NCUA
National Credit Union Administration

New Charter Modernization

For Federally Chartered Credit Unions

June 22, 2023

Statutory and Regulatory Framework for New Charters

The Federal Credit Union Act, Section 1753

- Defines subscribers who seek to form a federal credit union and their responsibilities

NCUA Regulations

12 CFR Part 701, Organization and Operation of Federal Credit Unions

- Defines organization and operational aspects of the credit union

12 CFR Part 701, Appendix B, Chartering and Field of Membership Manual

- Defines the new charter process and specifics on fields of membership

State Charters

Approval process through State Supervisory Authority (SSA)

Submit to NCUA application for federal insurance

- Insurance application
- Business and Marketing Plan

Review for insurability

Background and credit review of officials and senior management staff if SSA does not provide this information

Updates to the New Charter Process

Three Phases of Chartering

Phase 1

- Proof of Concept
- Field of Membership
- Identify Subscribers
- Name of Credit Union
- Capital Funding Plans

Phase 2

- Charter Application
- Member Survey
- Analyze Market Conditions
- Develop a Business Plan
- Pro-forma Financial Statements
- Secure Donated Capital

Phase 3

- NCUA Final Approval
- Submit All Remaining Forms
- Sign All Required Documents
- Charter Issuance

60-Day CURE Review Goal*

180-Day CURE Review Goal from receipt of complete application in Phase 2 to charter issuance*

*Times for review begin when CURE receives all required information.

