

NCUA LETTER TO FEDERAL CREDIT UNIONS

**NATIONAL CREDIT UNION ADMINISTRATION
1775 Duke Street, Alexandria, VA 22314**

DATE: October 2018 **LETTER NO: 18-FCU-02**

TO: All Federal Credit Unions

SUBJ: Requests to Serve a Well-Defined Local Community Using the Narrative Approach

ENCL: Guidance for Preparing Requests to Serve a Local Community Using the Narrative Approach

Dear Board of Directors:

The National Credit Union Administration Board amended Appendix B to Part 701 – Chartering and Field of Membership Manual. Effective on September 1, 2018, the final rule provides federal credit unions with more flexibility on applications for community charter approvals, expansions, or conversions.

In addition to a presumptive community based on a single political jurisdiction or core based statistical area, the final rule provides federal credit unions with another option when submitting their community related applications. The federal credit union can use a written narrative, with sufficient supporting documentation, to establish the existence of a well-defined local community.

Under the narrative approach, in addition to demonstrating the existence of a well-defined local community, the community related application must demonstrate the federal credit union has both:

- 1) The ability to serve the requested community; and
- 2) The intent to serve the entire community and all of its segments.

Under the narrative approach, applications must include documentation and provide specific details and clearly demonstrate how the area's residents interact or share common interests. Independent third party or statistical data to support the area qualifies as a well-defined local community is the most persuasive.

To help minimize the burden of generating a narrative community related application, we are providing guidance for preparing a narrative in the form of the enclosed document. We encourage you to use the guidance when developing your narrative community related applications.

If you have any questions regarding the narrative or an application to serve a local community, please contact the Office of Credit Union Resources and Expansion's Division of Consumer Access at (703) 518-1150 or at DCAMail@ncua.gov.

Sincerely,

/s/

J. Mark McWatters
Chairman