provided by [69U-110.031](#), to exercise any incidental powers necessary or required to effectively carry out the business for which they are incorporated.

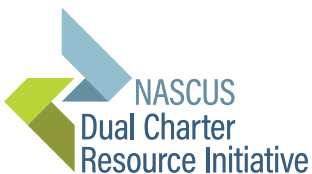
Significantly Lower Operating Fees

Florida chartered credit unions pay an operating fee to fund the oversight of their charters as outlined under [§657.053, Fla.Stat.](#) and [FAC Rule 69U-110.053](#). These fees are typically much less than those of federal credit unions.



The National Association of State Credit Union Supervisors

[NASCUS.org](https://www.nascus.org)



NASCUS | National Association of State Credit Union Supervisors
1655 North Fort Myer Drive, Suite 650, Arlington, Virginia 22209
Tel. (703) 528-8351 | [NASCUS.org](https://www.nascus.org)

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