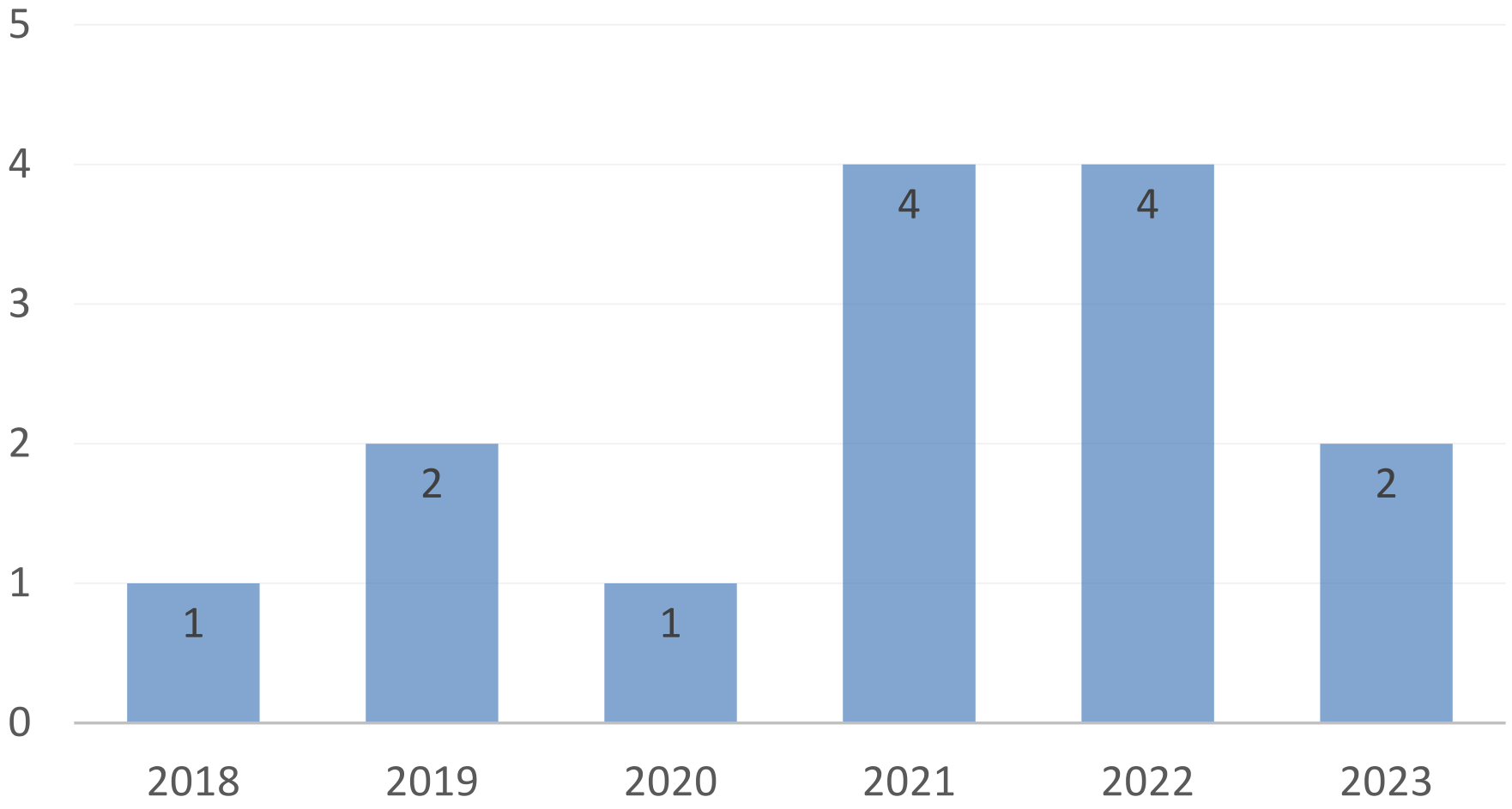
Additional Assistance

Updated New Charter Webpage

Templates and Forms

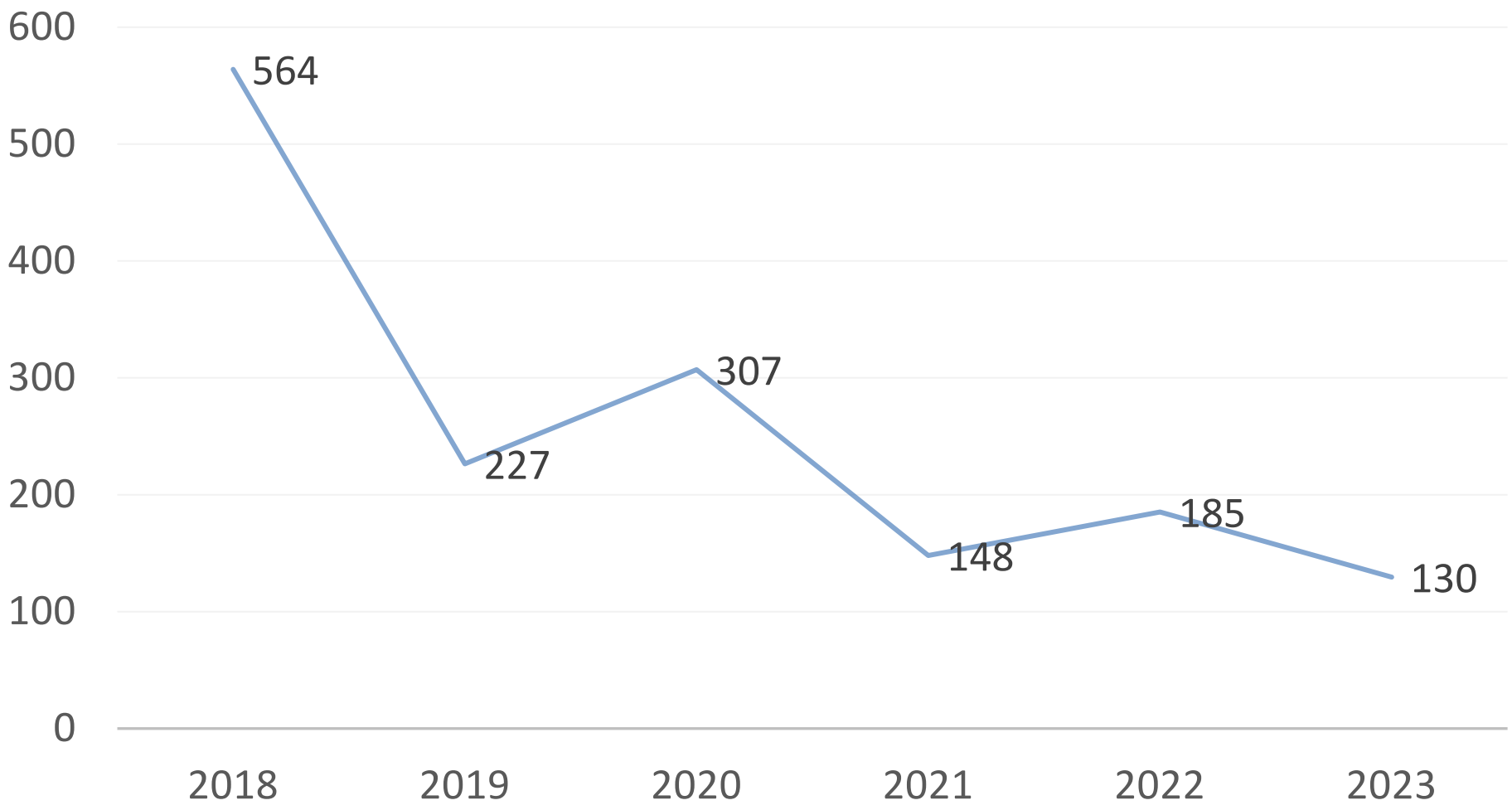
- Pro-forma financial statement projections template
- Document with pro-forma financial statement projection assumptions
- Sample member survey
- New charter application checklist
- Sample commitment letter

