

EXPANDING FINANCIAL ACCESS FOR UNDERSERVED  
 COMMUNITIES ACT

JUNE 7, 2022.—Committed to the Committee of the Whole House on the State of  
 the Union and ordered to be printed

Ms. WATERS, from the Committee on Financial Services,  
 submitted the following

R E P O R T

[To accompany H.R. 7003]

The Committee on Financial Services, to whom was referred the bill (H.R. 7003) to amend the Federal Credit Union Act to permit credit unions to serve certain underserved areas, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

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The amendment is as follows:

Strike all after the enacting clause and insert the following:

**SECTION 1. SHORT TITLE.**

This Act may be cited as the “Expanding Financial Access for Underserved Communities Act”.

**SEC. 2. CREDIT UNION SERVICE TO UNDERSERVED AREAS.**

Section 109 of the Federal Credit Union Act (12 U.S.C. 1759) is amended—

(1) in subsection (c)(2)—

(A) by striking “the field of membership category of which is described in subsection (b)(2),”;

(B) by amending subparagraph (A) to read as follows:

“(A) the Board determines that the local community, neighborhood, or rural district is an underserved area; and”;

(C) in subparagraph (B), by inserting “not later than 2 years after having such underserved area added to the credit union’s charter,” before “the credit union”; and

(2) by adding at the end the following:

“(h) CHANGE OF FIELD OF MEMBERSHIP TO INCLUDE UNDERSERVED AREAS.—

“(1) IN GENERAL.—If an existing Federal credit union applies to the Board to alter or expand the field of membership of the credit union to serve an underserved area, the credit union shall submit a business and marketing plan with such application that explains the credit union’s ability and intent to serve the population of the underserved area through the change in field of membership.

“(2) REPORT BY CREDIT UNION.—Not later than 2 years after the date on which a Federal credit union’s application described under paragraph (1) is approved, the credit union, as part of the ordinary course of the examination cycle and supervision process, shall submit a report to the Administration that includes—

“(A) an estimate of the number of members of the credit union who are members by reason of the application;

“(B) a description of the types of financial services utilized by members of the credit union who are members by reason of the application; and

“(C) an update of the credit union’s implementation of the business and marketing plan described under paragraph (1).”.

**SEC. 3. MEMBER BUSINESS LENDING IN UNDERSERVED AREAS.**

Section 107A(c)(1)(B) of the Federal Credit Union Act (12 U.S.C. 1757a(c)(1)(B)) is amended—

(1) in clause (iv), by striking “or” at the end;

(2) in clause (v), by striking the period and inserting “; or”; and

(3) by adding at the end the following:

“(vi) that is made to a member or associated borrower that lives in or operates in an underserved area.”.

**SEC. 4. UNDERSERVED AREA DEFINED.**

Section 101 of the Federal Credit Union Act (12 U.S.C. 1752) is amended—

(1) in paragraph (8), by striking “; and” and inserting a period;

(2) in paragraph (9), by striking the period at the end and inserting “; and”; and

(3) by adding at the end the following:

“(10) The term ‘underserved area’ means a geographic area consisting of one or more population census tracts or one or more counties, that encompass or are located within—

“(A) an investment area, as defined under section 103(16) of the Community Development Banking and Financial Institutions Act of 1994;

“(B) groups of contiguous census tracts in which at least 85 percent individually qualify as low-income communities, as defined under section 45D(e) of the Internal Revenue Code of 1986; or

“(C) an area that is more than ten miles, as measured from each point along the area’s perimeter, from the nearest branch of a depository institution (as defined under section 3 of the Federal Deposit Insurance Act) or credit union.”.

**SEC. 5. REPORTS BY THE NATIONAL CREDIT UNION ADMINISTRATION.**

(a) INITIAL REPORT.—Not later than 3 years after the date of enactment of this Act, but no sooner than 2 years after the date of enactment of this Act, the National Credit Union Administration shall issue a report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate on the implementation of the amendments made by this Act.

(b) UPDATE.—The National Credit Union Administration shall issue an updated report on the implementation of the amendments made by this Act to the committees described under subsection (a) on the date that is 5 years after the date on which the Administration issues the initial report under subsection (a).

