



May 23, 2023

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

Submitted electronically via  
<https://www.regulations.gov>

RE: RIN 3133-AF46; Docket Number NCUA– 2022–0179; Chartering and Field of Membership

Dear Ms. Conyers-Ausbrooks,

The Dakota Credit Union Association (DakCU), which represents state and federally chartered credit unions in the states of North Dakota and South Dakota, appreciates the opportunity to provide comment to the National Credit Union Administration (NCUA) regarding its proposed rulemaking to amend its chartering and field of membership rules.

DakCU fully supports and applauds the NCUA for continuing to review and identify ways for federal credit unions to better serve consumers while taking positive steps to reduce the unnecessary regulatory burden. DakCU agrees with NCUA that these proposed enhancements to the Chartering and Field of Membership Manual (Manual) will “enhance consumer access to financial services, while reducing duplicative or unnecessary paperwork and administrative requirements.” *88 FR 12607, February 28, 2023*. The Manual, incorporated as Appendix B to Part 701 of the NCUA regulations, implements the chartering and field of membership requirements that the Federal Credit Union Act establishes for federal credit unions (FCU).

Despite what others in the financial industry may try to argue, credit unions continue to operate for the same purpose and upon the same beliefs as those credit unions did when the Federal Credit Union Act was first signed into law – namely, “purpose of promoting thrift among its members and creating a source of credit for provident or productive purposes.” *Federal Credit Union Act, Section 1752*. Federal Credit Unions have and continued to be “member-owned, democratically operated, not-for-profit organization managed by a volunteer board of directors. Its stated mission is to meet the credit and savings needs of members, especially individuals of modest means.” *Appendix A to 12 CFR 701, Federal Credit Union Bylaws, Article I*.

DakCU supports all changes to the Manual as proposed by the NCUA, with one request for slight modification. With regard to the proposed changes to requirements for community based state chartered credit unions converting to FCUs, DakCU supports the NCUA’s proposal to remove the business and marketing plan requirements for federally insured state chartered credit union (FISCU) converting to



federal community charter if they will continue to serve the same community. The proposed change will help reduce regulatory burden and is logical since, as NCUA points out, “the economic advisability of granting a community charter in a conversion to a federal credit union is more readily determinable because the applicant applying to convert is an existing insured credit union whose management and operations the NCUA has examined or supervised and that has an established history of serving the community.” *88 FR 12615, February 28, 2023.*

DakCU would urge the NCUA to expand this exception to the business and marketing plan requirement when the community FOM of the FISCU is “substantially the same” as what it will be under a federal community charter to allow streamlined conversion in situations where state law does not align with federal definitions. For example, a North Dakota state chartered credit union with an “open” or community charter is limited “to groups residing within a geographic area that does not extend beyond a seventy-five-mile [120.70-kilometer] radius of the home office of the credit union.” *North Dakota Century Code 6-06-07(2)*. Whereas, the NCUA Chartering and Field of Membership Manual, directs that the proposed community area must be (1) Well-defined, and (2) a local community or rural district. *Chapter 5, Section V.A.2*. The Manual goes on to define “well-defined” to mean “the proposed area has specific geographic boundaries. Geographic boundaries may include a city, township, county (single, multiple, or portions of a county) or a political equivalent, school districts, or a clearly identifiable neighborhood.” *Id.* Therefore, in situations where a state charter community credit unions with a FOM defined by a radius converts to federal community charter and it is a matter of defining the boundary by the Manual requirements, if the community served is substantially the same, then DakCU urges the NCUA to reduce the regulatory burden for these state charter credit unions as well.

All consumers should have the opportunity to join a credit union and have access to affordable products and services and DakCU fully supports the NCUA’s efforts in ensuring that this goal is met.

Thank you for this opportunity to share our comments and concerns.

Respectfully,

A handwritten signature in black ink, appearing to read "Jeffrey Olson".

Jeffrey Olson  
CEO/President

A handwritten signature in black ink, appearing to read "Amy Kleinschmit".

Amy Kleinschmit  
Chief Compliance Officer