

February 03, 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,

Thank you for the opportunity to voice our support and concerns regarding the National Credit Union Administration's proposal 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 Heritage Community Credit Union, which serves 13,400 members in Sacramento and Placer Counties in California.

The credit union system can only remain healthy with a robust dual chartering system. I recognize NCUA for proposing modernized rules that support improvements to the federal charter. Overall, we support the new rule but ask the Board to consider the concerns we have, make additional modifications to the rule, all to support a final rule which will make the system even stronger

Of great importance for my Credit Union is the ability to grow. Technology has transformed the way consumers bank. Having a branch (service facility) in close proximity for a member is no longer a reasonable requirement. Mobile technologies, self-service kiosks, and highly functioning ATMs are sufficient and have proven successful as a means to serve members no matter where they may be physically. Please consider softening the final rule to account for the technology era. Specifically, the requirement of accepting loan applications or dispersing loans is overly restrictive and puts us at a competitive disadvantage. Robust Loan Origination Systems make it possible for a member to apply, obtain a loan approval, execute documents, and receive loan proceeds all from their computer or mobile device. Given online/mobile account opening platforms and the explosion of remote deposit capture, members can conveniently open new accounts and deposit checks from anywhere at any time. We request that you find additional means to soften the definition and requirements of a service facility.

We strongly support the use of Congressional districts as well-defined communities and support inclusion of this provision in the final rule.

Given the industry (banks and credit unions) decrease in the number of branch trips by consumers due to the explosion of mobile and online technologies, the concentration of facilities ratio for determining underserved areas is obsolete and puts credit unions at a competitive disadvantage. We encourage NCUA to consider alternative methods such as census data, market share metrics, banked vs. unbanked consumers, and more. This will modernize the rule but provide much better insights for NCUA into the needs of a community and the ability for credit unions to succeed in that market.

We appreciate the Board's willingness to modernize the Field of Membership rule. Overall, we are supportive but request careful consideration of opportunities to strengthen the rule, and the credit union system even further. The dual chartering system is important to a healthy and competitive credit union industry. We believe these additional improvements will help NCUA modernize the federal charter.

Thank you for the opportunity to comment on this proposed rule and for considering our views on Field of Membership. We urge the Board to approve a final rule soon so that credit unions can take advantage of the regulatory relief and field of membership flexibility in the proposed rule.

Sincerely,

Ed Turk
President/CEO
Heritage Community CU

cc: CUNA, CCUL