## PURPOSE AND SUMMARY

On March 8, 2022, Representative Waters introduced H.R. 7003, the “Expanding Financial Access for Underserved Communities Act,” which would allow all federal credit unions to apply to the National Credit Union Administration (NCUA) to expand their field of membership to include underserved communities, including communities that lack a depository institution branch within 10 miles. It would also exempt loans made by credit unions to businesses in underserved areas from the credit union member business lending cap.

## BACKGROUND AND NEED FOR LEGISLATION

“Banking deserts” are communities without adequate access to a nearby bank branch, which may make it more difficult for consumers to obtain access to financial services, including affordable banking services. A recent study by the Federal Reserve (Fed) identified 44 counties deeply affected by bank branch closures, which it defined as counties that had 10 or fewer branches and lost at least 50% of those branches between 2012 and 2017. The four largest megabanks have significantly reduced their U.S. branch networks from over 18,900 branches 10 years ago to over 15,300 branches as of June 30, 2020. The Congressional Research Service analyzed branch location data for the four largest megabanks and located only one branch (specifically a Wells Fargo branch located in Madison County, Florida) in any of the counties identified by the Fed as deeply affected by branch closures.

Meanwhile, research has shown that the number of bank branches in rural and underserved areas has decreased by almost 11 percent since 2012, while the number of credit union branches in those areas has grown by more than 2 percent. Currently, multiple common bond credit unions are eligible to expand their field of membership to underserved areas. The ANS to H.R. 7003 would expand that authority to all federal credit unions. The Committee has held several hearings on this legislation. In a May 2021 hearing, Chairwoman Waters asked NCUA Chairman Harper, “[S]hould we allow a credit union to expand its field of membership to set up a branch in areas where there are no physical branches?” Chairman Harper responded, “That is something that would certainly be helpful. The NCUA board and its members have long called upon Congress to allow not just multiple common bond credit unions to add underserved areas, but also single common bond, and community charters. That would be a good way potentially to help provide service to those areas.”

Moreover, the bill would exempt business loans made to borrowers located in underserved areas from the credit union member business lending cap. Current statute limits a credit union’s member business loans (MBLs) aggregate amount to the lesser of 1.75 times the credit union’s net worth or 12.25% of the credit union’s total assets with three exceptions. The exceptions were authorized for credit unions with low-income designations, which are chartered for the purpose of making business loans, and with a history of primarily making such loans. This bill would create an additional exception to help promote business lending in underserved areas.

## SECTION-BY-SECTION ANALYSIS

*Section 1. Short title*

- This section establishes the short title of the bill as the “Expanding Financial Access for Underserved Communities Act.”

*Section 2. Credit union service to underserved areas*

- This section amends the Federal Credit Union Act to allow an existing Federal credit union to alter or expand their field of membership to serve an underserved area, as defined by Section 4 of the bill. The credit union would be required to submit a business and marketing plan that explains the credit union’s ability and intent to serve the population of the underserved area, and if approved, submit a report to NCUA within 2 years after being approved with an estimate of the number of members of the credit union who are members by reason of the expansion; a description of the types of financial services utilized by members of the credit union who are members by reason of the expansion; and a progress report on the credit union’s implementation of the business and marketing plan required in its application.

*Section 3. Member business lending in underserved areas*

- This section would exempt business loans made to a member or associated borrower that lives in, or operates in, an underserved area from the credit union’s member business lending cap.

*Section 4. Underserved area defined*

- This section defined a “underserved area” to mean a geographic area consisting of one or more population census tracts or one or more counties or similar geographic subdivisions, such as boroughs or parishes, that encompass or are located within a CDFI investment areas, New Market Tax Credit areas, and areas with no branch of a depository institution within 10 miles.

*Section 5. Report by the National Credit Union Administration*

- NCUA would be required to conduct a study on the implementation of the reforms made by this Act and issue a report to Congress, between 2 and 3 years after enactment on its findings. NCUA would be required to conduct a second study on the implementation of the reforms made by this Act and issue a report to Congress 5 years after the first report.

## HEARINGS

For the purposes of section 3(c)(6) of House rule XIII, the Committee on Financial Services’ Full Committee held hearings to consider H.R. 7003 on May 19, 2021, entitled, “Oversight of Prudential Regulators: Ensuring the Safety, Soundness, Diversity, and Accountability of Depository Institutions,” and on May 27, 2021, entitled “Holding Megabanks Accountable: An update on Banking Practices, Programs, and Policies.” Additionally, the Committee on Financial Services’ Subcommittee on Consumer Protection & Financial Institutions held a hearing to consider H.R. 7003 on July 21, 2021, entitled “Banking the Unbanked: Exploring Private and Public Efforts to Expand Access to the Financial System.”

