

**From:** [Joe Guilfooy](#)  
**To:** [Regulatory Comments](#)  
**Subject:** Indiana Credit Union League Comments on Notice of Proposed Rulemaking re Community Common Bond  
**Date:** Friday, December 09, 2016 1:42:09 PM

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Mr. Gerard Poliquin  
Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, VA 22314-3428  
Re: 12 CFR Part 701-Comments on Notice of Proposed Rulemaking re Community Common Bond

Dear Mr. Poliquin:

The Indiana Credit Union League (ICUL) appreciates the opportunity to submit comments on the National Credit Union Administration's (NCUA) Proposed Rulemaking addressing community common bond changes. The ICUL member credit unions represent 97% of assets and members of Indiana's credit unions, with those memberships totaling more than 2.4 million consumers.

### **Narrative Model**

We support reinstating the narrative model as an alternative to defining a well-defined local community (WDLC). The current presumptive model defining a community by political subdivision or core based (CBSA) statistical area is often imperfect and splits access to membership of a credit union artificially. The presumptive model is too limiting as it confines FCUs to "presumptive community" options that may be unsuited to their purposes and ability, leaving them with no recourse but to accept an area other than the one they ideally seek to serve.

NCUA has previous experience with the narrative approach as this was part of the FOM rules until 2010. The current FOM rules' use of statistical areas was adopted in part to reduce the paperwork burden and give credit unions certainty in defining areas that they can serve. We understand the narrative model does take more work for the NCUA and an applying credit union, but we expect with the range of options available to credit unions to define a community, that this model approach will be used only when it is difficult to define a community using statistical areas alone.

We support the criteria detailed in the proposed rule. The totality of the circumstances test is a fair approach for determining whether a credit union has sufficiently defined a community using the criteria. We appreciate NCUA providing additional detail on the various criteria to be considered in a narrative. We encourage a simplified approach for the use of the criteria to ensure that credit unions do not feel obligated to seek outside consultants when choosing to use the narrative model.

### **Increasing Population Limit**

As stated in our previous comment letter back in January, we agree that the population limit should be increased from 2.5 to 10 million. While eliminating the arbitrary population limit would allow the most flexibility, at a minimum we believe it should be increased to 10 million.

We support having a 10 million limit across the board instead of increasing the limit for some criteria, applying a specific percentage, or giving NCUA staff the authority to set a population limit. One option proposed that could work would be applying a population limit equivalent to the most populous/largest Single Political Jurisdiction (SPJ) that is totally encompassed by the proposed community. Since there are already SPJ's that are over 10 million and growing, this would allow the limit to change with the increasing population.

### **CBSA**

We support permitting a credit union to designate a portion of a CBSA as its community without regard to division boundaries. Under the recent final rule, a credit union is not required to conform to the boundaries when seeking to serve a part of a Combined Statistical Area; therefore, making the two

consistent would simplify things.

Thank you for the opportunity to comment on the proposed Chartering and Field of Membership Manual revisions addressing additional modifications to the definitions and community charter conversion/expansion options. We are encouraged that NCUA was willing to approach this revision in a way that provides greater flexibility to credit unions wishing to serve a broader FOM than what would currently be allowed. We encourage NCUA to continue to look at regulations from the standpoint of not regulating beyond what is required by the FCUA. NCUA can continue to monitor safety and soundness through the examination process and does not need to address "potential" safety and soundness concerns with onerous regulations.

We appreciate the desire of NCUA to provide regulatory relief and ask that this continue to be the focus of new and proposed regulatory changes. If you have any questions about our letter, please do not hesitate to give me a call at (317) 594-5320.

Sincerely,  
John McKenzie  
President, Indiana Credit Union League