

UNITED STATES OF AMERICA  
BEFORE THE NATIONAL CREDIT UNION ADMINISTRATION

In the Matter of

Fort Worth Federal Credit Union  
FOM-007

*Docket No. 00-*

Decision and Order on Appeal

This matter comes before the National Credit Union Administration Board (Board) on appeal from Fort Worth Federal Credit Union (Appellant or the Credit Union). The Region V Director denied the Appellant's application to convert to a community charter, and upon Appellant's request for reconsideration, denied the application a second time.

Background

Fort Worth Federal Credit Union is a multiple group credit union located in Fort Worth, Texas. It has 35,221 members and approximately \$425,132,000 in assets. The Credit Union was chartered in 1940 to serve federal government employees in Tarrant County, Texas. It currently serves civilian and military personnel who work in or are supervised from Fort Worth, with certain exclusions. It also serves over 100 additional select groups in Tarrant County.

The Credit Union submitted its application to convert from a multiple group to a community charter on September 9, 1999. The requested community is Tarrant County, Texas. The Region V Director denied the application on February 8, 2000. The Credit Union submitted additional information with a request for reconsideration and the Region V Director again denied the application on May 25, 2000. The Credit Union appealed the Regional Director's denial on July 21, 2000.

Issue for Appeal

The issue in this appeal is whether Tarrant County, Texas, qualifies as a "local community" as that term is used in the Federal Credit Union Act and in NCUA's field of membership policy.

Analysis and Applicable Law and Policy

For purposes of community charters, Section 109 of the Federal Credit Union Act

provides that "the membership of any Federal credit union shall be limited to ... persons or organizations within a well-defined local community, neighborhood, or rural district." 12 U.S.C. 1759(b)(3). Congress added the word "local" to modify community when it amended the Federal Credit Union Act in 1998. NCUA's Chartering and Field of Membership Manual<sup>[1]</sup> states that it is agency policy "to limit the community to a single, geographically well-defined area where residents have common interests or interact." It then establishes the following requirements for community charters:

- The geographic area's boundaries must be clearly defined;

-The charter applicant must establish that the area is a “well-defined local community, neighborhood, or rural district;” and

-The residents must have common interests or interact.

Chartering Manual at p. 2-44.

Tarrant County’s geographic boundaries are clearly defined. As a county, it is a political jurisdiction with distinct boundaries.

The chartering policy addresses the meaning of local community and the importance of interaction and common interests as well as the significance of geographic and population size. Chartering Manual at pp. 2-44 and 2-45. For populations of 300,000 or less in a single political jurisdiction, there is a presumption that there is sufficient interaction and/or common interest to meet community charter requirements. Chartering Manual at p. 2-45. See *also* Supplementary Information to final IRPS 99-1, 63 Fed. Reg. at 72013 (Dec. 30,1998). For a larger population within a single political jurisdiction, NCUA policy requires substantial documentation. Chartering policy specifically states: “It is more difficult for a major metropolitan city, [or] a densely populated county ... to have sufficient interaction and/or common interests, and to therefore demonstrate that [the area meets] ... the requirement of being ‘local’.” However, policy “does not preclude community charters consisting of ... local areas with populations of any size from meeting community charter requirements.” Chartering Manual at p. 2-45.

The credit union applicant may provide various types of documentation (i.e. information on trade areas, shared common facilities, listings of clubs and organizations, maps, common characteristics and background of residents, etc.) to support the common bond requirement. In addition, a “narrative summary must explain how the documentation demonstrates interaction or common interests.” Chartering Manual at p. 2-46.

The Credit Union provided a voluminous amount of documentation on Tarrant County. The population of Tarrant County is approximately 1.35 million.<sup>[2]</sup> Its physical size is approximately 860 square miles. Two large cities are located within Tarrant County – Fort Worth, with a population of just under one half million, and Arlington, with a population of over 300,000. In addition, there are 35 other municipalities within Tarrant County with populations ranging from 2,000 to 46,000. The county government includes a commissioners court, a county clerk and sheriff. County services do provide for some cross county interaction. However, many services are not provided by the county, but rather by the individual municipalities. There are nine major malls throughout the county, indicating several trade areas. There are at least 17 public school districts in Tarrant County. Although there is some interaction indicated in cross district athletic programs and an educational resource center that includes Tarrant County, the separate school districts indicate separate, rather than shared facilities. There are several colleges and universities located in Tarrant County, including Tarrant County Junior College, with a vast majority of its enrollment being Tarrant County residents. The other institutions of higher education serve more geographically diverse student bodies. The existence of these institutions does not provide for much cross county interaction. Tarrant County also offers multiple recreational facilities as well as many opportunities for cultural enrichment. Little evidence of cross county interaction through the use of

these facilities was indicated. The other documentation submitted indicates the same types of services, resources and activities available in any large metropolitan area.

## Conclusion

Tarrant County is a highly populated, geographically large metropolitan county, with two large cities as well as 35 additional municipalities within its boundaries. The services and resources available in Tarrant County are available in most, if not all, large metropolitan areas. Neither the documentation nor narrative submitted by the Appellant indicated the level of interaction necessary for a local community charter under the local community standard of IRPS 99-1. Therefore, Tarrant County does not meet the standards for a local community under NCUA policy.

## Order

For the reasons set forth above, it is ORDERED as follows:

The Region V Director's decision denying Fort Worth Federal Credit Union's application to convert to a community-chartered credit union is upheld and the appeal is denied.

So Ordered on the 16th day of November, 2000, by the National Credit Union Administration Board.

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Becky Baker

Secretary, NCUA Board

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[1] The chartering and field of membership policy applicable to this appeal is set forth in Interpretive Ruling and Policy Statement (IRPS) 99-1, (63 Fed. Reg. 71998, 12/30/98) which is published as NCUA's Chartering and Field of Membership Manual (the "Chartering Manual").

[2] 1998 Census Bureau data.