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

FEB09'16 PM 3:03 BOARD

February 4, 2016

Dear Mr. Poliquin,

The National Credit Union Administration Board (NCUA) is proposing to amend part 701 of its rules and regulations to make revisions to the agency's chartering and field of membership manual. I am writing on behalf of Sun East Federal Credit Union, which serves over 50,000 members and their associated Select Employee Groups, as well as several underserved areas that include the Philadelphia Pennsylvania and Greater Wilmington Delaware areas to express support for NCUA's proposed field of membership rule and to provide comments on enhancements that would further improve the proposed rule changes.

In general, this amendment is a positive step in the right direction and well within the confines of the 1998 Credit Union Membership Access Act (CUMMA). However, it is our opinion that the amendment could be significantly enhanced by the following;

- **Removal of all population caps.**

By authorizing Combined Statistical Areas (CSA's) credit unions have the ability to go beyond the boundaries of what typically constitutes a Metropolitan Statistical Area (MSA), and it will provide additional flexibility for credit unions to expand their geographic footprint. This is a welcome and much needed change. However, such communities are still subject to a population cap that diminishes the potential of this change for a number of credit unions in larger metropolitan areas.



The same can be said for Core Based Statistical Areas (CBSA's). Again, an arbitrary population cap diminishes the effect of the rule and seems counterproductive.

Removal of these population caps would be well within the auspices of CUMMA and benefit credit unions ability to reach and serve more Americans by providing access to fairly priced, locally sourced financial services.

- **Include a clearly defined process for a credit union to submit a narrative case to support an application for a community charter outside the statistical definition of a community.**

The narrative approach should be used to allow credit unions to describe why specific NCUA requirements for any method in determining 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.

- **Apply the revised definition of a “service facility” for reasonable proximity purposes across the board to underserved area expansions as well as SEG and TIP expansions.**

The NCUA's proposed definition of a service facility is a long overdue and a welcome change that recognizes the impact of the change in electronic delivery channels as well as the shift in banking behaviors of individuals over the past few years. By changing the reasonable proximity rule for SEG and TIP expansions to reflect the aforementioned, it recognizes the new reality.

By not including underserved areas, the rule falls short. It suggests that low-income persons in underserved areas are unable or should not be able to utilize a computer, tablet or mobile phone to access services. If these channels are good enough for multiple common bond and TIP credit unions with SEG's and members around the country then it should be good enough for underserved areas as well. The proposed rule begs for the inclusion of underserved areas for a more equitable treatment of persons residing in these areas as well.

- **Eliminate the *Concentration of Facilities Test Matrix* and allow credit unions to rely on the CDFI determination of what constitutes an underserved area to be sufficient evidence that an area is underserved and has significant unmet needs.**

The retention of the *Concentration of Facilities Test Matrix* remains a burden to credit unions reaching out to serve the residents of underserved areas. Even though the proposal states that the NCUA will consider alternative methods to determine if a specific area is underserved, it still relies on the NCUA's data or another federal banking agency's data.

The United States Treasury CDFI Division already provides a standard definition of underserved areas. Given that any other agencies (NCUA, CFPB) would utilize the same government data to determine underserved areas, it seems redundant. The CDFI definition of an underserved area should be enough to determine what is underserved.

- **Allow TIP charters to adopt underserved areas.**

The granting of Trade, Industry or Profession (TIP) charters has been a positive move for the credit union movement. The further inclusion of adding employees or independent contractors with a “strong dependency relationship” to the TIP is also a positive change. However, by not proposing that TIP chartered credit unions be allowed adopt underserved areas, the rule misses an opportunity for meaningful reform in this area. Since TIP chartered credit unions are essentially a SEG, they function in a similar way as multiple common bond credit unions. Because of this, they should be allowed to adopt underserved areas as well.

On behalf of the members, staff and Board of Directors of Sun East Federal Credit Union, we urge the agency to consider the aforementioned enhancements prior to approval of a final rule. We strongly feel that the entire credit union movement would benefit from them.

Thank you for the opportunity to comment on this proposed rule and for considering our views on Field of Membership.

Sincerely,



Michael J. Kaczinski
President & Chief Executive Officer

Cc: Board of Directors
Supervisory Committee