

From: [Jeffrey Kessler](#)
To: [Regulatory Comments](#)
Subject: Heartland Bank Chartering and Field of Membership Proposed Rule
Date: Friday, November 22, 2019 11:30:09 AM

Dear Secretary of the Board Poliquin,

I am writing in response to the National Credit Union Administration's (NCUA) proposal to amend its chartering and field of membership (FOM) rules with respect to applicants for a community charter approval, expansion, or conversion. The re-proposed rule would allow federal credit unions (FCU) to exclude urban cores from fields-of-membership (FOM), delineated by core-based statistical area (CBSA) boundaries. NCUA is interested "specifically in any comments on how the core area service requirement may affect FCUs' ability to serve low- and moderate-income segments of communities."

Urban cores deserve access to financial services.

Convenient access to full-service branches within a community is an important factor in determining the availability of credit and non-credit services. To limit potential redlining and other discriminatory actions, NCUA should adopt safeguards implemented by other federal banking agencies. Those agencies periodically assess how banks serve their assessment areas. Though this is not statutorily mandated, NCUA would be prudent to increase and measure an FCU's impact on their FOM, especially when considering that a geographically-based FOM is fundamentally the same legal construct as a bank's geographically-based assessment area.

Excluding urban cores creates a heightened risk of disparate impact.

Aside from periodically assessing an FCU's service to a newly established FOM, the Board should consider urban cores excluded from a geographically-based FOM. In particular, the agency should require an FCU to account for the number of low-, moderate-, and middle-income census tracts being excluded from the FOM, and whether financial services are adequately being provided to the excluded areas. Additionally, the FCU should be able to explain how the excluded urban core will be able to access credit facilities if the FCU leaves, or does not include, that urban core.

Permitting FCUs to exclude urban cores from their FOMs creates a heightened risk of discriminatory activity, whether intentional or not. In response, NCUA needs to require heightened documentation and explanations from the FCUs that seek to apply for, convert to, or expand CSA-based FOMs that exclude urban cores.

Sincerely,

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