New Federal Charters by Year



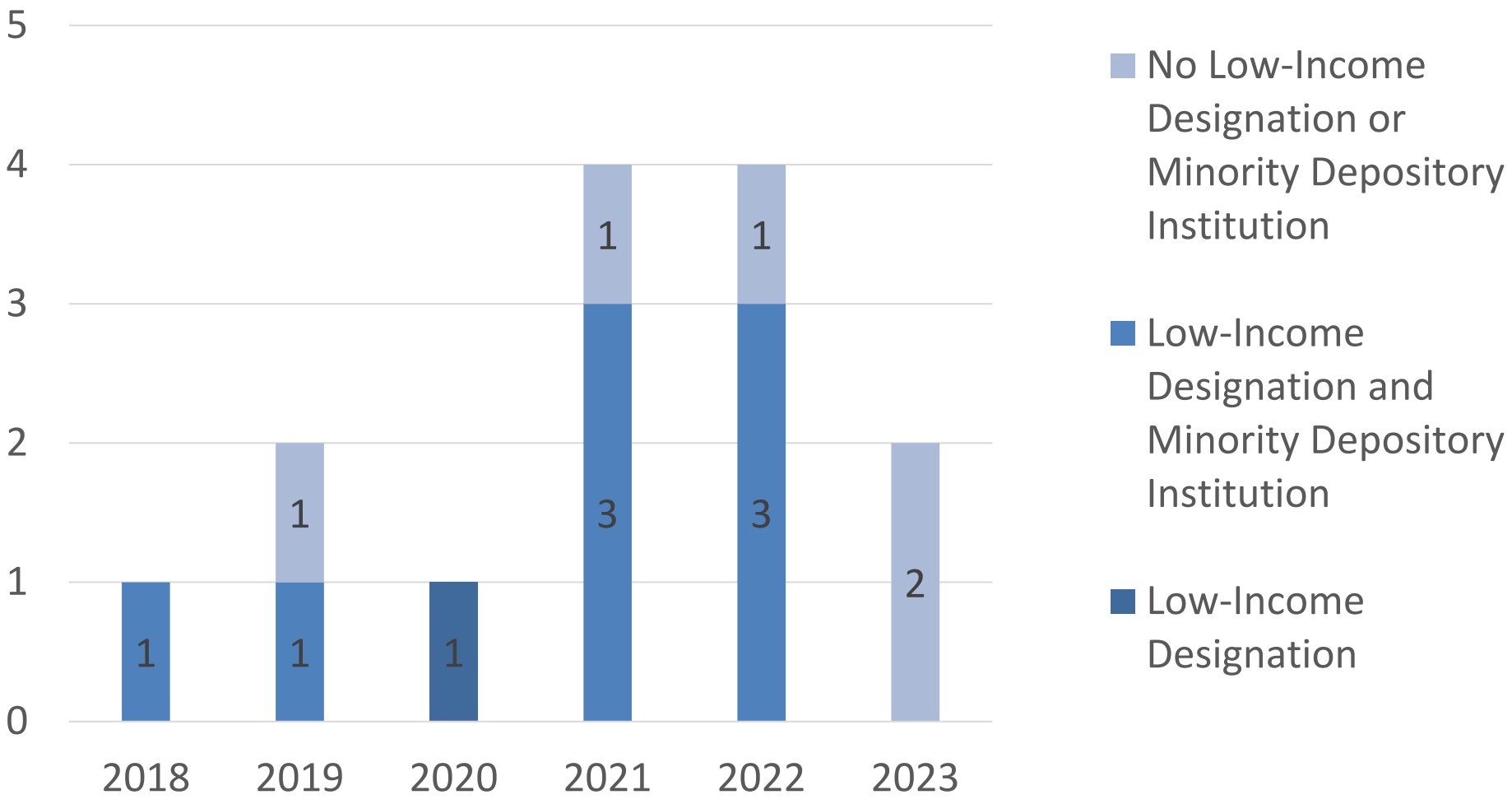
Source: ReportDatabase, CU030, 5/4/2023

