

## Advantages of the New Mexico 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.



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## Experienced Governance from Santa Fe

New Mexico's state-chartered credit unions are subject to state laws and regulations, including the [New Mexico Credit Union Act](#) (NMCUA), Chapter 58, Article 11 of the New Mexico Statutes Annotated (NMSA), which outline the authorities and responsibilities of both the New Mexico [Financial Institutions Division](#) (FID) and its Director.

New Mexico chartered credit unions are specifically authorized under [NMSA 1978 § 58-11-10 \(2013\)](#) and [NMSA 1978 § 58-11-18 \(2003\)](#) outlining their statutory authorities. FID, a division of the [New Mexico Regulation and Licensing Department](#) (NMRLD), is responsible for the licensing and regulation of financial entities within its jurisdiction, to promote a sound financial and economic environment, and to safeguard consumer rights.

These laws have been enacted to meet the specific needs of New Mexico's citizens. The state legislatures approving these laws oversee the state regulatory authorities and are sensitive to state-wide needs while receptive to their citizens' concerns.

Under [NMSA 1978 § 58-11-3 \(1997\)](#), the FID administers the laws of New Mexico relating to credit unions and may prescribe rules or regulations to implement any provision of the NMCUA and to define any term not defined in that act. Such rules or regulations shall serve to foster and maintain an effective level of credit union services and the security of member accounts. FID's credit union specific rules are found under [New Mexico Administrative Code \(NMAC\) Chapter 17](#). The Director

exercises managerial control over the work of the FID, including its staff of deputies, supervisors, examiners, and administrative personnel.

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

State-based FID regulators have a first-hand understanding of the unique characteristics of New Mexico, the interaction between communities and groups within New Mexico, 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 Santa Fe and Albuquerque, credit unions can meet in person with the Director or FID staff 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 Director and FID 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 FID considers and responds to requests in a timely and efficient manner with the industry. With local access to the Director, FID, 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.

## Ensuring Competitiveness and Authorization for New Authorities and Powers

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FID promotes state-chartered credit unions in the legislative, public policy forum while assuring safety and soundness of the credit union industry. The FID works to ensure the state charter should be the charter of choice for New Mexico credit unions by ensuring a balance between encouraging economic opportunity and accountability to its citizens. New Mexico chartered credit unions are provided the general authorities under [NMSA 1978 § 58-11-18 \(2003\)](#) and necessary incidental powers under [NMSA 1978 § 58-11-19 \(1997\)](#). [NMSA 1978 § 58-11-20 \(1997\)](#) explicitly provides the Director authority to adopt such rules and regulations as deemed necessary and proper, granting to state credit unions any of the powers and authority that federal credit unions are or may hereafter be authorized, empowered, permitted, or otherwise allowed to exercise under federal statutes, rules, or regulations.

## Field of Membership Flexibility

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New Mexico state-chartered credit unions have a broad array of field of membership choices under [NMSA 1978 § 58-11-21 \(1987\)](#) and may include persons within one or more groups having a common bond of similar occupation, association, or interest; or persons who reside or belong to one or more groups that are based within an identifiable neighborhood, community, or rural district; or employees of a common employer; or persons employed within a defined business district, industrial park, or shopping center; and members of the immediate family of such persons. New Mexico credit unions are allowed to hold multiple common bonds within their Field of Membership.

## Greater Loan Flexibility on Terms and Aggregate Limits

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New Mexico state-chartered credit unions are permitted significant flexibility in credit terms to design loan products meeting their membership's needs and risk profiles through allowing more flexible loan maturity terms. Higher rates and longer loan maturity limits allow New Mexico state charters greater options in the

development of credit services more specifically engineered to meet the needs of a broader, more diverse consumer market. Further, as outlined in [NMSA 1978 § 58-11-49\(E\) \(1997\)](#), aggregate loan limits to a single member far exceed that allowed by federal credit unions with a limit of 10% of total assets.

## Greater Investment Authority

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New Mexico chartered credit unions may invest more heavily in a variety of investments including:

- [NMSA 1978 § 58-11-56\(A\)\(6\) \(2003\)](#) provides broad investment authority to invest in subsidiaries or affiliates "providing services that are associated with the general purposes of the credit union or that engage in activities incidental to the operations of a credit union." Investments, in the aggregate, exceed the federal credit union investment limitation at five percent of the credit union's capital.
- [NMSA 1978 § 58-11-56\(A\)\(10\) \(2003\)](#) provides the Director the authority to approve investments in excess of the thresholds listed, by prior approval of a written application.
- [NMSA 1978 § 58-11-56\(B\) \(2003\)](#) provides that credit unions with minimum undivided earnings of one million dollars (\$1,000,000) and capital in excess of seven and one-half percent after required reserves may also invest funds not required to satisfy member demands for extensions of credit in certain common trusts or mutual funds. The aggregate of a credit union's investments as provided in this subsection shall not exceed ten percent of the credit union's undivided earnings.

## Significantly Lower Operating Fees

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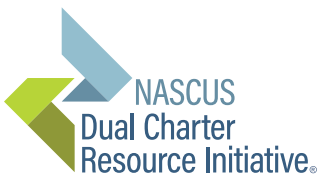
[NMSA 1978 § 58-11-5\(D\) \(1997\)](#) details an annual supervision fee schedule, which the Department is authorized to collect to support the FID supervision efforts. NMLRD further outlines all related fees as well as the supervisory fee schedule on their [website here](#).

The annual assessment levied on New Mexico state-chartered credit unions is significantly lower than the fees charged by the National Credit Union Administration. Despite the low cost, the department provides comprehensive and reasonable regulation to the credit unions under its jurisdiction.

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