

October 22, 2013

Robert M. Fenner  
RMF Consulting, LLC  
2014 N. Nottingham St.  
Arlington, VA 22205

Dear Mr. Fenner:

RE: Low-income Credit Unions

You have asked if a community federal credit union (FCU) with a low-income designation may serve any participant in an association headquartered in the community. Yes, as discussed below, NCUA's chartering and field of membership rules (Chartering Manual) do not require that all such participants themselves meet the low-income definition.

The Chartering Manual provides certain special rules for FCUs serving low-income members. With respect to multiple group FCUs serving low-income members, Chapter 3, Section II.E of the Chartering Manual permits the formation of associational groups for the sole purpose of making credit union service available to low-income persons provided the association is defined in such a way that all of the association's members meet the low-income definition. In a separate paragraph, Section II.E further provides that a community FCU with a low-income designation has "additional latitude" in serving persons who are affiliated with the community, such as persons "who participate in associations headquartered in the community." The Chartering Manual does not require that such an association be defined so that all of its members meet the low-income definition.

Although these two special rules for low-income FCUs appear in the same section of the Chartering Manual, they are to be read separately. Accordingly, the requirement that all group members must meet the low-income definition only applies to groups formed for the purpose of making credit union service available to low-income persons. Where a low-income community FCU is serving a group headquartered in the community, but the group was not formed for the purpose of making credit union services available, there is no requirement that all members of the group meet the low-income definition.

Sincerely,

/S/

Michael J. McKenna  
General Counsel

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