

February 07, 2016

National Credit Union Administration
Gerald Poliquin, Secretary of the Board
1775 Duke Street
Alexandria, VA 22314-3428

RE: Comments on Notice of Proposed Rulemaking for Field of Membership - RIN: 3133-AE31

Dear Gerald Poliquin,

The New Jersey Credit Union League (NJCUL) is the non-profit trade association representing the interests of 121 credit unions providing financial services to their members in the state of New Jersey. NJCUL is committed to the development of the credit union movement by creating a collaborative environment in New Jersey that adds value through shared services, consumer awareness, and innovative market development. We thank the Board of the National Credit Union Administration (NCUA) for the opportunity to share our views on the agency's proposed changes to its chartering and field of membership (FOM) rules.

I am writing on behalf of NJCUL, and our credit union members, to express support for NCUA's proposed field of membership rule as a much-needed first step in the process of updating the entire regulation. Further expansions of the definitions of "Undeserved Areas", Multiple Common Bonds", and "Rural District" are favorable to providing consumers greater access to credit union membership and the benefit of credit unions' core philosophy of "people helping people". NJCUL commends NCUA for the greater flexibility the much needed rule improvements would afford federally-insured credit unions to provide consumers access to competitively priced financial products and services and the opportunity to remain competitive while expanding their fields of membership.

Core Based Statistical Areas (CBSAs)

NCUA's proposed addition of an area adjacent to a Core Based Statistical Area (CBSA) could give credit unions greater flexibility, as long as NCUA does not impose difficult requirements on its use. NJCUL also supports the proposed addition of an area adjacent to a CBSA. This proposed change would allow a credit union to serve a contiguous area outside of a CBSA, CSA, SPJ or rural district, if that area is within the Well Defined Local Community (WDLC). 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." It's NJCUL's opinion that credit unions should be approved to serve areas without the need for providing the agency with marketing plans and proving a commitment to serve. NJCUL urges the agency to adopt reasonable standards for use of this provision with pre-approved a

Population Limit for Well-Defined Local Community (WDLC)

The population limit is not a Federal Credit Union Act (FCUA) requirement. NCUA should increase the population limit for a Well-Defined Local Community (WDLC) based on statistical areas beyond the 2.5 million in NCUA's current FOM regulation. NCUA should consider eliminating the population limit altogether. If the agency needs a population limit, it should be based on the most populous SPJ. The use of a Core Based Statistical Area (CBSA) or SPJ to define a WDLC in itself limits the population that a credit union can serve as both are made up of finite areas. CBSAs were designed to define communities; a population limit splits these communities.

We support NCUA's addition of a Congressional district as a WDLC. A Congressional district inherently defines a community with shared interests. The proposed rule would also allow for a federal credit union to recognize that a district may change every decade or so, but would be able to continue to serve and retain anyone who is a member of record at the time of re-districting.

Underserved Areas

Under the current regulation, when a credit union seeks to serve an underserved area, NCUA calculates a proposed area's concentration of facilities ratio to meet a statutory requirement that other depository institutions underserve a proposed area. NJCUL supports NCUA's amendment that would allow agency staff to recalculate the concentration of facilities ratio analyses excluding non-community credit unions and other financial institutions not open for deposit. The agency also needs to do more to remove any regulatory barriers to credit unions serving underserved areas. We also agree with the proposal's definition of "Service Facility" being modified to include a transactional website or mobile platform that permits accepting shares for members' accounts, accepting loan applications or dispersing loans. The agency's modernization of this proposal shows that technology no longer necessitates the existence of a physical branch to enable a credit union to serve its members, nor should a physical branch be the only indicator that a credit union is within "reasonable proximity" to the location of the group.

Inclusion of Office or Industrial Park Tenants in a Multiple Common Bond

NJCUL supports this proposal's allowance for multiple common bond credit unions to include as a select employee group (SEG) the employees of a park's tenants in its FOM. Although NJCUL suggests the NCUA provide flexibility and clarification as to what documentation will be needed to demonstrate the presence of a group in a facility. Also, we suggest NCUA provide additional clarity as to the examiner expectation in this area.

Conclusion

NJCUL supports the NCUA's proposed FOM rule and any efforts to provide credit unions with additional regulatory relief. NJCUL thanks the agency for the opportunity to comment. If you have questions or would like to discuss our comments in more detail, please contact Nicola Foggie, Vice President Compliance & Regulatory Affairs at nfoggie@njcul.org, or by telephone at 1-800-792-8861, ext. 112.

Sincerely,

Nicola L. Foggie
Vice President Compliance & Regulatory Affairs
New Jersey Credit Union League

cc: CUNA, CCUL