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Louisiana Bankers

A S S O C I A T I O N

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July 31, 2007

Mary F. Rupp
Secretary of the Board
National Credit Union Administration
775 Duke Street
Alexandria, VA 22314-3428

RE: National Credit Union Administration; Proposed Rule:
Field of Membership for Federal Credit Unions;
72 Federal Register 30988, June 5, 2007, 12 CFR Part 701

Dear Ms. Rupp:

The Louisiana Bankers Association ("LBA") appreciates this opportunity to provide comments to the National Credit Union Administration on behalf of its members. LBA is a professional non-profit organization organized in 1901 and represents nearly all of the FDIC-insured depository financial institutions operating in the State of Louisiana. LBA is responding to the proposed rule published by the NCUA that would amend its Chartering and Field of Membership Manual that would treat Statistical Areas and Rural Districts as presumptive local well-defined communities for purposes of community-based federal credit unions. The LBA strongly objects to the NCUA's current proposal to treat statistical areas and rural districts as presumptive local well-defined communities. This is an unwarranted expansion of an already unlawful rule.

The NCUA's proposal drastically expands the definition of "local" and is clearly contrary to Congressional intent as documented in the Credit Union Membership Access Act ("CUMAA"). CUMAA clearly limits the field of membership boundaries of federal credit unions to **"a meaningful affinity and bond among members in the context of shared and related work experiences, interests, or activities, the commonality of routine interactions, and a well-understood sense of cohesion or identity."** When Congress amended the Federal Credit Union Act in 1998, it intentionally inserted the term "local" as a means of limiting geographic scope of community chartered credit unions. Congress intended to impose finite and narrow limits on the area that a community credit union may serve and this proposal contradicts Congress' intention.

The NCUA Board proposes to adopt, with some limitations, a policy that a "statistical area" is a presumptive well-defined local community. It is submitted that the NCUA should not conclude that another government agency's method of determining a geographic area is conclusive evidence that an area meets the requirements of being a local well-defined community for purposes of considering a charter for a community-based federal credit union. The NCUA is obligated to make a greater effort to explain why its proposal complies with the CUMAA. If it does not, then the NCUA would be acting beyond its statutory authority.

We have similar concerns about the proposed designation of a rural district as a qualifying community. A rural district is defined in the negative as an area that is not in a "core based statistical area" and that has a population density not exceeding 100 people per square mile where the total population of the rural

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district does not exceed 100,000. The proposed rural district could encompass a vast geographic area where there is little commonality of interest or interaction, which is contrary to the public mission of credit unions. Since the NCUA is intent on not analyzing an application involving a rural district, it will disregard any evidence to demonstrate whether residents of a rural district actually share a meaningful affinity and bond or share a common sense of cohesion or identity sufficient to warrant this presumption. There is no reason to conclude that since a certain geographic area is not in a core-based statistical area that there exists a well-defined community to justify granting a community-based federal credit union charter.

LBA asks that the NCUA withdraw its proposal as unsupported and inconsistent with the CUMAA. Credit unions are not intended to be tax-exempt banks. They are to enjoy their exempt status as long as they operate within certain limited parameters. The NCUA's proposal exceeds those parameters. While the proposal may serve the interests of expediency, it will also invite wholesale expansion of the community charter beyond its intended purpose. LBA members question why they are forced to compete for the same customers with tax-exempt entities whose membership is becoming indistinguishable from the general population of large geographic areas? The key elements of the proposal are inconsistent with the guidelines pertaining to a common bond. LBA and its members therefore strongly oppose adoption of the proposed changes. If you have any questions about this letter, please do not hesitate to contact the undersigned.

Respectfully submitted,



David J. Boneno
General Counsel

DJB/rdr
Cc: Robert Taylor, CEO