



SUMMARY COMPARISON OF EXISTING FIELD-OF-MEMBERSHIP RULE PROVISIONS TO 2016 FINAL RULE

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RULE COMPONENT	EXISTING REQUIREMENTS	2016 FINAL RULE
COMMUNITY COMMON BOND		
<i>“Core Area” Service Requirement</i>	When a credit union applies to serve a community consisting of a portion of a core-based statistical area as defined by the Office of Management and Budget, NCUA requires that portion must include the core-based statistical area’s “core area,” which NCUA defines as the most populated county or named municipality in the core-based statistical area’s title.	Federal credit unions will now be able to apply to convert to a community charter or expand an existing community charter without being required to serve the core area if electing to serve a <i>portion</i> of a core-based statistical area. This will allow a federal credit union to establish a presence consistent with its ability to serve before expanding service to the full area. NCUA will continue to annually review the credit union’s implementation of its business and marketing plan to serve the entire requested area.
<i>Population Limit as Applied to a Well-Defined Portion of a Core-Based Statistical Area</i>	NCUA currently permits a portion of a core-based statistical area to qualify as a well-defined local community, provided the population of the core-based statistical area, as a whole , does not exceed the 2.5 million-population limitation.	NCUA’s population limit of 2.5 million people will now apply to any well-defined <i>portion</i> of a core-based statistical area regardless of <i>whole</i> area’s population. For example, a smaller, well-defined <i>portion</i> of a statistical area with a population of 1.5 million will not be denied for consideration solely because the population of the <i>whole</i> statistical area exceeds 2.5 million.
<i>Combined Statistical Areas</i>	Federal credit unions are not permitted to serve a Combined Statistical Area. They are limited to serving a statistical area no larger than a metropolitan statistical area, or in the case of a metropolitan statistical area with metropolitan division, a metropolitan division—and subject to a population cap of 2.5 million.	Federal credit unions will now be able to apply to serve a Combined Statistical Area, as designated by the Office of Management and Budget, subject to a population cap of 2.5 million.



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<i>Addition of an Area Adjacent to a Core-Based Statistical Area</i>	NCUA uses an objective core-based requirement to demonstrate an area is a well-defined local community. NCUA presumes that areas recognized as either a single political jurisdiction (such as a city or county), or an area consisting of multiple political jurisdictions, with a core-based statistical area, as defined by the Office of Management and Budget, (such as metropolitan statistical areas, metropolitan divisions, or a portion thereof—all subject to a population limit of 2.5 million persons) are local communities.	Federal credit unions may now apply to serve an area adjacent to its existing core-based statistical area or single political jurisdiction, or may apply to convert to a community charter that includes an area adjacent to a core-based statistical area. A federal credit union must provide a written narrative to demonstrate interaction or common interests among residents of the proposed expanded community as a whole, when seeking to add an adjacent area to a core-based statistical area.
<i>RURAL DISTRICT DEFINED</i>		
<i>Population Limits</i>	The current chartering and field-of-membership policies limit the total population of a rural district to the greater of either: <ol style="list-style-type: none"> 1) 250,000 people, or 2) 3 percent of the population of the state in which the majority of the district's population is located. 	Federal credit unions may now serve a rural district of up to 1 million persons—regardless of the state in which the majority of the district's population is located.
<i>Multi-State Expansion Limit</i>	NCUA currently permits a rural district to extend beyond a state's boundaries, subject to the population limit and density/census tract thresholds.	NCUA continues to permit a federal credit union serving a rural district to cross the boundaries of other states. However, under the final rule, federal credit unions may only serve a rural district in those states immediately bordering the state containing the federal credit union's headquarters or main office.



