



OHIO CREDIT  
UNION LEAGUE

Mary F. Rupp  
Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, VA 22314-3428

Re: NCUA Chartering and Field of Membership for Federal Credit Unions

Dear Ms. Rupp:

The Ohio Credit Union League (“League”), the trade association for credit unions in Ohio, advocating on behalf of over 400 credit unions and their 2.7 credit union members appreciates the opportunity to comment on the National Credit Union Association’s (“NCUA”) proposed changes to its Chartering and Field of Membership Manual.

These proposed changes address the community chartering process and address single political jurisdictions, multiple jurisdictions, and rural districts. In addition, NCUA, has proposed a five year limitation on the exemption for subcommittee documentation already approved for another federal credit union for multiple groups, jurisdictions, and a clarification on the business plan submitted by the federal credit unions.

In reviewing the proposed changes to the community chartering process, the League appreciates the efforts of NCUA in addressing the constraints established by the Federal Credit Union Act in approving community charters, particularly those that consist of a large population or geographic area. While the best approach would be to amend the Federal Credit Union Act, the need to address Field of Membership issues facing federal credit unions continues to be a key topic.

Therefore, as a result of NCUA’s ongoing review, NCUA has proposed the following changes to its Chartering and Field of Membership Manual as it pertains to the community chartering process:

#### Single Political Jurisdictions

- Under the proposal, the current process that allows reduced documentation for single political jurisdictions would be retained.
- A recognized single political jurisdiction would be a well-defined local community that has a strong indicia common interests and interaction among residents.

- A single political jurisdiction would include a city, county, or their political equivalent.

Response

*The Ohio Credit Union League continues to support the current process that allows a reduction in the documentation necessary for a single political jurisdiction. By reaffirming this process, credit unions will not be subject to additional documentation and justification for approval.*

Multiple Jurisdictions

- Currently, multiple political jurisdictions with populations up to 500,000 and Metropolitan Statistical Areas (MSAs) of up to one million may qualify as a local community based on a narrative description of the area. The narrative must describe how it meets the requirements for community interaction and/or common interests.
- The Board is proposing to add a different process for community charter approvals for multiple jurisdictions if federal credit unions meet the proposed standard statistical definition of a “well-defined local community” they will be presumed to fulfill the definitional requirements and no further documentation will be necessary. Statistics are published by the Office of Management and Budget (OMB) that identify geographic areas that exhibit areas anchored by a dominant core trade area.
- For those multiple political jurisdictions that do not meet the proposed statistical definition, applicants would be required to provide supporting documentation demonstrating how the requirements of a well-defined local community have been met. Applicants must also demonstrate the relevance of the documentation that is provided in support of the application.
- NCUA would also publish a notice in the Federal Register for 30 days regarding any community application that does not meet the established definitions of a well-defined community and solicit comment. This would include areas that may contain two or more dominant hubs.
- NCUA’s proposed statistical definition for a well-defined local community for areas involving multiple jurisdictions would have the following requirements:
  - The area is a CBSA that does not include a Metropolitan Division.
  - The area contains a dominant city, county or equivalent with a majority of jobs in the CBSA.
  - The dominant city, county, or equivalent contains at least one-third of the CBSA’s population.

- A “Core Based Statistical Area” (CBSA) is a statistical geographic entity consisting of the county or counties associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties containing the core. 65 Fed. Reg. 82238 (Dec. 27, 2000).
- A CBSA containing a Metropolitan Division would not meet the automatic definition of a well-defined community. A Metropolitan Division is defined by OMB as a county or group of counties with a core population of at least 2.5 million.
- Additionally, under the proposal, a CBSA must contain a dominant core city, county or equivalent that contains the majority of all jobs and one third of the total population contained in the CBSA before the definition would be met. This information can be found at the Bureau of the Census’ Internet site.

