



November 28, 2012

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 101 federally-chartered Maryland credit unions, 48 District of Columbia Federal credit unions, and 9 Maryland-chartered credit unions, the Maryland and District of Columbia Credit Union Association (MDDCCUA) submits the following comments regarding the proposed rule that would amend the “rural district” definition that applies to community-chartered federal credit unions.

MDDCCUA believes that the current definition of a “rural district” is far too rigid, and we applaud the effort that the National Credit Union Administration (NCUA) is making to provide community-chartered federal credit unions more flexibility in their ability to serve persons living in rural areas. That being said, we believe that the NCUA’s current proposal does not provide credit unions seeking to serve rural areas that abut more urbanized areas an opportunity to take advantage of the “rural district” chartering method.

Under the current definition of a “rural district,” credit unions would meet the chartering criteria if the area that the credit union is seeking to serve does not exceed 200,000 people. This definition has led many credit unions to not seek the “rural district” chartering method because the areas that they are seeking to serve often also encompass towns and cities that abut the rural area. These more urbanized centers are critical to have within the credit union’s field of membership because they oftentimes serve as the economic and cultural centers for the surrounding rural areas. Therefore, in a credit union’s attempt to fully serve its membership it would stand to reason that the credit union would have a branch in these cities and towns. The current definition that caps the “rural district” at 200,000 people becomes problematic when trying to meet the demands of members wanting financial services in these abutting economic/cultural centers.

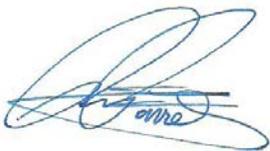
The proposed changes would amend the current limit to add a second definition for the “rural district.” This second possible definition would allow for a rural district to exceed a total population of 200,000 people if the district’s population does not exceed 3 percent of the population of the state in which the majority of the district’s persons are located. While

MDDCCUA believes that while this second method by which to define a “rural district” will make it possible for more credit unions to seek the “rural district” charter, we do not believe that it fully addresses the issue of ensuring that a credit union be able to fully serve rural members when they are transacting business economic/cultural centers.

In order to address this concern, MDDCCUA believes that the NCUA should move away from the strict numerical limits when comes to the size of the population being served by a “rural district.” The Federal Credit Union Act grants the NCUA a lot of freedom in how it can choose to devise a definition for “rural districts.” The Act does not require that the NCUA define “rural districts” using population nor does it require that “rural districts” be defined in the same manner as “local communities.” Therefore, MDDCCUA would suggest that the NCUA develop a third alternative that would allow for credit unions that do not meet the 200,000 population or the 3% state population limit to demonstrate how the area that they are seeking to serve is truly a contiguous rural community. While this will add subjectivity to the process, it will provide the flexibility for credit unions seeking to serve a rural area with a large geographic footprint that abuts several towns or cities that serve as the economic/cultural centers for the area. MDDCCUA understands that there will likely need to be a population limit to this third option, and we agree with the Credit Union National Association’s proposal that a population of 500,000 would be a reasonable limit.

I greatly appreciate the opportunity to comment on this proposal. If you need any further information, you may contact me at [rpineres@mddccua.org](mailto:rpineres@mddccua.org) or (443) 325-0775.

Sincerely,



Ricardo Javier Pineres  
Vice President of Advocacy – Legislative Affairs  
Maryland & District of Columbia Credit Union Association