



**NORTH CAROLINA  
CREDIT UNION LEAGUE**

*Committed to helping credit unions succeed*

April 15, 2010

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

Re: IRPS 09-01, Chartering and Field of Membership of Community Credit Unions

Dear Ms. Rupp:

On behalf of the North Carolina Credit Union League (NCCUL), I am writing in response to the recently issued proposal related to the federal community charter policies in NCUA's Chartering and Field of Membership Manual. NCCUL represents 95 North Carolina credit unions with a growing membership of 3.1 million and appreciates the opportunity to comment on the proposal.

NCCUL greatly values the efforts made by the Board to make the application process more objective by basing it on quantifiable data for credit unions seeking to convert or expand an existing community charter. Furthermore, clarifying the terms used under NCUA's field of membership rules will in hope streamline the application and review process while removing the burden placed on these credit unions. It is our understanding that for those seeking a community charter in a community already pre-approved for another federal credit union or in a single political jurisdiction, the process will be less burdensome and we support those provisions.

However, we are concerned with some aspects of the proposal as outlined in the following points:

- NCCUL encourages NCUA to reconsider the elimination of the narrative option when a "well-defined local community" does not meet the statistical criteria. If the narrative approach is eliminated all together, a credit union would not be permitted to file additional descriptive information to help persuade NCUA that the community exists. A case-by-case process should be defined allowing credit unions to supplement statistical information.
- For purposes of whether to grant a community charter when multiple political jurisdictions are the basis for the application, NCUA is proposing that four specific criteria must be met. Of importance, the supplementary information in the proposal notes that a significant number of the analyzed areas would not satisfy all four qualifications. Although these four measures would serve to reduce exposure to legal challenges, requiring credit unions to meet two or three of the four qualifications would still preempt membership-related lawsuits.

- This proposal would provide greater clarity concerning business and marketing plan requirements in an effort to ensure that credit unions have the ability to extend service to all potential members. Additionally, upon approval of a new or expanded community charter the credit union will be examined annually for three consecutive years to determine if it is meeting its business and marketing plan. What is not addressed in the proposal is the ability of a credit union to adjust their plan for evolving market conditions and other unforeseen changes. Therefore, we encourage NCUA to consider additional guidance for the modifications.
- In relation to follow-up marketing and business plan examinations, the proposal states that credit unions could face supervisory /administrative actions if a plan's terms are not met. Clarification on what supervisory actions a credit union would be subject to should be addressed.

In closing, we agree that this proposal will ease the regulatory burden for credit unions applying to convert or expand their federal community charter but we stand firm that some flexibility should remain. As others may mention in their comments, NCCUL would urge that more resources be made available on field of membership issues through NCUA's website. By streamlining the entire process, resources spent on this cumbersome process could be redirected to improve credit union products and most importantly, member service.

Respectfully Submitted,



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