Response

*NCUA in its proposal to provide for a process to determine and approve a “well-defined local community” for multiple jurisdictions, i.e. an area with less than 2.5 million population, appears to generate some confusion as to how best to determine whether the Core Base Statistical Area qualifies for approval. The League is in support of NCUA’s efforts to provide federal credit unions with the tools needed to pursue expansion. However, the League would like to respectfully request that NCUA provide further clarification and additional examples on the criteria necessary to determine what information would assist the federal credit unions in qualifying for the expansion.*

*NCUA has also proposed that public notice be provided if the proposed area that a credit union desires to add to its field of membership “does not” meet the single political jurisdiction, statistical area, or rural district definition. This notice will be published in the Federal Register regarding the community application and comment will run for 30 days unless extended by NCUA.*

*The League generally supports the concept of providing a notice and a comment opportunity for interested parties. By providing a notice, NCUA may benefit from those parties that have an interest in the proposed expansion.*

*However, by publishing this as public notice in the Federal Register and asking for an analysis as to why it “does not” meet the definition of a community is a concern of the League. First, if approval of “community” into the credit union field of membership comes before the NCUA Board, what precludes individuals or organizations from providing comments to the Board itself prior to the meeting of the NCUA Board?*

*Second, by limiting comment to why it does not meet the criteria of a community, the public comment process fails to allow other interested parties to comment in support of the field of membership application or why it complies with the required criteria for expansion; and,*

*Third, the Ohio Credit Union League respectfully requests that NCUA adopt a public notice procedure that follows similar criteria as other depositories. That would entail publishing notice in a newspaper(s) with public distribution within the jurisdiction or area of the credit union requesting comments on the federal credit union's field of membership expansion.*

### Five-year Limitation

- Currently, a community charter applicant is exempted from submitting a narrative summary or documentation if NCUA has already approved the same geographic area for another federal credit union.
- NCUA is proposing a five-year limitation on this exemption for multiple group jurisdictions. This would not apply to applications that meet the single political jurisdiction or statistical area definition of a local community.

### Response

*The League is concerned with NCUA's proposal to place a five-year limitation on the exemption from the requirement to submit supporting documentation with an application for a geographical area that has previously been approved for another federal credit union.*

*This requirement to ask for additional or new documentation should be premised on changes to the make-up of the geographical area that may result in an area that no longer meets the definition of a community. It should not be based on a timeline unless that timeline is based on some substantive triggering event such as a census or a reapportionment of the political districts, if applicable.*

### Rural District

- NCUA is also proposing a definition of "rural district" to reflect that such an area may lack the traditional characteristics of interaction or shared common interests still be the for a successful field of membership application.
- An applicant would not be required to demonstrate interaction or shared common interests and still be the basis for a successful field of membership application.
- Rural districts may be less densely populated and frequently lacking any centralized urban core or cluster but would have to show the characteristics of a well defined local community.
- Under the proposal, a rural district is an area which:
- Is not in a MSA or Micropolitan Statistical Area;
- Has a population density that does not exceed 100 people per square mile; and

- The total population of the district does not exceed 100,000 people.

Response

*The League appreciates NCUA's efforts to provide additional options for a federal credit union to expand its field of membership when considering rural districts or areas. However, in reviewing the proposed definition, the criteria is such that federal credit unions in Ohio at least, would not benefit from the proposed definition of "rural." One consideration would be to craft a more general definition, not based on population numbers but on interaction within an area.*

Business Plans

- NCUA is proposing to clarify the requirements of the marketing plan that is required for community charter applicants. Under the current Chartering Manual, a community charter applicant must provide, "a marketing plan that addresses how the community will be served."
- This proposal would clarify that the marketing plan must include the financial products, programs, and services that will be provided to the entire community.

Response

*NCUA's proposal to provide additional information as part of the federal credit union's Business Plan to include the financial products, programs, and services that the credit unions will provide to the entire community could be problematic to the federal credit union.*

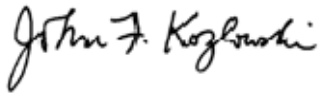
*This proposal goes beyond just addressing how the community will be served. The League is concerned that if the federal credit unions are unable to meet the additional requirements, it may be subject to negative actions by government regulators, the community, or the general public. It could also have a chilling affect on a credit union's desire to provide services to those who do not have access to affordable financial services. For these reasons, the League respectfully requests that the current requirement remain the same.*

The above represents the comments of the Ohio Credit Union League on the National Credit Union Association's proposed changes to its Chartering and Field of Membership Manual.

The Ohio Credit Union League also appreciates the opportunity to comment on the NCUA's proposed changes to Chartering and Field of Membership Manual and would be willing to provide additional input if so requested.

If you have any questions, please feel free to contact me at (800) 486-2917.

Sincerely,

A handwritten signature in black ink that reads "John F. Kozlowski". The signature is written in a cursive style with a large initial 'J' and 'K'.

John F. Kozlowski  
General Counsel