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February 8, 2016

Mr. Gerard Poliquin  
Secretary of the Board  
National Credit Union Administration ("NCUA")  
1775 Duke Street  
Alexandria, VA 22314-3428  
[regcomments@ncua.gov](mailto:regcomments@ncua.gov)

RE: Comments on Proposed Rule Amendments: Field of Membership ("FOM")

Mr. Poliquin:

Oregon Community Credit Union ("OCCU") respectfully submits the following response to the NCUA's proposed amendments to its *Chartering and Field of Membership Manual*. As a state-chartered community credit union, we strongly believe in the dual charter system and share the NCUA's concern that federally chartered community credit unions are currently disadvantaged relative to their state chartered peers whom enjoy much more flexibility and innovation when it comes to maximizing FOM opportunities and service to prospective members who share a common bond. We are pleased that the NCUA has recognized the importance of this shared flexibility and have worked to ensure equal opportunity for innovation and an equal playing field that ultimately benefits all credit union members regardless of charter. Additionally, we appreciate the work of the NCUA to ensure the strength of the federal charter in the coming decades. Contrary to the opposing arguments made by the banking lobby, these proposed changes do not allow credit unions to, de facto, serve new consumers, rather it only enables them flexibility in serving those consumers who share a common bond as defined by the Federal Credit Union Act ("FCUA").

OCCU offers the following in response to the proposed amendments and our rationale in support of each of the proposed changes below:

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1. CORE AREA SERVICE REQUIREMENT

*(Would eliminate the requirement that a Core Based Statistical Area ("CBSA") contain a "core." This would allow federal community chartered credit unions to serve a community consisting of a portion of a CBSA.)*

Serving a CBSA or "core area" is not required by the FCUA. This is a standard the agency devised for describing a well-defined local community ("WDLC") that is not a single political jurisdiction (county or city). NCUA should not place limitations on service areas in a statistical area, because these limitations or requirements can divide these areas into portions that do not represent a viable community or can exclude the viable portions of a community.

2. POPULATION LIMITS APPLIED TO A CBSA

*(Would allow a portion of a CBSA to qualify as a WDLC when the population of the CBSA as a whole exceeds 2.5 million. Under the proposed rule, the 2.5 million limitation would apply to a CBSA or any well-defined portion of a CBSA. This change would open up 21 CBSAs for use as a WDLC that could not be used under the current regulation.)*

The current requirement makes little sense. It clearly renders all CBSAs with populations that exceed 2.5 million useless for the purpose of being used as a WDLC for a community chartered credit union. This requirement harms federal community credit unions wishing to serve a CBSA with populations that exceed 2.5 million that are made up of many small lesser populations Single Political Jurisdictions ("SPJs"). These credit unions are currently limited to the largest city or county in the CBSA when these do not adequately represent a community.

While in support of the proposed population limit change, we urge the NCUA to consider the necessity for population limits at all. The population limit is not an FCUA requirement. It serves to discriminate in favor of federal community credit unions in areas with large SPJs even though a CBSA or CSA can better represent a community. OCCU supports NCUA eliminating the population limit or at the very least setting equal to that of the most populous SPJ, which would put federal community credit unions on a more equal footing. CBSAs and CSA adequately represents communities as much as some large SPJs and thus the population served should not be limited by an arbitrary number. Elimination of the population limit would make the changes here and on other proposed section changes below more effective, as the population limit would represent the only barrier to a federal community credit union serving a large metropolitan community that is not dominated by one large city or county.

3. USE OF COMBINED STATISTICAL AREAS ("CSAs")

*(Would include CSAs in the definition of WDLC. The CBSAs that combine to create a CSA retain separate identities within the larger CSA.)*

OCCU supports the NCUA's proposal to allow CSAs to be used as a WDLC. CSAs are comprised of statistical areas with close community ties and naturally represent a WDLC even better than CBSA.

4. ADDITION OF AN AREA ADJACENT TO A WDLC

*(Would allow credit unions to serve a contiguous area outside of a CBSA, CSA, SPJ or rural district. This is a limited reinstatement of the narrative addressed below. A credit union would be required to demonstrate in a written narrative the interaction or common interests for the proposed expanded community as a whole, when seeking to add an area adjacent to a CBSA.)*

OCCU supports this provision as it will allow credit unions to expand into communities that don't fall within a WDLC or rural district. However, we are concerned that NCUA may impose policy or process hurdles that make this provision less flexible. NCUA states "the more expansive the adjacent area, theoretically even surrounding the original community's entire perimeter, the more challenging and burdensome it may be for a credit union to, first, subjectively demonstrate a sufficient totality of indicia of interaction or common interests among residents of the expanded community, and then to establish through the credit union's business and marketing plans its ability and commitment to serve the entire expanded community."

While supportive of the limited narrative approach proposed, OCCU is in favor of full reinstatement of the narrative approach. As noted above, the narrative approach should be used to allow credit unions to describe why specific NCUA requirements for any method to determine a community have not completely captured a community. The narrative approach should also be allowed in the case that a credit union does not fit any of the criteria above but has a compelling reason that an expanded field of membership is within its community. Although we appreciate the limited narrative approach in the Areas Adjacent to a WDLC above, the full narrative approach is needed when all of the other WDLC areas do not adequately encompass a community.

