

January 11, 2016

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

Dear Mr. Poliquin:

On behalf of Gerber Federal Credit Union, I am writing to you regarding the National Credit Union Administration's (NCUA) proposed rule amending the Chartering and Field of Membership (FOM) Manual, incorporated as Appendix B to part 701. I appreciate NCUA's initiative in this rulemaking to provide meaningful regulatory relief to credit unions and welcome the opportunity to provide comments on this proposal. The credit union industry has long advocated for FOM reform, and we appreciate the NCUA Board's support for modernizing the agency's FOM regulations for the first time in fifteen years.

I, as do many of my peers, continue to believe that NCUA's current FOM Rule and Regulations unnecessarily inhibit our ability to serve our communities and other consumers who want and need affordable financial services. While I acknowledge that legislation is necessary to resolve certain limitations of FOM rules, I support NCUA's attempt at regulatory relief by streamlining its chartering and FOM procedures, as well as removing many non-statutory constraints on FOM chartering and expansion.

### **Keeping pace with technology**

This proposal represents a modernized approach to keep pace with changes in state laws and technology. Due to the explosive growth of technology and digital communication platforms, today's society is ubiquitous and widespread. To recognize these advancing technologies, the agency is proposing to revise the definition of "service facility" to include a credit union's products and services offered to members through an online internet channel, so long as it is capable of accepting shares and loan applications, or disbursing loan proceeds.

I strongly support NCUA's initiative to incorporate online financial services into the definition of "service facility." Consumers and federal credit unions should not be penalized for adopting the use of these technologies to serve and grow their memberships.

### **Serving underserved areas**

Currently, the agency uses a 'concentration of facilities ratio' (CFR) as a factor in determining whether an area is "underserved". However, since the Federal Credit Union Act does not prescribe a specific test to assess "underservice" as it relates to other depository institutions, NCUA should consider other metrics as alternatives to CFR.

For example, to improve the ability of a credit union to evidence why an area is underserved, credit unions suggest the NCUA consider Home Mortgage Disclosure Act (HMDA) data or local economic factors, including poverty rates, unemployment rates, and median area family income.

Additionally, I strongly support the use of "underserved counties" by the Consumer Financial Protection Bureau (CFPB).

### **Determination of stand-alone feasibility**

The FCU Act presumes that a group of 3,000 or more can form their own, single association FCU, unless the group presents sufficient information for the NCUA to determine that it cannot feasibly "stand alone". NCUA proposed to streamline the stand-alone feasibility determination for groups of more than 3,000, but less than 5,000.

While I appreciate NCUA's initiative in this rulemaking to streamline the determination of stand-alone feasibility, I firmly believe that NCUA should only require overlap analysis and the standard application process when federal credit unions' business plans expect more than 5,000 actual members, rather than merely the potential for 5,000 members.

### **Conclusion**

We have a number of state-chartered credit unions with community field of membership designations whose only reason for that FOM is to generate indirect lending business with little regard for the other aspects of a member's relationship. This proposal will help those of us who wish to more fully serve our members with the full array of financial services.

Thank you very much for the opportunity to comment on this proposed regulation. I applaud the agency's willingness to amend the Chartering and FOM Manual to provide much-needed relief for the credit union industry. While I strongly support this proposal, I encourage the agency to consider the recommendations outlined above, as I believe these suggestions will meet the needs for credit unions. If I can be a source of any further information on this comment letter, please do not hesitate to contact me at [jbuckley@gerberfcu.com](mailto:jbuckley@gerberfcu.com) or by phone at (800) 338-3746, ext. 111.

Sincerely,

John P. Buckley, Jr.  
President/CEO  
Gerber Federal Credit Union