## COMMITTEE CONSIDERATION

The Committee on Financial Services met in open session on May 18, 2022 and ordered H.R. 7003 to be reported favorably to the House with an amendment in the nature of a substitute by a vote of 27 yeas and 22 nays, a quorum being present.

## COMMITTEE VOTES AND ROLL CALL VOTES

In compliance with clause 3(b) of rule XIII of the Rules of the House of Representatives, the Committee advises that the following roll call votes occurred during the Committee's consideration of H.R. 7003: Ordered reported to the House, as amended, with a favorable recommendation by a recorded vote of 27 yeas and 22 nays.

Present	Representatives	Ayes	Nays
	Ms. Waters, <i>Chairwoman</i>	/	
	Mrs. Maloney	/	
	Ms. Velázquez	/	
	Mr. Sherman	/	
	Mr. Meeks	/	
	Mr. Scott	/	
	Mr. Green	/	
	Mr. Cleaver	/	
	Mr. Perlmutter	/	
	Mr. Himes	/	
	Mr. Foster	/	
	Mrs. Beatty	/	
	Mr. Vargas	/	
	Mr. Gottheimer	/	
	Mr. Gonzalez (TX)	/	
	Mr. Lawson	/	
	Mr. San Nicolas	/	
	Ms. Axne	/	
	Mr. Casten	/	
	Ms. Pressley	/	
	Mr. Torres	/	
	Mr. Lynch	/	
	Ms. Adams	/	
	Ms. Tlaib	/	
	Ms. Dean	/	
	Ms. Ocasio-Cortez	/	
	Mr. Garcia (IL)	/	
	Ms. Garcia (TX)	/	
	Ms. Williams (GA)	/	
	Mr. Auchincloss	/	
30			
	Mr. McHenry, <i>Ranking Member</i>	/	
	Mrs. Wagner	/	
	Mr. Lucas	/	
	Mr. Sessions	/	
	Mr. Posey	/	
	Mr. Luetkemeyer	/	
	Mr. Huizenga	/	
	Mr. Barr	/	
	Mr. Williams (TX)	/	
	Mr. Hill	/	
	Mr. Emmert	/	
	Mr. Zeldin	/	
	Mr. Loudermilk	/	
	Mr. Mooney	/	
	Mr. Davidson	/	
	Mr. Budd	/	
	Mr. Kustoff	/	
	Mr. Hollingsworth	/	
	Mr. Gonzalez (OH)	/	
	Mr. Rose	/	
	Mr. Steil	/	
	Mr. Gooden	/	
	Mr. Timmons	/	
	Mr. Taylor	/	
24			
54			

**Committee on Financial Services**  
Full Committee  
117th Congress (2nd Session)

Date: 5.18.2022

Measure H.R. 7003

Amendment No. Final Passage

Offered by: Ms. Waters

27

Agreed To	Yes	No	Prsent	Wdrn
Voice Vote	Ayes		Nays	

Record Vote	FC
/	27-22

22

STATEMENT OF OVERSIGHT FINDINGS AND RECOMMENDATIONS OF  
THE COMMITTEE

In compliance with clause 3(c)(1) of rule XIII and clause 2(b)(1) of rule X of the Rules of the House of Representatives, the Committee's oversight findings and recommendations are reflected in the descriptive portions of this report.

STATEMENT OF PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause (3)(c) of rule XIII of the Rules of the House of Representatives, the goals of H.R. 7003 are to reauthorize and make permanent the National Credit Union Administration's (NCUA) authority over the third-party vendors of credit unions. It would also provide the Federal Housing Finance Agency (FHFA) with similar authority over the third-party vendors of Fannie Mae, Freddie Mac and the Federal Home Loan Banks.

NEW BUDGET AUTHORITY AND CBO COST ESTIMATE

Pursuant to clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974, and pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 402 of the Congressional Budget Act of 1974, the Committee has requested an estimate from the Director of the Congressional Budget Office. CBO was unable to provide an estimate in a timely manner.