Average Days to Charter from Receipt of a Complete Application



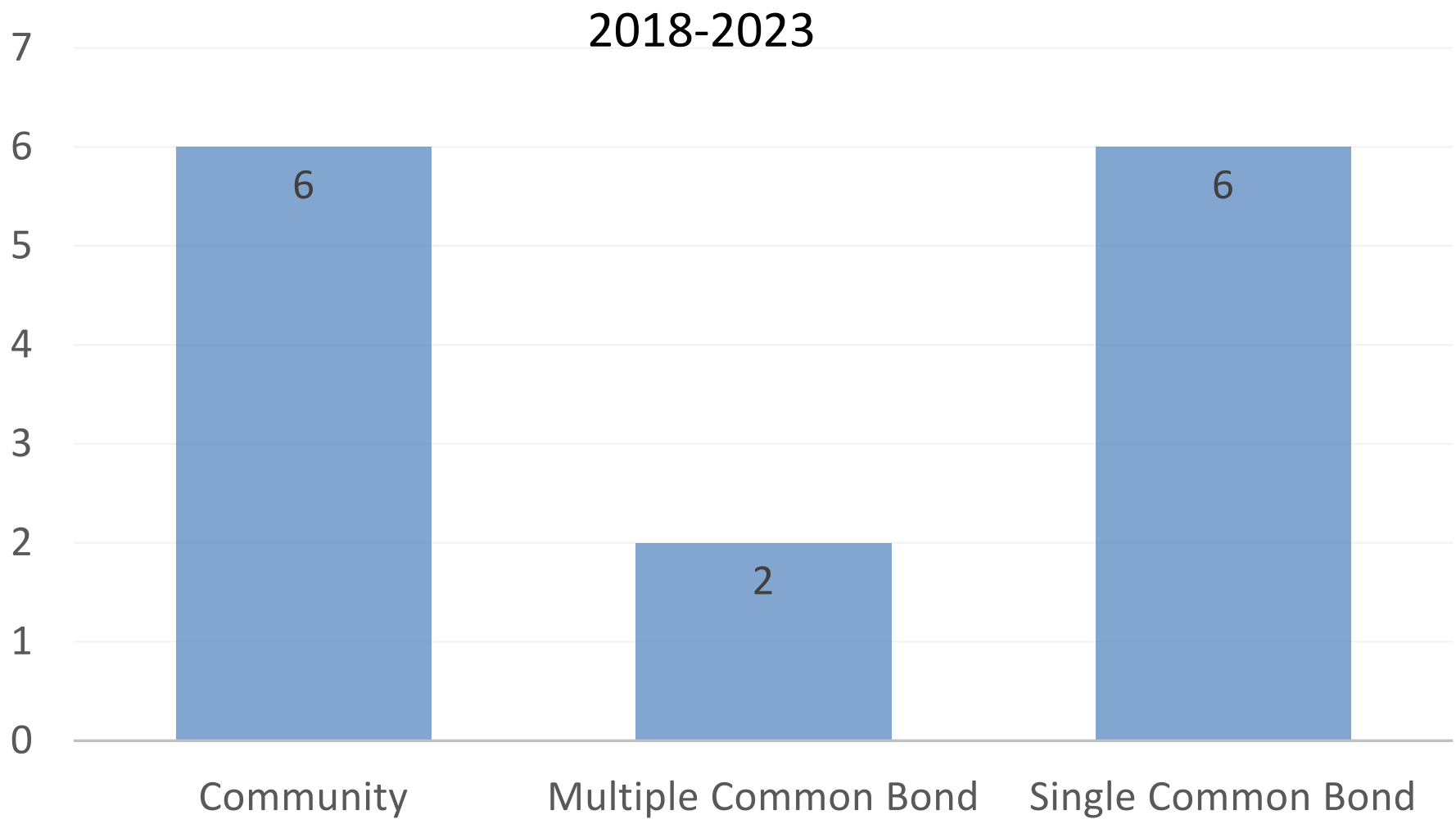
Source: ReportDatabase, DOIMain, 5/4/2023

