

National Credit Union
Administration
1775 Duke Street
Alexandria, VA 22314-3428
www.ncua.gov

Media Contact: NCUA Office of Public & Congressional Affairs
Phone: (703) 518-6330
Email: pacamail@ncua.gov



NCUA Media Advisory

NCUA Proposes Streamlined Community Charter Rule

New rule would set objective standards, simplify process

December 17, 2009, Alexandria, Va. -- The National Credit Union Administration Board today approved a proposed rule to revise and the Agency's community chartering policies and clearly define what constitutes a community charter. The proposal recommends objective, quantifiable criteria to determine a local community and defines the term "rural district." The proposal also clarifies NCUA's marketing plan requirements for credit unions converting to or expanding community charters, and defines the term "in danger of insolvency" for emergency merger purposes.

Under the proposed rule, NCUA would evaluate applications for creating or adding a community based on objective criteria. Depending on whether the new area is urban, suburban or rural, specific numerical standards would be applied. Applicants would also continue to have the ability to serve areas NCUA had previously determined were local communities. Additionally, the new policy would provide greater clarity concerning business and marketing plan requirements in an effort to ensure that the credit union has the ability to extend service to all potential members.

"This proposed rule would dramatically improve the future process for credit unions to apply for community charters – and improve the standards for NCUA to evaluate them," noted NCUA Chairman Debbie Matz. Rather than trying to satisfy subjective criteria, credit unions could focus on how to satisfy new potential members. Rather than trying to evaluate whether a community exists, NCUA could focus on evaluating the credit union's ability to serve that community. And in the process, this proposed rule would save credit unions, and ultimately their members, time and money."

Board Member Gigi Hyland stated she "believes this proposal provides clear guidance using objective, measurable standards on what constitutes a well-defined local community. I firmly believe that these proposed changes will result in a more objective application of the standards, particularly in community charter applications involving large multi-jurisdictional areas."

Board Member Michael Fryzel commented "improvements to the chartering process contemplated in this new rule are long overdue. In particular, the objective criteria proposed for chartering applications will allow the process to be more effective and efficient, and will ultimately mean that credit unions can move forward with a clearer understanding of how to

extend service to consumers. I strongly encourage all stakeholders to submit comments on the proposed rule.”

The proposal was issued with a 60-day comment period. Between today and the effective date of the final rule, NCUA will accept community charter applications based only on single political jurisdictions and other areas NCUA previously determined are local communities. NCUA will accept all community charter applications based on any permitted criteria after the final rule becomes effective.

Chairman Debbie Matz’s statement concerning the chartering proposal is [attached](#).

The National Credit Union Administration is the independent federal agency that regulates charters and supervises federal credit unions. NCUA, with the backing of the full faith and credit of the U.S. government, also operates and manages the National Credit Union Share Insurance Fund, insuring the deposits of over 90 million account holders in all federal credit unions and the majority of state-chartered credit unions.

- NCUA -