COMMITTEE COST ESTIMATE

Clause 3(d)(1) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison of the costs that would be incurred in carrying out H.R. 7003. The Committee has requested an estimate from the Director of the Congressional Budget Office, but the CBO was unable to provide an estimate in a timely manner. After careful review the Committee estimates that H.R. 7003 would have an insignificant impact on spending.

UNFUNDED MANDATE STATEMENT

Pursuant to Section 423 of the *Congressional Budget and Impoundment Control Act* (as amended by Section 101(a)(2) of the *Unfunded Mandates Reform Act*, Pub. L. 104-4), the Committee adopts its own the estimate of federal mandates regarding H.R. 7003, as amended.

ADVISORY COMMITTEE

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

APPLICATION OF LAW TO THE LEGISLATIVE BRANCH

Pursuant to section 102(b)(3) of the *Congressional Accountability Act*, Pub. L. No. 104-1, H.R. 7003, as amended, does not apply to terms and conditions of employment or to access to public services or accommodations within the legislative branch.

## EARMARK STATEMENT

In accordance with clause 9 of rule XXI of the Rules of the House of Representatives, H.R. 7003 does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as described in clauses 9(e), 9(f), and 9(g) of rule XXI.

## DUPLICATION OF FEDERAL PROGRAMS

Pursuant to clause 3(c)(5) of rule XIII of the Rules of the House of Representatives, the Committee states that no provision of H.R. 7003 establishes or reauthorizes a program of the Federal Government known to be duplicative of another federal program, a program that was included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111–139, or a program related to a program identified in the most recent Catalog of Federal Domestic Assistance.

## CHANGES TO EXISTING LAW

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, H.R. 7003, as reported, are shown as follows:

## CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, and existing law in which no change is proposed is shown in roman):

**FEDERAL CREDIT UNION ACT**

\* \* \* \* \*

## TITLE I—FEDERAL CREDIT UNIONS

## DEFINITIONS

SEC. 101. As used in this Act—

(1) the term “Federal credit union” means a cooperative association organized in accordance with the provisions of this Act for the purpose of promoting thrift among its members and creating a source of credit for provident or productive purposes;

(2) the term “Chairman” means the Chairman of the National Credit Union Administration;

(3) the term “Administration” means the National Credit Union Administration;

(4) the term “Board” means the National Credit Union Administration Board;

(5) The terms “member account” and “account” mean a share, share certificate, or share draft account of a member of a credit union of a type approved by the Board which evidences money or its equivalent received or held by a credit union in the usual course of business and for which it has given or is obligated to give credit to the account of the member, and, in

the case of a credit union serving predominantly low-income members (as defined by the Board), such terms (when referring to the account of a nonmember served by such credit union) mean a share, share certificate, or share draft account of such nonmember which is of a type approved by the Board and evidences money or its equivalent received or held by such credit union in the usual course of business and for which it has given or is obligated to give credit to the account of such nonmember, and such terms mean share, share certificate, or share draft account of nonmember credit unions and nonmember units of Federal, State, or local governments and political subdivisions thereof enumerated in section 207 of this Act, and such terms mean custodial accounts established for loans sold in whole or in part pursuant to section 107(13): *Provided*, That for purposes of insured State credit unions, reference in this paragraph to “share”, “share certificate”, or “share draft” accounts includes, as determined by the Board, the equivalent of such accounts under State law;

(6) The terms “State credit union” and “State-chartered credit union” mean a credit union organized and operated according to the laws of any State, the District of Columbia, the several territories and possessions of the United States, the Panama Canal Zone, or the Commonwealth of Puerto Rico, which laws provide for the organization of credit unions similar in principle and objectives to Federal credit unions;

(7) The term “insured credit union” means any credit union the member accounts of which are insured in accordance with the provisions of title II of this Act, and the term “noninsured credit union” means any credit union the member accounts of which are not so insured;

(8) The term “Fund” means the National Credit Union Share Insurance Fund[; and].

