



November 26, 2012

via e-mail: [regcomments@ncua.gov](mailto:regcomments@ncua.gov)

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

Re: Comments on Notice of Proposed Rulemaking for Chartering and Field of Membership Manual; Chartering and Field of Membership Manual for Federal Credit Unions; RIN 3133-AE02

Dear Ms. Rupp:

On behalf of the Ohio Credit Union League (OCUL), this letter responds to the National Credit Union Administration's (NCUA) request for comments on its proposal to amend the definition of "rural district" as it applies to a community charter in NCUA's Chartering and Field of Membership Manual.

OCUL is a credit union trade association representing the interests of Ohio's 367 federal and state-chartered credit unions and its 2.7 million members. The comments reflected in this letter represent the recommendations of OCUL and its member credit unions. We appreciate the opportunity to provide suggestions and feedback to the NCUA in making further improvements and clarifications to this proposal prior to the consideration of any final rules adopted.

### **Background**

Since first defining the term "rural district" in 2010, NCUA has seen only modest usage of the this charter type, as only 50 U.S. credit unions are rural district charters today. The proposal would amend NCUA's definition of "rural district" by broadening the population criteria of "rural district" from a 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. NCUA believes that the current limit is too low, as often times the rural area may often be anchored by a more populated hub city or town, causing the area to exceed the 200,000 limit. Further, many rural districts find it difficult and costly to attract members in a widely dispersed rural area. NCUA is proposing to enhance federal credit unions' (FCU) ability to attract and serve rural populations by permitting rural district FCU's to place branches in rural hubs. The impact would increase the FCU's membership potential, along with FCU's long-term viability and success.



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## OCUL Comments and Recommendations

OCUL supports the intent of the proposal to enhance a 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. OCUL believes that the current limit of 200,000 is much too low to sustain a viable "rural district" FCU. OCUL also believes that the proposed limit of 3% of a state's population may be too limiting as well. If NCUA believes that it must have a standard statistical gauge for uniform regulations across all states, OCUL recommends that NCUA consider a higher limit of 4% of a state's population, up to a maximum of 500,000. This higher limit would serve FCUs well in both low and high populated states, with a more reasonable upper limit.

As an alternative, OCUL also encourages NCUA to consider defining what rural districts are not, rather than what rural districts are. NCUA could determine that rural districts are not subject to the same kinds of statistical parameters that define well-defined local communities (WDLs), but are contiguous areas within a state that have a population of less than 500,000. There should be an opportunity for a FCU 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.

OCUL appreciates the opportunity to provide input to NCUA on its proposal to amend the definition of "rural district." If you have questions, or need clarification, please contact John Kozlowski at [jkozlowski@ohiocul.org](mailto:jkozlowski@ohiocul.org) or 800-486-2917, ext. 266.

Respectfully submitted,



John F. Kozlowski  
General Counsel



David J. Shoup  
Director, Compliance & Information

cc: Mary Dunn, Credit Union National Association General Counsel  
Tim Boellner, OCUL Chair  
OCUL Board of Directors  
Ohio Governmental Affairs Committee  
Paul Mercer, OCUL President