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UNDERSERVED AREAS		
<i>Exclusion of Non-Depository Institutions and Non-Community Credit Unions when Calculating the Concentration of Facilities Ratio</i>	Under the current <i>Chartering and Field of Membership Manual</i> , when a credit union seeks to serve an Underserved Area, NCUA calculates a proposed area's concentration of facilities ratio to meet a statutory requirement that a proposed area be "underserved by other depository institutions." Data obtained by NCUA to perform this calculation may include non-depository institutions or non-community credit unions that, by definition or in fact, cannot actually serve the proposed area, despite having a branch there.	NCUA will re-calculate the concentration of facilities ratio analysis, excluding any non-depository institutions or non-community credit unions from the concentration of facilities ratio. However, a second analysis under this scenario would still include other multiple common-bond credit unions already serving the underserved area as a community.
<i>Alternatives to Identify Areas "Underserved by Other Depository Institutions"</i>	As mentioned above, NCUA currently uses a <i>concentration of facilities test</i> to meet its statutory obligation to determine if a requested area is underserved by other depository institutions. NCUA acknowledges there may be alternative methods to determine that an area is underserved by other depository institutions.	NCUA will accept a CFPB-designated "underserved county" as an underserved area and will consider alternative methods a federal credit union can rely on to determine whether a proposed area is underserved by other financial institutions, provided the analysis relies on NCUA or another federal banking agency's data.



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MULTIPLE COMMON BOND		
<i>Inclusion of Select Employee Group Contractors in a Multiple Common Bond</i>	NCUA presently includes within the definition of a <i>single occupational common bond</i> the people who work regularly for an entity that is under contract to the sponsor of the select employee group listed in its charter, provided the contractor has a strong dependency relationship with that sponsor. This definition relies on the presence of a strong dependency relationship between the select employee group sponsor and its contractor to establish the common bond of occupation the Federal Credit Union Act requires for a group to be included in either a single or a multiple common-bond credit union.	Multiple common-bond federal credit unions will now have parity with single common-bond charters in being able to add persons who work regularly for an entity that is under contract to any of the multiple select employee group sponsors listed in its charter, provided the contractor and sponsor have a strong dependency relationship in each case.
<i>Inclusion of Office or Industrial Park Tenants in a Multiple Common Bond</i>	In the past, NCUA has recognized industrial parks as a special type of community charter, but the agency had not extended this recognition to other types of fields of membership.	<p>The final rule clarifies that park tenants, in each one's capacity as an <i>employer</i>, are eligible to be included within a multiple occupational common-bond credit union, subject to two conditions:</p> <ol style="list-style-type: none"> 1) each employee group must have fewer than 3,000 employees working at a facility within the park, and 2) only those employees who work regularly at the park <i>during their employer's tenancy</i> would be eligible for federal credit union membership. <p>New tenants to the industrial park would be eligible for membership subject to the above conditions.</p>



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<i>Streamlined Documentation Requirements for Stand-Alone Feasibility of Groups Greater than 3,000</i>	The Federal Credit Union Act provides flexibility for NCUA to determine whether a group in excess of 3,000 potential members could not feasibly or reasonably establish a new <i>single common-bond</i> federal credit union. Presently, NCUA provides a streamlined application process only for federal credit unions seeking to add a group with fewer than 3,000 potential members.	In addition to existing streamlined documentation requirements for groups less than 3,000 potential members, federal credit unions may now use a new and appropriately reduced level of documentation requirements for determining whether a group between 3,000 and 4,999 potential members would be unable to form its own single common-bond credit union. NCUA will accept this streamlined documentation to meet its statutory requirement to determine whether a group can reasonably establish a new single common-bond credit union.
<i>Other Persons Eligible for Credit Union Membership</i>	Under its current chartering and field-of-membership policies, a multiple common-bond or single common-bond federal credit union has the option of serving active duty or retired United States Armed Forces personnel, if listed as a group in the credit union's charter.	Consistent with affinity relationships, federal credit unions may now include, within its common bond, the honorably discharged veterans of any branch of the United States Armed Forces listed in its charter. This continues eligibility of military personnel for credit union membership beyond active duty.
TRADE, INDUSTRY, OR PROFESSION (TIP) AS A SINGLE COMMON BOND		
<i>Inclusion of "Strong Dependency" Vendors and Suppliers in TIP Definition</i>	Under existing chartering and field-of-membership policies, NCUA recognizes a single occupational common bond between a select employee group sponsor's own employees and those of its contractors, provided there is a strong dependency relationship between the sponsor and the contractor.	Federal credit unions serving a TIP charter may now include employees of entities that have a strong dependency relationship with other entities within the same TIP.



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OTHER ITEMS		
Technical Updates	N/A	The final rule corrects statutory and regulatory citations and cross-references. It also updates the appendices to the <i>Chartering and Field of Membership Manual</i> to reflect current agency practices, updated references to NCUA offices, and the new name of the Office of Consumer Financial Protection and Access.