



May 30, 2023

Ms. Melane Conyers-Ausbrooks
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428

Re: NCUA Proposed Chartering and Field of Membership Rule – Docket NCUA-2023-0179

Dear Ms. Conyers-Ausbrooks,

The Indiana Credit Union League (ICUL) appreciates the opportunity to submit comments on the NCUA's proposed rule amending the chartering and field of membership (FOM) manual. The ICUL member credit unions represent 99% of assets and members of Indiana's credit unions, with those memberships totaling more than 2.8 million consumers. The ICUL supports and encourages efforts to help more consumers gain access to the important products and services that credit unions provide and we appreciate the steps that this proposed rule takes, especially in the areas of serving low- and moderate- income communities and reducing the regulatory burden on credit unions looking to serve more people. Following are several elements of the proposed rule that the ICUL believes are important.

The ICUL supports NCUA's effort to provide flexibility to multiple common bond federal credit unions (FCUs) serving underserved areas based on rural districts by removing the headquarters restrictions included in a 2016 final rule concerning the definition of a rural district. As the proposed rule notes, the headquarters requirement in the 2016 rule was designed to control the size of a rural district's boundaries for community-chartered credit unions, but it also ended up applying to underserved areas and could limit the options for multiple common bond FCUs to add and serve underserved rural areas. We support removing the headquarters requirement as an unnecessary barrier to multiple common bond FCUs seeking the opportunity to serve these underserved areas.

The proposed rule describes the interaction and overlap between the FCU Act's definition of an "underserved area" and the definition of an "investment area" under the Community Development Banking and Financial Institutions (CDFI) Act and the questions that have arisen over inconsistencies and changes that have been made to the CDFI Fund's criteria over time. The ICUL supports the steps the NCUA is taking in this proposed rule to clarify the application of CDFI Fund criteria to the determination of a proposed underserved area expansion, especially by cross-referencing the CDFI's "economic distress" criteria instead of replicating them in the chartering and FOM manual. We agree that this process could reduce confusion and inconsistencies as the criteria change over time. Providing a summary of these criteria in the manual also would be helpful. The ICUL also supports the NCUA keeping consistent the definition of geographic units that may constitute an investment area with the CDFI Fund's criteria by eliminating census block groups, which the CDFI Fund changed several years ago. We support the proposed changes that would create ongoing consistency between the NCUA's criteria and the CDFI Fund's criteria to help prevent confusion.

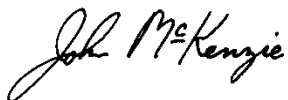
The ICUL appreciates the NCUA's focus in this proposed rule to remove duplicative or unnecessary regulatory requirements including the elimination of the length requirement and third-party data or support references on the required significant unmet need (SUN) statement. The current SUN statement requirements can be difficult for credit unions, at times, and can often involve significant efforts to resolve subjectivity and other concerns. We also believe the objectives of the SUN statement can be met by other aspects of the application process.

The ICUL strongly supports the proposed rule's efforts to reduce the regulatory burden for community charter applications and conversions. The proposed rule would establish a simplified business and marketing plan for community charter applications, create a standardized, fillable application for community charter conversion or expansion requests, and eliminate the requirement for a federally insured state-chartered credit union converting to a federal community charter to submit a business and marketing plan if they continue to serve the same community. We recognize the importance that the business and marketing plans have in community charter applications, but the details and depth of the plans currently required can often be a significant regulatory burden on credit unions. The ICUL supports the proposed rule's efforts to simplify this process and we agree with the NCUA that the proposed changes would not undermine the goals that these plans serve.

Finally, the ICUL supports the addition of a fifth affinity group that would be eligible for membership in a community FCU – an employee for a legal entity headquartered in the community, neighborhood, or rural district. The ICUL strongly agrees that this addition is important because it would allow a community FCU to serve employees who work for an important entity in the community even if the employee does not physically live or work within the boundaries of the community. As the workforce continues to change and businesses provide the option for employees to telecommute, community FCUs should be able to serve people who are important to the businesses they serve in their communities no matter where they live or work.

Thank you for the opportunity to comment on these important changes that the NCUA is proposing to chartering and FOM manual. We appreciate the NCUA's efforts to improve consumers' access to financial services and to reduce unnecessary paperwork and regulatory impact on credit unions. 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