

UNITED STATES OF AMERICA
BEFORE THE NATIONAL CREDIT UNION ADMINISTRATION

In the Matter of

Pan Am Horizons Federal Credit Union
FOM-001

Docket No. 01-

Decision and Order on Appeal

This matter comes before the National Credit Union Administration Board (Board) on appeal from Pan Am Horizons Federal Credit Union (Appellant or Credit Union). The Region III Director denied the Appellant's application to convert to a community charter.

Background

Pan Am Horizons Federal Credit Union is a multiple group credit union located in Miami, Florida. It has 27,429 members and approximately \$105,000,000 in assets. The Credit Union was originally chartered in 1946 under a different name. It has gone through several name changes, additions and one major merger. The Credit Union currently serves over 4200 select groups, including various military personnel, hospital employees, auto dealerships, manufacturers, and hospitality workers. Most of the select groups are located in the cities of Miami and Homestead.

Region III received the Credit Union's application to convert from a multiple group to a community charter on May 17, 2001.^[1] The requested community is Miami Dade County, Florida. The Region III Director denied the application on June 18, 2001. The Credit Union appealed the Regional Director's denial on June 19, 2001. This appeal was presented to the NCUA Board together with the appeal submitted by Dade County Federal Credit Union (*Docket No. 01-FOM-002*).^[2]

Issue for Appeal

The issue in this appeal is whether Miami Dade County, Florida, 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^[3] 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. 2-46.

Miami Dade 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 in relation to geographic and population size of the proposed community. Chartering Manual at pp. 2-46 and 2-47. 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. 2-47. 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. 2-47.

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 Miami Dade County. The population of Miami Dade County is approximately 2.253 million.^[4] Its physical size is approximately 2000 square miles. Two large cities are located within Miami Dade County: Miami, with a population of approximately 352,500; and Hialeah, with a population of 226,400. In addition, there are 28 other municipalities within Miami Dade County. Approximately one half of the County residents live within one of the municipalities. The other half lives in the unincorporated areas of the County. The county government includes a board of commissioners and an executive mayor. County services do provide for some cross county interaction. However, many services are not provided by the county, but rather by the individual municipalities. The cities of Miami and Hialeah both have large downtown areas (trade areas). There are also multiple large malls throughout Miami and the rest of the County, indicating several more trade areas. There is one public school district that serves the entire County, however, it is divided into six regions, each with its own superintendent. Although the existence of one school district may provide for some cross county interaction, there was no information presented on cross regional interaction among the six divisions of the school district. There are several colleges and universities located in Miami Dade County, including two local community colleges. The commuter colleges do provide for some cross county interaction. Miami Dade 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, with no special emphasis on interaction.

Conclusion

Miami Dade County is a highly populated, geographically large metropolitan county, with two large cities as well as 28 additional municipalities within its boundaries. The services and resources available in Miami Dade 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, as amended. Therefore, Miami Dade 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 III Director's decision denying Pan Am Horizons Federal Credit Union's application to convert to a community-chartered credit union is upheld and the appeal is denied.

So Ordered on the 18th day of October, 2001, by the National Credit Union Administration Board.

Becky Baker
Secretary, NCUA Board

[1] As reflected in Region III log.

[2] The appeals were submitted separately, however, all relevant information presented by both credit unions as well as the Region III Office was presented to the Board for use in its determination on the appeal.

[3] 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) as amended by IRPS 00-1 (65 Fed. Reg. 64512, 10/27/00) and IRPS 01-1 (66 Fed. Reg. 15619, 3/20/01). The policy is published as NCUA's Chartering and Field of Membership Manual (the "Chartering Manual").

[4] Population estimates according to US Census Bureau information for the year 2000.