New Charters by Designation Type



Source: ReportDatabase, EDP_CU030View, 5/4/2023

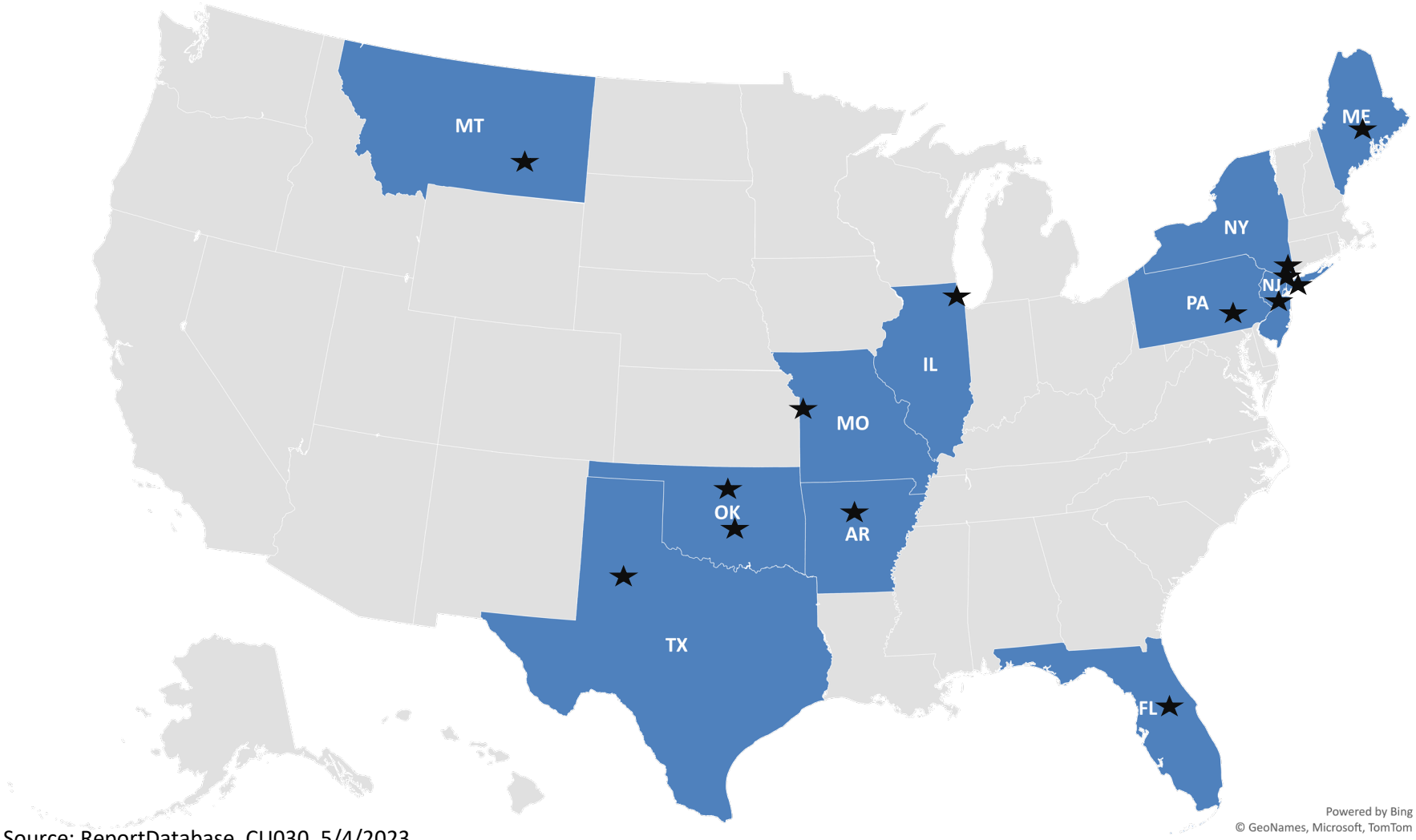
New Charters by Field of Membership Type