(9) The term “branch” includes any branch credit union, branch office, branch agency, additional office, or any branch place of business located in any State of the United States, the District of Columbia, the several territories, including the trust territories, and possessions of the United States, the Panama Canal Zone, or the Commonwealth of Puerto Rico, at which member accounts are established or money lent. The term “branch” also includes a suboffice, operated by a Federal credit union or by a credit union authorized by the Department of Defense, located on an American military installation in a foreign country or in the trust territories of the United States[.]; and

(10) *The term “underserved area” means a geographic area consisting of one or more population census tracts or one or more counties, that encompass or are located within—*

*(A) an investment area, as defined under section 103(16) of the Community Development Banking and Financial Institutions Act of 1994;*

*(B) groups of contiguous census tracts in which at least 85 percent individually qualify as low-income communities, as defined under section 45D(e) of the Internal Revenue Code of 1986; or*

(C) *an area that is more than ten miles, as measured from each point along the area's perimeter, from the nearest branch of a depository institution (as defined under section 3 of the Federal Deposit Insurance Act) or credit union.*

\* \* \* \* \*

**SEC. 107A. LIMITATION ON MEMBER BUSINESS LOANS.**

(a) **IN GENERAL.**—On and after the date of enactment of this section, no insured credit union may make any member business loan that would result in a total amount of such loans outstanding at that credit union at any one time equal to more than the lesser of—

- (1) 1.75 times the actual net worth of the credit union; or
- (2) 1.75 times the minimum net worth required under section 216(c)(1)(A) for a credit union to be well capitalized.

(b) **EXCEPTIONS.**—Subsection (a) does not apply in the case of—

- (1) an insured credit union chartered for the purpose of making, or that has a history of primarily making, member business loans to its members, as determined by the Board; or
- (2) an insured credit union that—
  - (A) serves predominantly low-income members, as defined by the Board; or
  - (B) is a community development financial institution, as defined in section 103 of the Community Development Banking and Financial Institutions Act of 1994.

(c) **DEFINITIONS.**—As used in this section—

(1) the term “member business loan”—

(A) means any loan, line of credit, or letter of credit, the proceeds of which will be used for a commercial, corporate or other business investment property or venture, or agricultural purpose; and

(B) does not include an extension of credit—

- (i) that is fully secured by a lien on a 1- to 4-family dwelling;
- (ii) that is fully secured by shares in the credit union making the extension of credit or deposits in other financial institutions;
- (iii) that is described in subparagraph (A), if it was made to a borrower or an associated member that has a total of all such extensions of credit in an amount equal to less than \$50,000;
- (iv) the repayment of which is fully insured or fully guaranteed by, or where there is an advance commitment to purchase in full by, any agency of the Federal Government or of a State, or any political subdivision thereof; **[or]**
- (v) that is granted by a corporate credit union (as that term is defined by the Board) to another credit union **[.]**; or
- (vi) *that is made to a member or associated borrower that lives in or operates in an underserved area.*

(2) the term “net worth”—

(A) with respect to any insured credit union, means the credit union’s retained earnings balance, as determined under generally accepted accounting principles; and

- (B) with respect to a credit union that serves predominantly low-income members, as defined by the Board, includes secondary capital accounts that are—
  - (i) uninsured; and
  - (ii) subordinate to all other claims against the credit union, including the claims of creditors, shareholders, and the Fund; and
- (3) the term “associated member” means any member having a shared ownership, investment, or other pecuniary interest in a business or commercial endeavor with the borrower.
- (d) EFFECT ON EXISTING LOANS.—An insured credit union that has, on the date of enactment of this section, a total amount of outstanding member business loans that exceeds the amount permitted under subsection (a) shall, not later than 3 years after that date of enactment, reduce the total amount of outstanding member business loans to an amount that is not greater than the amount permitted under subsection (a).
- (e) CONSULTATION AND COOPERATION WITH STATE CREDIT UNION SUPERVISORS.—In implementing this section, the Board shall consult and seek to work cooperatively with State officials having jurisdiction over State-chartered insured credit unions.

