



February 8, 2016

Gerard S. Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22134-3428

RE: Field of Membership Proposed Regulation Amendments

Dear Mr. Poliquin:

On behalf of Randolph-Brooks Federal Credit Union (RBFCU), this letter is being submitted in response to 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. The following items are of particular importance to RBFCU and its members. We respectfully request the NCUA consider our opinions as outlined below when making changes to the existing FOM regulations.

As a federal credit union with a multiple common-bond charter and one seeking to meet the needs of a diverse group of members, our two top priorities in the proposal are those concerning reasonable proximity and stand-alone feasibility.

Reasonable Proximity

In a state like Texas, where vast areas are rural or sparsely populated, "reasonable proximity" may legitimately be construed to mean a much larger geographical area than in a state like Rhode Island. To date, FOM regulations have not accounted for such differences, making it difficult for federal credit unions like RBFCU to serve members of Select Employee Groups (SEG) spread across hundreds of miles of sparsely populated areas. As an example, one of our NCUA-approved Select Employee Groups, Pedernales Electric Cooperative (PEC), serves members throughout the Texas Hill Country. While many of PEC's customers have an RBFCU branch near them, it is simply not feasible for the credit union to locate branches throughout the entirety of PEC's 8,100 square mile footprint. Under the current proposal, credit union membership could be achieved for nearly all PEC members via the change in "service facility" definition.

RBFCU is grateful for this change and eagerly awaits a final rule so that we can begin serving those members who failed to qualify in our FOM based only on geographical location. Indeed, in an industry where the number of members utilizing web-based services has nearly doubled in the last decade, redefining service facility to include online internet channels that meet the promulgated criteria furthers the congressional purpose of federal credit unions by ensuring modest-means members of SEGs have access to services despite their remote location.

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Stand-Alone Feasibility

The proposed modifications to the stand-alone feasibility regulations would allow RBFCU to expand access to its services to groups previously unserved. The current onerous process to qualify for membership in a multiple common-bond federal credit union for groups of 3,000 or more members is ill-suited to an environment where 80% of single bond chartered federal credit unions with actual membership of 5,000 fail, a statistic which offends the notions of safety and soundness.

RBFCU agrees with the NCUA's proposal that the current SEG size of 3,000 needs to be increased when deciding whether a streamlined process for determination of feasibility is appropriate. The proposal seeks to change the group size to 5,000, but we feel that an increase to 10,000 or higher would be best in order to account for the differences between *actual* and *potential* membership. If only 50% of potential SEG members actually plan to participate in the credit union, a 10,000 member SEG becomes a 5,000 member SEG in actuality.

Definition of "Underserved Area"

Qualifying an underserved area currently requires the use of a concentration of facilities ratio that is not rationally related to the underlying purpose of the qualification. The purpose of qualifying an underserved area is to increase the population's access to federal credit union services, yet the calculation includes institutions which are not open to all members of that area and which are non-depository. Including these types of institutions dilutes the calculations and prohibits individuals in legitimately underserved areas from gaining access to federal credit union membership. This is anathema to the congressional intent of federal credit unions—increasing access to credit and savings services by moderate-means individuals.

The proposed regulatory change, which would remove these types of institutions, is a good start. However, RBFCU suggests additional changes to the regulation, including adding criteria for qualification as an underserved area. These could include permitting federal credit unions to submit proposals for underserved areas with criteria based on federal banking agency data. "Underserved area" should also be modified to include those communities already qualified as underserved by the Consumer Financial Protection Bureau or the Home Mortgage Disclosure Act.

SEG Contractor Eligibility

Currently, certain contractors of entities with membership in single common-bond chartered federal credit unions are eligible for membership. There is no appreciable difference between single common-bond and multiple common-bond with regard to this regulation, so it makes sense to increase access for the same types of contractors of entities with membership in multiple common-bond charters as well. Similar to other affinity-type relationships permitting membership eligibility, contractors with "strong dependency relationships" should be afforded this benefit.

Office/Industrial Park Tenant Eligibility

RBFCU supports the proposed regulation adding office/industrial park tenants as a potential SEG for multiple common-bond chartered federal credit unions. Tenants in these types of commercial real estate ventures enjoy a unique relationship, one that would be a good fit for federal credit union membership eligibility.

Honorably Discharged Veteran Eligibility

Finally, adding honorably discharged veterans as an affinity group is logical and honorable. Like the other affinity relationships recognized for membership, a service-member's relationship with the branch in which they served is strong and enduring.

Once again, RBFCU would like to express gratitude for the time and effort NCUA has invested in the process to remove some of the regulatory inhibitions federal credit unions and potential members currently encounter in the area of field of membership. We appreciate your solicitation and receipt of comments on the proposals. Despite the need for legislative relief in this area, and with full knowledge that states have made competitive changes to their field of membership requirements, RBFCU believes these amendments would provide the stop-gap federal credit unions so desperately need to grow, succeed, and compete in the 21st century marketplace.

Sincerely,

A handwritten signature in blue ink, appearing to read "Blake Lyons", with a stylized, cursive script.

Blake Lyons
Vice President, Marketing & Business Development