



## SUMMARY COMPARISON OF EXISTING FIELD-OF-MEMBERSHIP RULE PROVISIONS TO 2015 PROPOSED RULE

*This document is intended as a top-level summary of proposed changes to modernize NCUA's existing field-of-membership rule, but should not be relied on to be completely comprehensive for each item. Please consult the proposed rule for further and more comprehensive detail about proposed rule contents.*

RULE COMPONENT	EXISTING REQUIREMENTS	2015 PROPOSED RULE
<b>COMMUNITY COMMON BOND</b>		
<b><i>“Core Area” Service Requirement</i></b>	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.	Under the proposal, federal credit unions will be able to apply to convert to a community charter or expand an existing community charter without having to serve the core area if electing to serve a portion of a Core Based Statistical Area. This will allow a federal credit union to grow at an appropriate scale consistent with its ability to serve a larger area.  NCUA will continue to review the credit union’s ability to serve the requested area through its business and marketing plan.
<b><i>Population Limit as Applied to a Well-Defined Portion of a Core-Based Statistical Area</i></b>	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 <b>as a whole</b> does not exceed the 2.5 million population limitation.	Under the proposal, NCUA’s population limit of 2.5 million people will apply to a Core Based Statistical Area <b>or any well-defined portion thereof</b> .  For example, a smaller, well-defined portion of a statistical area with a population of 1.5 million will not be denied for consideration simply because the population of the larger encompassing statistical area exceeds the population limit of 2.5 million.
<b><i>Combined Statistical Areas</i></b>	Federal credit unions 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.	Under the proposal, a federal credit union will be able to apply to serve combined statistical areas, as designated by the Office of Management and Budget.



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<b><i>Addition of an Area Adjacent to a Core-Based Statistical Area</i></b>	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.	Under the proposal, a federal credit union could apply to serve an outside area contiguous to its existing Core Based Statistical Area or single political jurisdiction. A federal credit union must provide a written narrative to demonstrate <i>interaction</i> or <i>common interests</i> of the proposed expanded community as a whole, when seeking to add an area adjacent to a Core Based Statistical Area. Note: the proposal does note the larger the adjacent area is the more challenging it may be to demonstrate it is a well-defined local community.
<b><i>Individual Congressional District as a Well-Defined Local Community</i></b>	While NCUA has historically acknowledged a Congressional district has well-defined geographic boundaries, to date, it has nonetheless not permitted a community charter to be based on one because the boundaries are subject to frequent change.	Under the proposal, NCUA would recognize an individual Congressional district as a well-defined local community and permit a federal credit union to serve an area consisting of the geographic boundaries of an individual Congressional district.
<b>RURAL DISTRICT DEFINED</b>		
<b><i>Population Limits</i></b>	The current chartering and field of membership policies limit the total population of a rural district to the greater of either: <ul style="list-style-type: none"> <li>a) 250,000 people, or</li> <li>b) 3 percent of the population of the state in which the majority of the district's population is located.</li> </ul>	Under the proposal, the rural district population limit is increased to 1,000,000—regardless of the state in which the majority of the district's population is located.
<b><i>Multi-State Expansion Limit</i></b>	NCUA currently permits a rural district to extend beyond a state's boundaries (subject to the population limit and density/census tract thresholds).	Under the proposal, NCUA continues to permit a federal credit union serving a rural district to cross the boundaries of other states. But, the agency will limit any multi-state expansion to only those states with borders immediately bordering the state containing the federal credit union's headquarters or main office.



