TINKER FEDERAL CREDIT UNION

FEB09'16 PM 3:13 BOARD

January 28, 2016

To: Mr. Gerard Poliquin
Secretary, NCUA Board
1775 Duke Street
Alexandria, VA 22314-3428
Regcomments@ncua.gov

Re: Comments on Notice of Proposed Rulemaking Amending NCUA's Chartering and Field of Membership Regulations

Dear Mr. Poliquin:

Tinker Federal Credit Union (TFCU) appreciates the opportunity to provide comments on the NCUA's proposed rulemaking regarding the modernization of its chartering and field of membership regulations. TFCU supports NCUA's proposed rules to ease undue regulatory burdens and restrictions on federal credit unions' ability to provide services to members. Consistent with the limitations outlined in the Federal Credit Union Act, the proposed rule would amend NCUA's chartering and field-of-membership rule by making substantial changes to all three charter types (Community Common Bond; Multiple Common Bond; and Trade, Industry or Profession charters). Among the changes proposed:

- Modernizing the definition of "multiple common bond" to streamline the process for adding new groups to a charter;
- Enlarging the pool of potential members by expanding the areas that may be served by a community charter;
- Allowing a Congressional district to serve as a Well Defined Local Community, thus allowing credit unions in states with only one Congressional district to serve the entire state;
- Adding flexibility to the use of Core Based Statistical Areas by eliminating the need to serve the "core" and allowing areas to be combined;
- Updating the process of defining an "underserved area";
- Expanding the population limit in the "rural district" definition to include populations of up to one million people; and
- Expanding the definition of a "trade, industry or profession" as a single common bond.

For credit unions under the Multiple Common Bond charter such as TFCU, the NCUA amendment would permit the addition of persons who work regularly for an entity that is under contract to the sponsor of the Select Employee Group (SEG) listed in its charter, provided there is a "strong dependency relationship" with that sponsor. In addition, the amendment would permit inclusion of employees of an office/industrial park's tenants, so long as each tenant within the group has fewer than 3,000 employees. Only employees who work regularly at the park during their employer's tenancy are eligible for FCU membership. TFCU appreciates the inclusion of SEG contractors as well as the inclusion of office/industrial park's tenants. Under this new approach, the employees of an industrial park's tenants,

e.g., retail tenants of a shopping mall, business tenants of an office building or complex, would be included in a credit union's field of membership without listing each tenant as a group individually. This inclusion would allow for more efficient and effective ways to serve these common interest groups.

TFCU is aware of the opposition surrounding the proposal from credit union competitors. Some of the comments include:

- The proposal will enable credit unions to move even further away from common bonds;
- Multi-billion dollar credit unions will be allowed to function like tax paying banks without being required to pay federal taxes;
- The promotion of explosive growth at the expense of tax payers, banks and their communities; and
- Credit unions currently have appropriate limitations in return for retaining tax exempt status.

In fact, non-credit union groups were voicing opposition to this proposal and threating to sue before the proposal was issued and before they had the opportunity to review the proposed amendments. This type of unjustified opposition makes it even more important that this proposal is implemented. Modernizing the rule gives credit unions more momentum through collective advocacy when requesting changes that benefit our members at the state and federal levels. In addition, Americans have the freedom to choose credit unions. They also have a right to be made aware of credit union membership benefits such as higher dividends on savings accounts and lower interest rates and fees on loans. They have a right to know that credit unions are not for profit and give back to their communities through financial education programs.

This proposal does not provide an opening for explosive growth of credit unions. It merely provides greater opportunity for serving persons and giving them choices that are not available in the current regulation. For instance, the population limit of 2.5 million as applied to a Well-Defined portion of a Core Based Statistical Area will not change. This provision does not allow credit unions to serve more than the cap but allows them to establish in an area that may have a population larger than the cap.

The population limit should not be the determining criteria for credit unions' expansion or establishment in an area. The strength of credit unions and the ability for them to serve the area should be a considerable factor. Removal of the population cap would not mean instant growth or expansion at the disadvantage of tax payers as the tax exempt status is due to the not for profit operation of credit unions. Credit Unions will continue to function as not for profit regardless of their size or field of membership. The population cap places federal charters at a disadvantage and eliminating the cap would permit more choices for potential members as well as a better ability to serve for credit unions. Also, credit unions must continue to apply through an extensive process to serve combined statistical areas. They must also demonstrate common interests of the proposed expanded community. The NCUA will continue to review a credit union's ability to serve the area through its business plan.

TFCU understands the benefit of operating under a tax exempt status but is concerned that the limitations on credit unions are outdated. These limitations could hinder the ability of credit unions to thrive in the increasingly competitive financial industry as well as hinder the ability to maintain the true purpose of "Not for Profit, Not for Charity, But for Service."

TFCU supports the NCUA Board in its initiative to streamline the field of membership process. The flexibility will allow credit unions to continue offering affordable financial services and allow more Americans the freedom to choose credit unions. Thank you for the opportunity to comment on this proposed rule.

Sincerely,

Michael Kloiber
President/CEO

cc:

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