

From: [John McKenzie](#)
To: [Regulatory Comments](#)
Subject: Indiana Credit Union League's 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
Date: Monday, November 26, 2012 11:37:59 AM
Attachments: [image003.png](#)

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

Re: Indiana Credit Union League's 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:

The Indiana Credit Union League (ICUL) appreciates the opportunity to comment on the NCUA's proposed rule that would amend the definition of a "rural district" that applies to the community credit union charter, under the NCUA's Chartering and Field of Membership Manual. The ICUL member credit unions represent 95 percent of assets and members of Indiana's credit unions, with those memberships totaling more than two million members.

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. This proposal would have no beneficial impact on Indiana credit unions since 3 percent of the state's population is less than 200,000. Using population estimates from July 2011, only 13 states would have a large enough population that 3 percent would exceed 200,000. This proposed revised definition does not go far enough.

We support the intent of the proposal to enhance a federal credit union's (FCU) 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. 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. Individuals from throughout the rural area travel to the hub city or town for shopping and other services. As the NCUA has stated, the inclusion of the more populated hub city or town may cause the area to exceed the current 200,000 person limit.

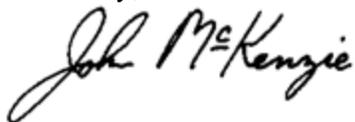
The Federal Credit Union Act, as amended by the Credit Union Membership Access Act, provides the NCUA with reasonable latitude to regulate field of membership issues, including defining the term “rural district.” The NCUA’s goal is to provide an appropriate “rural district” definition to help extend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

We encourage the NCUA to not apply a one-size-fits-all definition of well-defined local communities (WDLCs) to the definition of rural district. As mentioned above, the proposed increase in the maximum rural district population to 200,000 or 3 percent of the state’s population does not benefit Indiana credit unions at all. We ask that the NCUA consider a proposal that does not subject rural districts to the same kinds of statistical parameters that define WDLCs, but use a definition such as contiguous areas within a state that have a population of less than 500,000. There also should be an opportunity for a credit union to supplement its charter application with narrative materials in some cases. This would provide additional opportunities for Indiana credit unions to consider a rural district charter.

We support the grandfathering of FCUs that are currently designated as “rural district” FCUs and these FCUs should be permitted to apply for an expansion of their charter to serve additional members based on any changes to the rural district definition.

Thank you for the opportunity to comment on this proposal. We believe the NCUA should move forward with developing a broader definition of rural district, but needs to expand the population limits significantly over what has been proposed.

Sincerely,

A handwritten signature in black ink that reads "John McKenzie". The signature is written in a cursive style with a large, stylized "J" and "M".

John McKenzie
President, Indiana Credit Union League