



MISSOURI CREDIT UNION ASSOCIATION

November 26, 2012

Michael McKenna  
Deputy General Counsel  
National Credit Union Administration  
1775 Duke Street, Alexandria, Virginia 22314-3428  
[regcomments@NCUA.org](mailto:regcomments@NCUA.org)

**RE: Don Cohenour - Comments on Notice of Proposed Rulemaking for Chartering and Field of Membership Manual; RIN 3133-AE02**

Dear Mr. McKenna:

On behalf of the 1.3 million credit union members, the Missouri Credit Union Association (MCUA) would like to take this opportunity to express our views on possible amendments to the National Credit Union Administration's (NCUA's) proposed rule that would amend the definition of a "rural district" that applies to the community credit union charter, under NCUA's Chartering and Field of Membership Manual.

MCUA supports NCUA's efforts to improve the definition of a "rural district" by providing an alternative option for a credit union to meet the charter criteria if the credit union served an area that exceeded 200,000 persons. While the proposed rule is a positive step, credit union members in rural areas continue to raise concerns with the current and proposed definitions of a "rural district." We also offer recommendations for NCUA's consideration to improve the "rural district" definition. The proposal would amend the current limit of 200,000 persons, to a limit of 200,000 persons or 3 percent of the population of the state in which the majority of the district's persons are located. All other current charter criteria not related to the total population would remain intact.

We support the intent of the proposal to enhance a Federal Credit Union's (FCU's) ability to attract and serve rural populations by placing branches in rural hubs, and by generally increasing the potential membership of credit unions that meet the "rural district" criteria. The current limit of 200,000 is much too low to sustain a viable "rural district" FCU. As the agency has noted, there has been a modest use of the rural charter since the 2010 final rule on field of membership and the "rural district," and fewer than 50 FCUs currently use the rural charter.

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A broader definition of a permissible rural area is appropriate because a rural area may often be anchored by a more populated hub city or town, and members often travel to such a hub for shopping and other services. As NCUA has noted, the inclusion of the more populated hub city or town may cause the area to exceed the current 200,000 person limit. Further, rural FCUs often find it difficult and costly to attract members in a widely dispersed rural area. We believe the “rural district” definition, the agency’s definitions of a “rural community” are too limiting and do not sufficiently take into account the districts in which the population is spread out over large areas.

The Federal Credit Union (FCU) Act, as amended by the Credit Union Membership Access Act, provides NCUA with reasonable latitude to regulate field of membership issues, including the regulatory parameters for the term “rural district.” The agency’s goal is to provide an appropriate “rural district” definition to help extend credit union services to consumers living in rural areas so that such consumers can have adequate access to reasonably priced financial services.

We urge NCUA to consider whether a statistical area definition for “rural district” is appropriate or necessary. In our view, the FCU Act does not require rural districts to be defined using the same approach the agency employs for local communities. Developing a statistical definition for “rural” areas has been very difficult even for those organizations and agencies that address such matters far more frequently than NCUA. Rather than attempting to define what rural districts are, it might be preferable to stipulate what they are not. In other words, NCUA could determine that rural districts are not subject to the same kinds of statistical parameters that define well-defined local communities (WDLCs) but are contiguous areas within a state that have a population of less than 500,000. There should be an opportunity for a credit union to supplement its charter application with narrative materials in some cases.

Further, we support the grandfathering of FCUs that are currently designated as “rural district” FCUs and such FCUs should be permitted to apply for an expansion of their charter to serve additional members.

As always, we appreciate the opportunity to respond to the National Credit Union Administration’s (NCUA’s) proposed rule that would amend the definition of a “rural district” that applies to the community credit union charter, under NCUA’s Chartering and Field of Membership Manual. We will be happy to respond to any questions regarding these comments.

Sincerely,

A handwritten signature in black ink that reads "Don Cohenour". The signature is written in a cursive, flowing style.

Don Cohenour  
Interim President