

August 6, 2007

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

Re: Proposed Changes to Chartering and Field of Membership Manual

Dear Ms. Rupp,

The Georgia Credit Union League (GCUL) appreciates the opportunity to comment on NCUA's Proposed Changes to the Chartering and Field of Membership Manual to update the community chartering policies. As a matter of background, GCUL is the state trade association and one member of the network of state leagues that make up the Credit Union National Association (CUNA). GCUL serves approximately 183 credit unions that have over 1.7 million members. This letter reflects the views of our Regulatory Response Committee, which has been appointed by the GCUL Board to provide input into proposed regulations such as this.

GCUL supports NCUA's efforts to review and seek comments on the proposed changes to the Chartering and Field of Membership Manual for Federal Credit Unions. However, while we support certain provisions of the proposal, there are others that we believe are troublesome and should be reconsidered.

We offer the following comments regarding the proposal:

**Single Political Jurisdictions**

Under the proposal, the current process that allows reduced documentation for single political jurisdictions would be retained.

GCUL supports this retention.

**Multiple Jurisdictions: New Definition**

The proposal would add a new process for community charter approvals for multiple jurisdictions using a standard statistical definition of a "well-defined local community". The new statistical definition for a well-defined local community for areas involving multiple jurisdictions would require the following criteria be met:

- The area is a “Core Based Statistical Area” (CBSA), which is a statistical area defined by the Office of Management and Budget as having at least one urbanized area and a population of at least 10,000.
- The CBSA 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.

We generally support this provision. However, we believe that many are confused by the qualifications and how the determination can be made. We would encourage the Agency to provide supporting information and/or resources to credit unions regarding the ability to determine if a credit union will meet these parameters. Such resources could be included on the Agency’s website.

#### **Multiple Jurisdictions: Notice & Comment**

Although there is no legal requirement to do so, the Board believes that in situations where the CBSA does not exhibit the standards required to meet the new statistical definition for a well-defined local community, or the area does not qualify under the single political jurisdiction definition, public notice and comment will assist it with its analysis of whether the area in question is a well-defined local community capable of supporting a community credit union while also informing the public about the process.

GCUL is opposed to this requirement. As the Board has acknowledged, there is no requirement to do so. It is likely that the only comments received from the public notice would be from those opposed to the charter expansion. Furthermore, in doing so, competitors of the credit union will be privy to the strategic growth plans of the credit union. Additionally, the proposal isn’t clear if this requirement would apply to all expansions not meeting the standard definition, or just those that must go to the NCUA Board for approval.

#### **Multiple Jurisdictions: Additional Documentation**

As noted above, the Board is proposing that applications for areas containing multiple political jurisdictions that do not meet the proposed statistical definition be subject to public notice and comment. In those cases applicants will also be required to supplement the narrative with supporting documentation demonstrating how the regulatory requirements of a well-defined local community have been met.

While we understand the rationale, GCUL believes the Agency should clarify the type of additional documentation that could demonstrate this.

### **Multiple Jurisdictions: Five-year Limitation**

Since 2001, the FCU Chartering Manual has exempted a community charter applicant from submitting a narrative summary or documentation supporting a request of a proposed community charter, amendment, or conversion, with the same exact geographic area as one NCUA had previously approved. The Board is proposing a five-year limitation on a community charter applicant's use of this exemption.

GCUL does not support this proposed timeline. The limitation is not mandated in the law nor requested by Congress. In Georgia, most communities only continue to strengthen in their common use/interaction. However, we recognize that other states may see a decrease in community interaction as population decreases. We propose giving the Regional Director discretion here. However, if NCUA must include a timeframe, we believe it should be a ten (10) year limitation that coincides with the federal census.

### **Rural Area Definition**

NCUA is proposing to define a rural district as an area that is not in an MSA or MicroSA and has a population density that does not exceed 100 people per square mile where the total population of the rural district does not exceed 100,000.

GCUL does not support this definition. We would encourage the Board to consider the logic used by the Economic Research Service (ERS) of the U.S. Department of Agriculture (USDA):

*“ERS of the USDA considers areas rural if the OMB has not designated any part of the area as an MSA or core county. ERS also consider some areas designated by OMB as MSAs rural based on their assessments of Census data and other agency research. ERS has developed several classifications to measure rurality within individual MSAs. ERS researchers who discuss conditions in rural America refer to non-MSA areas that include both micropolitan and non-core counties as rural areas. When the OMB classifies an area as a MicroSA, the ERS still considers these areas rural according to their definition. Rurality is a term used by the USDA ERS to explain the rural nature of an area.”*

Following this logic, we encourage the Board to reconsider the thresholds proposed and suggest they be higher.

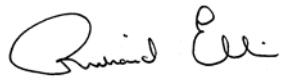
### **More Descriptive Information Related to Business Plans**

The Board is proposing to provide community charter applicants with more consistent guidance regarding NCUA's practices for reviewing the adequacy of business and marketing plans. The proposal explains that the plan should include the financial products, programs, and services to be provided to the entire community.

GCUL supports this provision. However, we encourage this information be retained at NCUA and not be made public. The disclosure of this information to other parties, for example by including it in the public notice, could have a detrimental impact on the credit union's efforts to serve the membership. Likewise, we hope that this requirement would not evolve into the solicitation of additional information that would only serve to lengthen the approval process while increasing the burden on the credit union.

Thank you for the opportunity to comment on the proposed changes to the Chartering and Field of Membership Manual. If you have questions about our comments, please contact Cindy Connelly or me at (770) 476-9625.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Richard Ellis". The signature is written in a cursive style and is positioned to the left of a vertical red line.

Richard Ellis  
Vice President/Credit Union Development  
Georgia Credit Union League