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National Credit Union Administration

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**BOARD ACTION MEMORANDUM**

**TO:** The NCUA Board

**DATE:** February 14, 2023

**FROM:** Office of Credit Union Resources  
and Expansion and Office of General  
Counsel

**SUBJ:** Chartering and Field of  
Membership Manual—Proposed Rule, Part  
701, Appendix B

**ACTION ITEM:** The NCUA Board's approval of a proposed rule to amend the NCUA's rules relating to federal credit union chartering and field of membership (FOM).

**DATE ACTION REQUESTED:** February 16, 2023.

**OTHER OFFICES CONSULTED:** Office of Examination and Insurance, Office of Consumer Financial Protection, Office of National Examinations and Supervision, and the Regional Offices.

**VIEWS OF OTHER OFFICES CONSULTED:** Input was incorporated into the draft proposed rule as appropriate.

**BUDGET IMPACT, IF ANY:** None.

**SUBMITTED TO INSPECTOR GENERAL FOR REVIEW:** Yes.

**RESPONSIBLE STAFF MEMBERS:** Rita Woods Division Director, Office of Credit Union Resources and Expansion; and Robert Leonard, Compliance Officer and Marvin Shaw, Senior Staff Attorney, Office of General Counsel.

**SUMMARY:** The proposed rule would amend the chartering and FOM rules through nine changes to enhance consumer access to financial services, especially in low- and moderate-income communities while reducing duplicative or unnecessary paperwork and administrative requirements. These proposed amendments result from the agency's experience in addressing FOM issues relating to community charters and service to underserved areas, along with its study of FOM issues in the Board's Advancing Communities through Credit, Education, Stability, and Support (ACCESS) initiative. The proposed changes cover underserved areas, community based FOMs, and some more broadly applicable FOM provisions.

The proposed rule would make four changes on underserved areas that multiple common bond federal credit unions (FCUs) may seek to add to their FOMs. The changes would streamline existing application requirements and clarify the role of data and criteria that other federal agencies provide relating to underserved areas.



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The proposed rule also includes three provisions to simplify application requirements for community-based FCUs by eliminating the need to submit redundant or less useful information and providing a standard form for business and marketing plans. In addition, the proposed rule would eliminate the business and marketing plan requirement for certain federally insured state-chartered credit unions that seek to convert to a federal charter while serving the same community FOM. Moreover, the proposed rule would also expand the community-based FOM affinities—relationships between a person and the geographic community—to recognize the growth of telecommuting and remote work for companies headquartered in a community.

The proposed rule also includes a provision to allow all FCUs to better capture the ongoing bond between individuals within a field of membership and their immediate family members following the death of a member.

Finally, the Board is also proposing a technical clarification and correction on the process for the NCUA to review and approve the character and fitness of a prospective FCU's management and officials.

The proposed rule would also request feedback about several aspects of FOM issues for consideration with respect to future policy refinements.

**RECOMMENDED ACTION:** NCUA Board approval of the attached proposed rule with a 90-day comment period.

**ATTACHMENT:** Proposed rule.