

## BOARD ACTION MEMORANDUM

**TO:** NCUA Board

**DATE:** December 11, 2009

**FROM:** Office of General Counsel

**SUBJ:** Proposed Rule Part 701

**ACTION REQUESTED:** Board approval of proposed rule with request for comments to revise NCUA's community chartering policies and define the term "rural district." 12 C.F.R. Part 701.

**DATE ACTION REQUESTED:** December 17, 2009.

**OTHER OFFICES CONSULTED:** All Regional Offices and E&I.

**VIEWS OF OFFICES CONSULTED:** Concur.

**SUBMITTED TO INSPECTOR GENERAL FOR REVIEW:** Yes.

**BUDGET IMPACT, IF ANY:** No.

**RESPONSIBLE STAFF MEMBER:** Frank Kressman, Staff Attorney, Office of General Counsel.

**SUMMARY:** Staff recommends the Board issue the attached proposed rule to amend NCUA's chartering and field of membership manual to update its community chartering policies. The proposal includes using objective and quantifiable criteria to determine the existence of a local community and defining the term "rural district." The proposal clarifies NCUA's marketing plan requirements for credit unions converting to or expanding their community charters and defines the term "in danger of insolvency" for emergency merger purposes.

**RECOMMENDED ACTION:** Recommend the Board issue the proposed rule.

**ATTACHMENT:** Proposed rule with request for comments.