



December 9, 2019

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

Re: Comments on Chartering and Field of Membership Proposed Rule

Dear Mr. Poliquin:

The Indiana Credit Union League (ICUL) appreciates the opportunity to submit comments on the National Credit Union Administration's Proposed Rulemaking for Part 701- Chartering and Field of Membership. The ICUL member credit unions represent 99% of assets and members of Indiana's credit unions, with those memberships totaling more than 2.6 million consumers.

We appreciate the NCUA Board's prompt response proposing changes to the Chartering and Field of Membership Manual based on the August 2019 U.S. District Court of Appeals decision supporting NCUA's position on predesignated Combined Statistical Areas (CSA) as presumptive well-defined local communities (WDLC) and adding a portion of a core-based statistical area (CBSA) without including the core area. We support the proposed changes to the field of membership (FOM) regulations and encourage NCUA to continue to look for opportunities to further improve the regulations within the framework of what is allowed by the Federal Credit Union Act (FCUA).

We are firm believers in the dual chartering system and believe that the proposed changes strengthen the federal charter option by moving the FOM regulations closer to the more flexible FOM options available under many state credit union acts. When we see conversions from federal to state charters, the less restrictive FOM regulations afforded under the Indiana State Credit Union Act are cited as the primary driver of the charter change. The following provides some additional input on several of the specific recommendations in the proposed rule.

We support the proposal to include the Office of Management and Budget's CSAs as WDLCs. As with the other CBSA that OMB identifies, sufficient interactions and common interests already have been identified to support the OMB's designation of a CSA. We believe that if NCUA is going to utilize the OMB designations of CBSA, then all of the designations should be included.

We support the proposal to allow an FCU to request to serve a portion of a CBSA that does not include the "core" of the CBSA as is currently required. Often the "core" area of the CBSA is also the largest population concentration. Allowing credit unions to serve a portion of the CBSA that does not include the "core" affords the opportunity for a credit union to request a FOM that more reasonably fits the ability of the credit union to serve. Under the current regulation, a credit union may find itself requesting a larger area than what is really wanted, stretching its resources in an attempt to serve that larger area. Not having to include the "core" area will allow credit unions to be more realistic in the areas requested and positioned to be more successful in providing services to that smaller area.

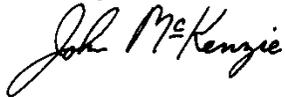
Credit unions as not for profit, member owned financial institutions have focused on providing affordable services to all segments of their fields of membership. We disagree with the bankers' argument that not including the core area is an invitation to redlining and ignoring low- and moderate-income individuals. We believe that this affords credit unions the opportunity to do just the opposite and focus the limited resources of the credit union on those areas where there is a greater need for service. Unfortunately, we have seen banks closing branches, many of which are in communities that would be classified as low- to moderate- income areas, and we have seen credit unions step in and open offices to fill the void the departure of banks has left. Unlike many of the largest banks, credit unions do not have unlimited resources to open branches throughout a large geographic area. This forces credit unions to decide where their resources can be placed to the greatest benefit of the community they serve.

We do not oppose the addition of a section to the business plan to address why a particular portion of a CBSA was selected if it did not include the core area as a requirement to be submitted with the community charter or FOM expansion request. We ask that NCUA define what this section needs to include, but also that it not be so complicated or lengthy that it will add additional cost or significant time to the business plan development process. We also do not want to have this added step increase significantly the amount of time that it takes for NCUA to review the request and make a decision. We believe a credit union should be able to explain the reasoning behind the request is a fairly succinct narrative.

Thank you for the opportunity to comment on the proposed Chartering and Field of Membership revisions. We are encouraged that NCUA continues to view the FOM regulations as needing to provide 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 be more flexible and 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,

A handwritten signature in black ink that reads "John McKenzie". The signature is written in a cursive style with a large, stylized "J" and "M".

John McKenzie  
President, Indiana Credit Union League