

January 22, 2016

Mr. Gerard Poliquin
Secretary to the NCUA Board
1775 Duke Street
Alexandria, VA 22314

JAN28'16 AM 8:11 BOARD

Re: Comments on Proposed Rule: Changes to the NCUA Chartering and Field of Membership Manual

Dear Mr. Poliquin:

On behalf of Bethpage Federal Credit Union (Bethpage FCU) and its 277,000 members, I am writing to comment on the National Credit Union Administration's proposed rule changes to the Chartering and Field of Membership Manual, 12 CFR 701.

As an overall observation, Bethpage FCU believes that the proposal fits squarely within NCUA's statutory authority as set forth in the Federal Credit Union Act. It does not remove, or even alter, the statutory restrictions on credit union charters, and meets the requirement that a credit union field of membership is both "well defined" and "local."

In that context, however, NCUA has recognized changes in technology and the marketplace, and thus improved the ability of credit unions to serve consumers by updating the ways in which credit unions can demonstrate why a specific area would be "well-defined" and "local" in requesting permission to serve a new area. It is important to note that these updated definitions correspond with other federal government definitions applicable to geographic areas, specifically those employed by the Office of Management and Budget and the US Census Bureau.

Bethpage FCU will focus our comments on Part II A of the proposed rule, The Community Common Bond. While Bethpage generally supports the changes in the proposed rule regarding use of these new definitions, we have additional suggestions about specific population limits that we believe will improve the rule and better achieve NCUA's stated goal to place field of membership regulations "in a more efficient framework and to maximize access to federal credit union services to the extent permitted by law."

According to the proposed rule,

"The expanded community would be subject to the proposed population limits for community charters (2.5 million) and rural district charters (1 million). 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."

Bethpage strongly believes that the 2.5 million person limitation is arbitrary and should not be applied to all metropolitan areas in all circumstances. Bethpage FCU serves part of the New

York-Newark-Jersey City, NY-NJ-PA Metropolitan Statistical Area (MSA), as defined by the U.S. Office of Management and Budget. According to the 2014 Census Estimate, the population of this MSA is 20.1 million. The Long Island portion of this MSA, consisting of Nassau and Suffolk Counties, has been Bethpage FCU's historic service area—as a community charter, we are permitted to serve anyone who lives, works, worships, attends school, regularly conducts business in Nassau or Suffolk County or is an immediate family member of a current member.

The counties that Bethpage currently serves already have a population of over 2.8 million, according to U.S. Census Bureau estimates. While there is clearly a set of common interests and extensive interactions between Nassau and Suffolk Counties and the adjacent county of Queens (which is also part of Long Island), Bethpage would be precluded from adopting Queens as a service area because of the ongoing restriction in the proposed rule. In other words, NCUA's updating of the Chartering and Field of Membership Manual would have no beneficial effect, practical or otherwise, on Bethpage FCU operations even though we can demonstrate a clear ability to serve the adjacent County of Queens. In addition, it is important to note, that in the last 10 years there has been no discernable market share shift towards credit unions, within this field of membership, which exceeds the 2.5 million limit. Both Banks and Credit Unions have served this market competitively, to the benefit of consumers.

Bethpage FCU strongly suggests that NCUA either a.) discards the arbitrary 2.5 million number and devises a new, higher number in recognition of increasing US population and urbanization, or b.) devises a pro-rata limit that would vary from metropolitan area to metropolitan area as a percentage of that area's population. This second approach would in fact retain a meaningful limitation while at the same time recognizing that larger metropolitan areas warrant higher numbers.

In the specific case of Bethpage FCU as it relates to the entire New York MSA described above, the 2.5 million ceiling would only enable us to serve 12.4% of the entire metropolitan area. To point to another example, in smaller metropolitan areas such as Denver, Colorado, with a population just over 2.7 million, the 2.5 million limit would encompass nearly the entire MSA (92.5%).

This treatment unfairly penalizes Bethpage because we operate in a larger environment to begin with, and despite our interest in, and capacity to, serve adjacent areas, we would be unable to for reasons of an arbitrary limit that actually contravenes the stated purpose of the proposed rule. While we are not suggesting a figure that would correspond to the 92.5% case in Denver, we do assert that a more realistic number for larger metropolitan areas is both logical and legally permissible.

Another part of the proposed rule that warrants Bethpage FCU comment concerns business plan requirements that would accompany an application to serve a new adjacent community.

“The Board recognizes that credit unions seeking to add bordering areas to their existing community or rural district charters historically have already established a proven track record of serving an existing community or rural district and should not be subject to the same requirements as those for a credit union seeking to convert to a community or rural district charter. Therefore, the Board proposes to require a federal credit union seeking to add a bordering area to follow a streamlined set of business plan requirements contained in this rule. The Board seeks comment on the appropriateness of the proposed set of streamlined requirements, and if any specific

items should be added or removed from the proposed criteria. The Board also seeks comment on the existing comprehensive business and marketing plan requirement.”

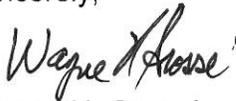
The proposed rule would streamline the existing business plan requirements for community chartered federal credit unions serving a single political jurisdiction applying for expansion to a bordering jurisdiction. Bethpage FCU recommends that NCUA clarify this requirement so that the streamlined requirements pertain to all community chartered federal credit unions.

This is especially important to Bethpage FCU because of our ongoing interest in serving low-income communities. NCUA has in the past mandated that a federal credit union have physical branches in low-income areas, but with technological changes, community chartered credit unions such as Bethpage FCU could, if permitted by regulation, conveniently serve members throughout an entire jurisdiction. It would be a sensible and beneficial improvement to the proposed rule to make clear that streamlined procedures apply when expanding to the adjacent county or defined area

Additionally, Bethpage FCU supports the removal of the “Core Area Service Requirement,” and in its place suggests evaluating only that part of the jurisdiction that the credit union is asking to serve when a determination whether an area exceeds 2.5 million people. Currently, NCUA takes into account the entire population, which is not an accurate representation of what a community credit union is attempting to do.

Bethpage FCU appreciates this opportunity to submit comments on this proposed rule.

Sincerely,

A handwritten signature in black ink that reads "Wayne N. Grossé". The signature is written in a cursive, flowing style.

Wayne N. Grossé
President & Chief Executive Officer