



February 5, 2016

Mr. Gerard Poliquin  
Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, Virginia 22314-3428

Via email: [regcomments@ncua.gov](mailto:regcomments@ncua.gov)

**Re: Comments on Proposed Rule Amending the Chartering and Field of Membership Manual, Incorporated as Appendix B to Part 701**

Dear Mr. Poliquin:

On behalf of the African American Credit Union Coalition (AACUC), we welcome and appreciate the opportunity to submit comments to the National Credit Union Administration ("NCUA") on the proposed rule amending the chartering and field of membership (FOM) manual. The AACUC is the premier African American credit union organization whose mission is to increase diversity within the credit union movement through advocacy and professional development. To that end, the AACUC supports the intents and purposes of the NCUA's proposed rule changes to expand credit unions' FOM. However, we call upon the NCUA to include in its proposed amendments certain recommendations to avoid what could be perceived as the unintended consequences of neglect toward serving the underserved and/or the unbanked.

Under the NCUA's current rule, a federal credit union ("FCU") must include within its FOM the "core area" of the U.S. Census Bureau's ("Bureau's") Core Based Statistical Area (CBSA) in order to convert to a community charter or expand an existing community charter. NCUA defined the core area "as the most populated county or named municipality in the Core Based Statistical Area's title." For example, based on the Census Bureau's 2013 list of CBSA's, the city of Atlanta is the most populated county or municipality of the Atlanta-Sandy Springs-Roswell CBSA in the state of Georgia and would be deemed the core area. Therefore, under the NCUA's present core area requirement, an FCU would have to include in its FOM the entire core area of Atlanta if it desired to convert to or expand its community charter in that region. Under the NCUA's proposed changes, the FCU is required to serve only a portion of the CBSA that it chooses to include in its FOM. Consequently, this practice could potentially lead to

certain underserved and/or unbanked areas (e.g., minority urban centers) being faced with the absence of competitive choice or without a credit union in the community at all.

The NCUA well knows that credit unions have a proven record of providing people of modest means access to quality financial products and services when other institutions would not. The philosophy of people helping people resonates daily in the articles of newspapers, periodicals and blogs throughout the nation. Credit unions also strategically make decisions to obtain the best earnings for its members. Earnings are then returned to the membership in the form of lower interest rates, better products, and higher dividends. They have become America's preferred financial institutions of choice. Without credit unions, the underserved and the unbanked will continue to fall prey to the unscrupulous practices of payday lenders, pawnbrokers, and loan sharks.

That being said, the AACUC acknowledges the efforts of the NCUA to effectively identify underserved areas with respect to its multiple common bond rules. The agency is also proposing to review CFPB data and other methodologies to better assess the needs of a community. Furthermore, in its summary of the proposed rule for FCUs with respect to a community common bond, the NCUA recognizes that one of the purposes of the core area requirement "was to extend FCU services to low-income persons and underserved areas, both typically located primarily in the core area of a [CBSA]." However, the agency then concludes based on its five (5) year review of an undisclosed number of FCU's marketing and business plans that the financial needs of low-income persons and underserved areas are adequately served without regard to their location within the community. Moreover, based on their five year review, the core based requirement is to be repealed in "favor of [NCUA's] practice of annually reviewing the progress of business and marketing plans for three years following charter approval or expansion, and relying on those plans to assess those service objectives within an original or an expanded community."

Again, we commend the NCUA for its affirmative efforts to identify underserved areas and in this instance proposing to conduct the review of a FCU's business and marketing plans for three years after charter approval or expansion. Notwithstanding, the AACUC proposes in addition to the review of the business and marketing plans, that an FCU should certify at the pre-approval stage (e.g., application process) either that it conducted its due diligence in determining that the core area portion not included in its FOM is presently being served by a credit union or the adoption of the entire core area into its FOM would jeopardize its safety and soundness best practices. This recommendation aligns with NCUA's current multiple common bond expansion application process (i.e., NCUA Form 4015) for groups of 3000 or more. AACUC's proposed procedure would help to ensure that FCUs are serving all communities.

Again, the AACUC appreciates the opportunity to comment on these important rule changes and recognizes the well intentions to remove any undue burden or restrictions on the

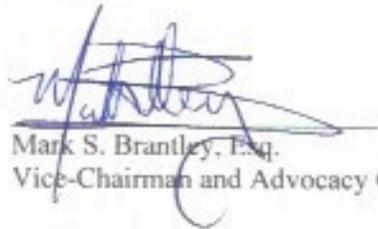
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strategic FOM plans of FCUs. It is our hope that the NCUA will approve the proposed rule changes including our recommendations, so that credit unions will continue to be the preferred financial institutions of choice for all Americans.

Very truly yours,



Timothy L. Anderson  
Chairman



Mark S. Brantley, Esq.  
Vice-Chairman and Advocacy Chair

cc: Monica Davy, Director, NCUA OMWI