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Gerard Poliquin  
Secretary of the Board  
National Credit Union Administration  
1775 Duke St.  
Alexandria, VA 22314-3428

Re: Chartering and Field of Membership Manual, 12 CFR 701, RIN 3133–AE31

12/9/2016

Mr. Poliquin,

The League of Southeastern Credit Unions (League) appreciates the great work NCUA has done in updating the Field of Membership manual to give credit unions more flexibility in increasing their membership and serving their communities. The League continues to support the efforts of the NCUA to adapt the Field of Membership (FOM) rules to the evolving nature of our communities by allowing credit unions a more flexible membership relationship that reflects the realities of modern American life. The League of Southeastern Credit Unions is a trade association that represents 270 credit unions in Florida and Alabama. Our mission is “to create an operating environment that enables credit unions to grow and succeed.” The NCUA’s additional proposed changes to the FOM rules would further contribute to the success of this mission and would allow credit unions to provide products and services to a wider range of members, including those in underserved areas. Fundamentally, the League supports a vigorous dual chartered system. These FOM changes make federal

charters more competitive with state charters. This competition will promote further innovation within the credit union movement which will create stronger and more competitive credit unions.

1. The Narrative Model Methodology for Establishing a Well Defined Local Community (WDLC) - The Narrative approach to establishing a Well-Defined Local Community is a much more practical means of determining a WDLC. By giving a credit union the flexibility to use a variety of criterion in the narrative model to demonstrate the interaction of potential members as a community, the rule provides credit unions with an easy and reasonable method to demonstrate how their members are a community. This is especially important because of how diverse American communities are. This methodology will simplify the task of demonstrating the common interests and interactions from even the most unique of communities in an objective manner. The League supports all the criteria proposed by the NCUA.
2. Increase the CBSA Population limit to 10 million - The League supports the increase in the population threshold from 2.5 million to 10 million people for a community under the CBSA or CSA standard. The League agrees with the NCUA's reasoning for these changes such as providing parity between population standards regardless of whether the community charter is based on statistical area or political jurisdiction and providing parity with the state chartering system which allow a community charter to encompass the whole state.

The following responses to NCUA's specific requests for comment are broken into three categories: population limits, the narrative model, and definition of community.

i. Population Limits

The League supports the removal of population limits for CBSA or Statistical Areas. The removal of the population limits will remove an artificial barrier to determine a Well Defined Local Community. Furthermore, the NCUA has the ability to limit the scope of a Well Defined Local community by rigorous application of the community interaction and common interests' criteria, so the population limit is unnecessary.

Alternatively, if the NCUA believes the population cap is still necessary for confining the scope of a Well-Defined Local Community, then the proposal to increase the limit from 2.5 million to 10 million would be an appropriate change. Since the top 25 CBSA's all have a population over 2.5 million people, the cap should be lifted to 10 million people to maximize the flexibility of serving those communities in the most effective way. Also, if the NCUA decides to increase the population cap on a WDLC, rather than abolish the population cap, then it would be appropriate to give the NCUA staff the authority to adjust the cap when it is appropriate. Rather than specify a number of people as to how much discretion the staff will have in adjusting the cap under specific circumstances, the NCUA should consider allowing a 10% adjustment, regardless of what the population cap may end up being. For instance, if the NCUA decides to allow a population cap of 5 million as a WDLC, then the NCUA staff should have the authority to adjust that population to 5.5 million under the proper circumstances.

ii. The Narrative Model

The NCUA should use both the narrative model and the “presumptive community” model in setting out the parameters of the WDLC which the credit union will serve. The NCUA should accept both models because it provides credit unions with the flexibility to present a model most appropriate for its particular circumstances.

iii. A Community Defined

The NCUA should adopt the “Narrative Criteria to Identify a Well-Defined Local Community” primarily because it comports with reason and the NCUA has found these criteria the most often used or useful regarding the community charter process. The NCUA should also consider including a miscellaneous category that would give a credit union the opportunity to make its case for a community charter by citing examples unique to its membership as to how it is a community and how it will satisfy the NCUA’s concerns regarding its community charter. This category could encompass online communities, or they could have their own category. There is no doubt that Americans conduct their business, social, familial, financial and employment relationships online with ever increasing numbers as time goes on. While it is hard to define how those relationships should govern how NCUA approves a community based charter, it is important to make an effort to include that dynamic into the community concept that applies to

people in modern times. The League supports any efforts the NCUA will make at incorporating online communities into the process of approving or modifying a community based charter.

3. Designation of a portion of a CBSA as its community without regards to the metro divisions – The League supports this proposal because it simply improves consistency between the CBSA and CSA designations. The League believes this change will make rules simpler and less burdensome and therefore, promote the success of credit unions.

The League supports the efforts of the NCUA to modify the Field of Membership rules so credit unions can better serve their membership. The League supports including the narrative model to community chartering, increasing the population cap on WDLCs based on statistical areas to 10 million, and the designation of portions of those statistical areas as communities regardless of their metro divisions. All of these efforts will provide more flexibility for credit unions to operate which will further invigorate the option for adopting a federal charter; making a stronger more robust dual chartering system. The League further applauds the efforts of NCUA to reduce the regulatory burden to credit unions and to regulate the industry in a more modern way.

Sincerely,

Mike Lee



Director of Regulatory Advocacy  
The League of Southeastern Credit Unions