Source: ReportDatabase, CU030, 5/4/2023

New Charters By State

2018-2023



Source: ReportDatabase, CU030, 5/4/2023

2018–2023 New Charter Data

Organizing groups that submitted applications: 29

How many approved: 14

- Still operational: 13
- Asset ranges: $0.5M to $6.6M

Applications currently under review by CURE: 5

Number of denials: 2

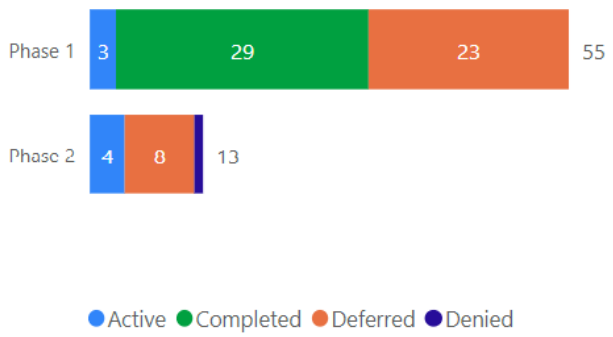
Number of withdraws: 1

New Management Tool

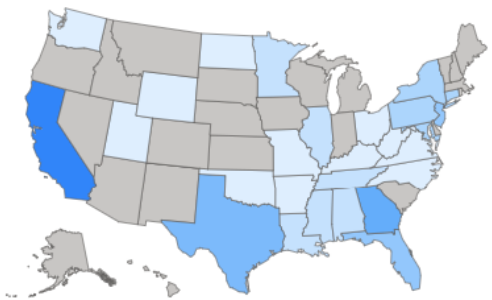
New Management System

Office of Credit Union Resources and Expansion
Consumer Access Charter Report

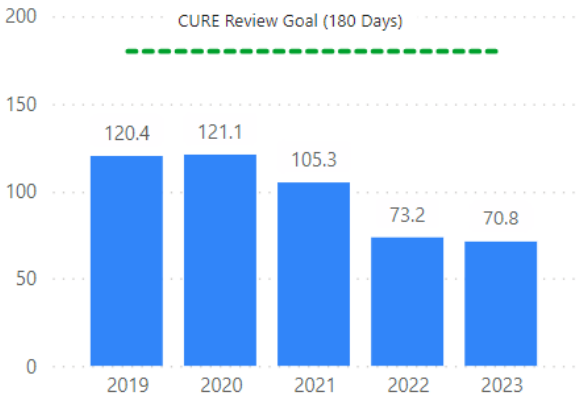
Proposed Charters By Phase



Proposed Charters by State



New FCU Charter Applications (Average Days vs. Goal)



Source: New Charters Database and CAPRIS (June 20, 2023)

Three Phases

Office of Credit Union Resources and Expansion
Consumer Access Charter Report

Chartering Application Flowchart

Phase 1 - Proof of Concept → **Phase 2 - Charter Application** → **Phase 3 - Final NCUA Approval**

CURE Review Goal: 60 Days

CURE Review Goal: 180 Days from receipt of a complete application in Phase 2 to charter issuance

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State	Status
CA	Active
MS	Active
TX	Active
AL	Completed
CA	Completed
CT	Completed
DC	Completed
FL	Completed
GA	Completed
MD	Completed
MN	Completed
MP	Completed
MS	Completed
ND	Completed
NJ	Completed
NY	Completed
OK	Completed
PA	Completed
TN	Completed
TX	Completed
WV	Completed
WY	Completed
CA	Deferred
CT	Deferred

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State	Status
CA	Active
KY	Active
NY	Active
UT	Active
AR	Deferred
DC	Deferred
GA	Deferred
LA	Deferred
MD	Deferred
MO	Deferred
TX	Deferred
IL	Denied

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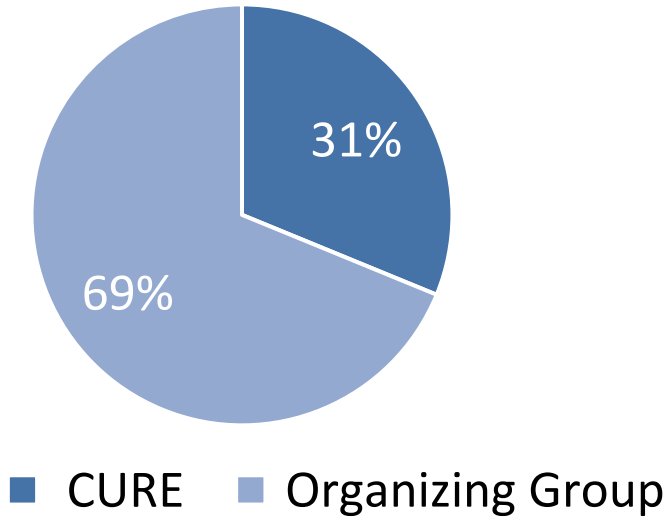
Source: New Charters Database (June 20, 2023)

CURE and Organizing Group Application Time Segment

2018–2023

Organizing groups require more time to complete the application requirements and to retain capital

Once CURE receives a complete application and required capital, the final approval begins



Source: ReportDatabase, DOIMain, 5/4/2023

Provisional Charter

Provisional Charter Pilot

A provisional charter: the credit union organizing group becomes a legal entity before being authorized to commence full operations in order to obtain required capital.

Provisional Charter Requirements

- Must have submitted a full application
- Must meet all other requirements except for the start-up capital

Provisional Charter Process

- Submit capital funding plan
- Agree to a 12-month period to secure funding

Next Steps for Provisional Charter

Prior to 2023 Year End:

- Federal Register Notice for a 60-day comment period
- Pilot the Provisional Charter

Questions