\* \* \* \* \*

MEMBERSHIP

- SEC. 109. (a) IN GENERAL.—Subject to subsection (b), Federal credit union membership shall consist of the incorporators and such other persons and incorporated and unincorporated organizations, to the extent permitted by rules and regulations prescribed by the Board, as may be elected to membership and as such shall each, subscribe to at least one share of its stock and pay the initial installment thereon and a uniform entrance fee if required by the board of directors. Shares may be issued in joint tenancy with right of survivorship with any persons designated by the credit union member, but no joint tenant shall be permitted to vote, obtain loans, or hold office, unless he is within the field of membership and is a qualified member.
- (b) MEMBERSHIP FIELD.—Subject to the other provisions of this section, the membership of any Federal credit union shall be limited to the membership described in one of the following categories:
- (1) SINGLE COMMON-BOND CREDIT UNION.—One group that has a common bond of occupation or association.
  - (2) MULTIPLE COMMON-BOND CREDIT UNION.—More than one group—
    - (A) each of which has (within the group) a common bond of occupation or association; and
    - (B) the number of members, each of which (at the time the group is first included within the field of membership of a credit union described in this paragraph) does not exceed any numerical limitation applicable under subsection (d).
  - (3) COMMUNITY CREDIT UNION.—Persons or organizations within a well-defined local community, neighborhood, or rural district.
- (c) EXCEPTIONS.—

## (1) GRANDFATHERED MEMBERS AND GROUPS.—

## (A) IN GENERAL.—Notwithstanding subsection (b)—

(i) any person or organization that is a member of any Federal credit union as of the date of enactment of the Credit Union Membership Access Act may remain a member of the credit union after that date of enactment; and

(ii) a member of any group whose members constituted a portion of the membership of any Federal credit union as of that date of enactment shall continue to be eligible to become a member of that credit union, by virtue of membership in that group, after that date of enactment.

(B) SUCCESSORS.—If the common bond of any group referred to in subparagraph (A) is defined by any particular organization or business entity, subparagraph (A) shall continue to apply with respect to any successor to the organization or entity.

(2) EXCEPTION FOR UNDERSERVED AREAS.—Notwithstanding subsection (b), in the case of a Federal credit union, **the field of membership category of which is described in subsection (b)(2),** the Board may allow the membership of the credit union to include any person or organization within a local community, neighborhood, or rural district if—

**(A) the Board determines that the local community, neighborhood, or rural district—**

**[(i) is an “investment area”, as defined in section 103(16) of the Community Development Banking and Financial Institutions Act of 1994, and meets such additional requirements as the Board may impose; and**

**[(ii) is underserved, based on data of the Board and the Federal banking agencies (as defined in section 3 of the Federal Deposit Insurance Act), by other depository institutions (as defined in section 19(b)(1)(A) of the Federal Reserve Act); and]**

*(A) the Board determines that the local community, neighborhood, or rural district is an underserved area; and*

*(B) not later than 2 years after having such underserved area added to the credit union’s charter, the credit union establishes and maintains an office or facility in the local community, neighborhood, or rural district at which credit union services are available.*

## (d) MULTIPLE COMMON-BOND CREDIT UNION GROUP REQUIREMENTS.—

(1) NUMERICAL LIMITATION.—Except as provided in paragraph (2), only a group with fewer than 3,000 members shall be eligible to be included in the field of membership category of a credit union described in subsection (b)(2).

(2) EXCEPTIONS.—In the case of any Federal credit union, the field of membership category of which is described in subsection (b)(2), the numerical limitation in paragraph (1) of this subsection shall not apply with respect to—

(A) any group that the Board determines, in writing and in accordance with the guidelines and regulations issued under paragraph (3), could not feasibly or reasonably es-

establish a new single common-bond credit union, the field of membership category of which is described in subsection (b)(1) because—

(i) the group lacks sufficient volunteer and other resources to support the efficient and effective operation of a credit union;

(ii) the group does not meet the criteria that the Board has determined to be important for the likelihood of success in establishing and managing a new credit union, including demographic characteristics such as geographical location of members, diversity of ages and income levels, and other factors that may affect the financial viability and stability of a credit union; or

(iii) the group would be unlikely to operate a safe and sound credit union;

(B) any group transferred from another credit union—

(i) in connection with a merger or consolidation recommended by the Board or any appropriate State credit union supervisor based on safety and soundness concerns with respect to that other credit union; or

(ii) by the Board in the Board's capacity as conservator or liquidating agent with respect to that other credit union; or

(C) any group transferred in connection with a voluntary merger, having received conditional approval by the Administration of the merger application prior to October 25, 1996, but not having consummated the merger prior to October 25, 1996, if the merger is consummated not later than 180 days after the date of enactment of the Credit Union Membership Access Act.

