



Dover Federal
CREDIT UNION

1075 Silver Lake Blvd., Dover, DE 19904

February 2, 2016

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

Re: Comments on Notice of Proposed Rulemaking Regarding Associational Common Bond – RIN 3133–AE31

Dear Mr. Poliquin:

Dover Federal Credit Union appreciates the opportunity to submit comments regarding the National Credit Union Administration (NCUA) Board's proposed changes to its chartering and field of membership (FOM) rules. Dover Federal Credit Union is based in Dover, Delaware and has 44,835 members and assets of \$434 million.

We support NCUA's effort to modernize FOM requirements. This proposed rule is a good first step in the process of updating NCUA's FOM regulation. It is believed that the existing merger requirements should have been modified to be more aligned with today's social, economic and technological environments. This point will be discussed later in this letter.

Dover Federal Credit Union fully supports the designation as an Individual Congressional District as a Well-Defined Local Community. This is particularly applicable to Dover Federal and the other Delaware credit unions. Delaware ranks 49th in the nation with a total area of 1,982 square miles. New Castle County is 438 square miles. Kent County is 594 square miles. Sussex County is 950 square miles. Delaware is 96 miles long and varies from 9 to 35 miles in width. The population of Delaware was estimated at 897,934 in the 2010 Census. Today, there are numerous community charters with area and population numbers that dwarf Delaware's. Additionally, if a Congressional District creates a common bond for Federal Representation it surely creates a common community bond for credit union purposes.

Under the proposal, the definition of "Service Facility" is 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. This amendment recognizes that modern 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 criteria that a credit union is within "reasonable proximity" to the location of the group. This amendment realizes the advancements in banking technology and brings the rule into play for the new generation of members. It is also

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well thought out that the proposal requires the technology to accept shares, accept loan applications or disperse loans. These standards will limit the ability of a credit union to broaden its geographic reach without having the capability to have a presence in the region.

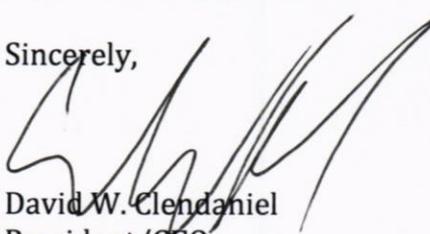
This proposal extends to multiple occupational common bond credit unions the ability to add persons who work regularly for an entity that is under contract to any of the multiple SEG sponsors listed in its charter, provided the contractor has a "strong dependency relationship" with the sponsor. The "strong dependency relationship" test is currently available to single occupational common bond credit unions. In today's modern workforce, it is not uncommon for businesses to outsource work to contractors or have groups that, although not employees, are integral to the functioning of the operation. A single occupational common bond credit union can already serve those individuals that have the strong dependency relationship to the sponsor. There appears no reason that a multiple common bond credit union could not also serve those that are so closely associated with the individual sponsor, simply for the fact that the credit union is able to serve multiple common bonds.

This proposal allows multiple common bond credit unions to include as an SEG the employees of a park's tenants in its FOM. The limitations for the SEG are: 1. the group must have fewer than 3,000 employees working at a facility within the park; and 2. only those employees who work regularly at the park during their employer's tenancy are eligible for membership. New tenants joining the park would be eligible provided both conditions are met. Dover Federal supports this proposal and believes it will provide some flexibility for a credit union.

Improvements in the merger process should be part of the FOM changes considered. Mergers between credit unions with unlike fields of membership should be facilitated when there is no desire to retain the merged credit union's field of membership, particularly if it is a community. The requirement that a community chartered credit union convert back to a single or multiple group charter should be eliminated. As it is today, the process first requires the charter change be approved so that both credit unions have compatible fields of membership, and then the merger follows. NCUA could simplify this process by providing clear guidance stating the merged credit union can change its FOM and approve the merger in one step. Also, NCUA should be more flexible to use its merger authority to prevent a Federal Credit Union (FCU) from declining to a point that other credit unions will be less likely to be interested in the merger without assistance from NCUA.

Again, thank you for this opportunity to comment on the proposed regulation. Please contact me if you have any questions.

Sincerely,



David W. Clendaniel
President/CEO

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