5. CONGRESSIONAL DISTRICTS

*(Would allow a Congressional district to be used as a WDLC. This would ultimately allow federal community credit unions in seven states to serve the entire state. Moreover, these credit unions can use the narrative approach to add areas outside of these states up to the community charter limit.)*

OCCU strongly supports NCUA's proposed use of a Congressional district as a WDLC. A Congressional district inherently defines a community with shared interests. Congressional districts are contiguous in land area, contain smaller populations than many SPJs, are less than the 2.5 million population currently allowed for a CBSA, and represent the ultimate "political" jurisdiction. A federal credit union would recognize that the exact boundaries of a Congressional district might change each decade, but it would be able to continue to serve anyone who is a member-of-record at the time of re-districting.

6. RURAL DISTRICT POPULATION LIMITS

*(Would quadruple the limit to 1 million people and drop the 3 percent calculation from the current rule. Dropping the 3 percent calculation would only impact the state of California, as 3 percent of the population in every other state is less than 1 million. The proposal also removes the "majority" requirement as it is unnecessary with the 3 percent calculation removed.)*

The current population restriction is too low and unduly limits credit union access. The only limitation should be the credit union's ability to serve the rural district. And, with the realities of online banking, a credit union with an acceptable level of online banking services should be authorized to provide membership to people living in rural areas of the country.

7. EXCLUSION OF NON DEPOSITORY FIS AND NON-COMMUNITY CUs IN CONCENTRATION OF FACILITIES RATIO

*(Would calculate the concentration of facilities ratio analysis excluding a non-depository institution or non-community credit union from the concentration of facilities ratio. The recalculation would include other multiple common bond credit unions serving the underserved community. NCUA will not initially exclude non-depository institutions and non-community credit unions from the calculation, but these financial institutions will be excluded if the initial calculation fails to identify a proposed area as underserved.)*

OCCU supports the exclusion of non-depository institutions or non-community credit unions from the concentration of facilities ratio test as these institutions by definition or in fact cannot actually serve the proposed area, despite having a branch there.

8. REASONABLE PROXIMITY TO SERVICES VIA MEMBERS' ONLINE ACCESS

*(Would amend the "service facility" component to include access through an online internet channel such as a transactional website. The definition of "Service Facility" would be modified to include a transactional website or mobile platform that permits – at a minimum – accepting shares for members' accounts, accepting loan applications or dispersing loans.)*

OCCU supports the expansion of the definition of "Service Facility" to demonstrate reasonable proximity to a group. This allows for the use of modern technological advances to serve members. The internet, online banking, sophisticated ATMs and other methods should be sufficient to demonstrate a credit union's ability to serve its members.

9. INCLUSION OF SELECT EMPLOYEE GROUP ("SEG") CONTRACTORS AND OFFICE/INDUSTRIAL PARK TENEANTS IN A MCB

*(Would extend to multiple occupational common bond credit unions the ability to add persons who work regularly for an entity that is under contract to any of the multiple SEG sponsors listed in its charter, provided the contractor has a "strong dependency relationship" with the sponsor. The "strong dependency relationship" test is currently available to single occupational common bond credit unions.)*

OCCU supports the ability to add contractors of a multiple SEG sponsor and employees of an office building or complex as a separate SEG. This should allow for greater flexibility in serving those members closely associated with a SEG or who work in a particular area.

10. STREAMLINED DETERMINATION OF STAND ALONE FEASIBILITY OF GROUPS > 3,000

*(Would eliminate the overlap analysis currently required and instead accept a written statement indicating the conditions that exist supporting the fact a group > 3,000 cannot form its own credit union.)*

OCCU supports this provision that will facilitate the addition of groups that fall within the 3,001-5,000 member range. It will eliminate the presumption that a group of that size can form a credit union. This results in an easier process to add a group that falls within that category as an applicant will not have to demonstrate that a group between 3,001 and 5,000 members is unable to establish a stand-alone single common bond credit union.

11. TRADE, INDUSTRY OR PROFESSION ("TIP") AS A SINGLE BOND

*(The TIP definition would be expanded to include employees of entities that have a strong dependency relationship with (and whose employees work directly with employees of) other entities within the same industry.)*

OCCU supports this provision as it will allow a TIP charter to serve those vendors, contractors, or other groups closely associated with a particular Trade or Industry, even though the group might not technically fall under the express category of the TIP charter.

12. OTHER PERSONS ELIGIBLE FOR CU MEMBERSHIP

*(Would allow a credit union to include within its common bond those who have been honorably discharged as a veteran of any branch of the United States Armed Forces and their families listed in charter, continuing eligibility for credit union membership beyond their time on active duty.)*

OCCU strongly supports honoring the service of the Veterans of the United States Armed Forces. This provision will facilitate their ability to join a credit union.

Mr. Poliquin, we appreciate the opportunity to be heard on this matter important to our industry and thank you for your continued efforts to support the work we do each day serving our Members.

Sincerely,



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Mandy Jones  
Chief Executive Officer

Oregon Community Credit Union