(3) REGULATIONS AND GUIDELINES.—The Board shall issue guidelines or regulations, after notice and opportunity for comment, setting forth the criteria that the Board will apply in determining under this subsection whether or not an additional group may be included within the field of membership category of an existing credit union described in subsection (b)(2).

(e) ADDITIONAL MEMBERSHIP ELIGIBILITY PROVISIONS.—

(1) MEMBERSHIP ELIGIBILITY LIMITED TO IMMEDIATE FAMILY OR HOUSEHOLD MEMBERS.—No individual shall be eligible for membership in a credit union on the basis of the relationship of the individual to another person who is eligible for membership in the credit union, unless the individual is a member of the immediate family or household (as those terms are defined by the Board, by regulation) of the other person.

(2) RETENTION OF MEMBERSHIP.—Except as provided in section 118, once a person becomes a member of a credit union in accordance with this title, that person or organization may remain a member of that credit union until the person or organization chooses to withdraw from the membership of the credit union.

(f) CRITERIA FOR APPROVAL OF EXPANSION OF MULTIPLE COMMON-BOND CREDIT UNIONS.—

(1) IN GENERAL.—The Board shall—

(A) encourage the formation of separately chartered credit unions instead of approving an application to include an additional group within the field of membership of an existing credit union whenever practicable and consistent with reasonable standards for the safe and sound operation of the credit union; and

(B) if the formation of a separate credit union by the group is not practicable or consistent with the standards referred to in subparagraph (A), require the inclusion of the group in the field of membership of a credit union that is within reasonable proximity to the location of the group whenever practicable and consistent with reasonable standards for the safe and sound operation of the credit union.

(2) APPROVAL CRITERIA.—The Board may not approve any application by a Federal credit union, the field of membership category of which is described in subsection (b)(2) to include any additional group within the field of membership of the credit union (or an application by a Federal credit union described in subsection (b)(1) to include an additional group and become a credit union described in subsection (b)(2)), unless the Board determines, in writing, that—

(A) the credit union has not engaged in any unsafe or unsound practice (as defined in section 206(b)) that is material during the 1-year period preceding the date of filing of the application;

(B) the credit union is adequately capitalized;

(C) the credit union has the administrative capability to serve the proposed membership group and the financial resources to meet the need for additional staff and assets to serve the new membership group;

(D) any potential harm that the expansion of the field of membership of the credit union may have on any other insured credit union and its members is clearly outweighed in the public interest by the probable beneficial effect of the expansion in meeting the convenience and needs of the members of the group proposed to be included in the field of membership; and

(E) the credit union has met such additional requirements as the Board may prescribe, by regulation.

(g) REGULATIONS REQUIRED FOR COMMUNITY CREDIT UNIONS.—

(1) DEFINITION OF WELL-DEFINED LOCAL COMMUNITY, NEIGHBORHOOD, OR RURAL DISTRICT.—The Board shall prescribe, by regulation, a definition for the term “well-defined local community, neighborhood, or rural district” for purposes of—

(A) making any determination with regard to the field of membership of a credit union described in subsection (b)(3); and

(B) establishing the criteria applicable with respect to any such determination.

(2) SCOPE OF APPLICATION.—The definition prescribed by the Board under paragraph (1) shall apply with respect to any application to form a new credit union, or to alter or expand the field of membership of an existing credit union, that is filed

with the Board after the date of enactment of the Credit Union Membership Access Act.

*(h) CHANGE OF FIELD OF MEMBERSHIP TO INCLUDE UNDERSERVED AREAS.—*

*(1) IN GENERAL.—If an existing Federal credit union applies to the Board to alter or expand the field of membership of the credit union to serve an underserved area, the credit union shall submit a business and marketing plan with such application that explains the credit union’s ability and intent to serve the population of the underserved area through the change in field of membership.*

*(2) REPORT BY CREDIT UNION.—Not later than 2 years after the date on which a Federal credit union’s application described under paragraph (1) is approved, the credit union, as part of the ordinary course of the examination cycle and supervision process, shall submit a report to the Administration that includes—*

*(A) an estimate of the number of members of the credit union who are members by reason of the application;*

*(B) a description of the types of financial services utilized by members of the credit union who are members by reason of the application; and*

*(C) an update of the credit union’s implementation of the business and marketing plan described under paragraph (1).*

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