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<b>UNDERSERVED AREAS</b>		
<p><b><i>Exclusion of Non-Depository Institutions and Non-Community Credit unions when Calculating the Concentration of Facilities Ratio</i></b></p>	<p>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.</p>	<p>Under the proposal, NCUA will re-calculate the concentration of facilities ratio analysis, <i>excluding</i> any non-depository institutions or non-community credit unions or both 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.</p>
<p><b><i>Alternatives to Identify Areas “Underserved by Other Depository Institutions”</i></b></p>	<p>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.</p>	<p>Under the proposal, NCUA 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 data or another federal banking agency’s data.</p>
<b>MULTIPLE COMMON BOND</b>		
<p><b><i>Federal Credit Union’s “Reasonable Proximity” through Members’ Online Access to Services</i></b></p>	<p>The Federal Credit Union Act requires a multiple common bond federal credit union to have a service facility within reasonable proximity to any group added to its field of membership. Current regulations to implement this statutory requirement permit a service facility to also include a credit union-owned ATM or credit union-owned electronic facility that meets a minimum level of service. To date, NCUA has not included a credit union’s internet website as a service facility.</p>	<p>Under the proposal, NCUA would modify the definition of “service facility” for multiple common bond federal credit unions to include a transactional website or mobile platform that permits—at a <i>minimum</i>—accepting shares for members’ accounts, accepting loan applications or dispersing loans.</p> <p>Therefore, when a multiple common bond federal credit union applies to add a group to its field of membership, it would be able to meet the statutory requirement to have a service facility within reasonable proximity to the group through a transactional website or other electronic access that meets these minimum levels of services as determined by NCUA.</p> <p>Note that this would <i>not</i> apply for purposes of establishing and maintaining a service facility in an underserved area.</p>



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<p><b><i>Inclusion of Select Employee Group Contractors in a Multiple Common Bond</i></b></p>	<p>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 a group to be included in either a single or a multiple common bond credit union.</p>	<p>Under the proposal, for purposes of recognizing the occupational affinity between a select employee group sponsor's own employees and those of each sponsor's contractors, NCUA would not make a distinction between a single common bond credit union and a multiple common bond credit union. Therefore, NCUA proposes to extend to <i>multiple occupational common bond credit unions</i> the ability 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 has a strong dependency relationship with the sponsor in each case.</p>
<p><b><i>Inclusion of Office or Industrial Park Tenants in a Multiple Common Bond</i></b></p>	<p>In the past, NCUA has recognized industrial parks as a special type of community charter, but had not extended this recognition to other types of fields of membership.</p>	<p>Under the proposal, NCUA will also permit a <i>multiple common bond</i> federal credit union to include in its field of membership, employees of an industrial park's tenants, such as retail tenants of a shopping mall, business tenants of an office building or complex. The group listed in the charter would be the office or industrial park itself, and it would not be necessary to list each tenant as a group sponsor individually. Inclusion of such office/industrial park group within a multiple common bond credit union would be subject to two conditions:</p> <p>1) each tenant within the 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> <p>New tenants to the industrial park would be eligible for membership subject to the above conditions.</p>



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<b><i>Streamlined Determination of Stand-Alone Feasibility of Groups Greater than 3,000</i></b>	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 <i>fewer</i> than 3,000 potential members.	Under the proposal, in addition to retaining the existing streamlined processing for groups less than 3,000 potential members, the proposed rule offers an additional new and appropriate level of streamlined processing procedures 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.
<b><i>Other Persons Eligible for Credit Union Membership</i></b>	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.	Under the proposal, and consistent with affinity relationships, NCUA will permit a federal credit union to include within its common bond the honorably discharged veterans of any branch of the United States Armed Forces listed in its charter, continuing eligibility for credit union membership beyond active duty for military personnel.
<b>TRADE, INDUSTRY, OR PROFESSION (TIP) AS A SINGLE COMMON BOND</b>		
<b><i>Inclusion of "Strong Dependency" Vendors and Suppliers in TIP Definition</i></b>	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.	Under the proposal, NCUA will expand its definition of a TIP charter to include employees of entities that have a strong dependency relationship with (and whose employees work directly with employees of) other entities within the same industry.  The proposal defines a strong dependency relationship as hinging on the likelihood of a significant economic impact on either or both parties if one were unable to continue in its operations without doing business with the other.
<b>OTHER ITEMS</b>		
<b><i>Technical Updates</i></b>	N/A	The proposed rule would correct statutory and regulatory citations and cross-references. It would update the appendices to the Chartering and Field of Membership Manual to reflect current agency practices as well as update references to NCUA offices. Additionally, the proposed rule designates the NCUA Board Secretary as the point of contact for any appeals of charter decisions.