



December 9, 2019

Mr. Gerald Poliquin
Secretary to the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Regarding: Chartering and Field of Membership: Proposed Rule and Supplemental Statement
RIN 3133-AF06

Dear Mr. Poliquin:

The Community Bankers Association of Illinois (“CBAI”), which proudly represents 310 Illinois community banks, appreciates the opportunity to provide our observations and recommendations regarding the National Credit Union Administration’s (“NCUA” or “Agency”) Proposed Rule and Supplemental Statement regarding chartering and field-of-membership (“Proposed Rule” or “Proposal”). CBAI acknowledges that the NCUA Board is proposing 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 (“FCUs”) to exclude urban cores from FOM, delineated by core-based statistical area (“CBSA”) boundaries.

CBAI is dedicated to exclusively representing the interests of Illinois community banks and thrifts through effective advocacy, outstanding education, and high quality products. CBAI’s members hold more than \$70 billion in assets, operate 860 locations statewide, and lend to consumers, small businesses, and agriculture. For more information, please visit www.cbai.com.

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."

CBAI has long been concerned about tax-exempt credit unions expansionist agenda. The original Congressional intent for credit unions to serve individuals of modest means and with a common bond has long ago been abandoned, harms tax paying Illinois community banks, and this abuse should be addressed by Congress. This Proposal, however, presents an opportunity for the NCUA to implement reasonable and necessary regulatory controls and protections as detailed below.

CBAI believes that 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 which are applicable to banks.

These 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.

Aside from periodically assessing an FCU's service to a newly established FOM, the NCUA 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 required 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.

In conclusion, as written now, the Proposed Rule's framework would not adequately guard against discriminatory redlining. CBAI strongly urges the NCUA to adopt anti-discriminatory

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safeguards that other federal banking agencies utilize for banks which ensure customers are protected.

If you have any questions or need additional information, please do not hesitate to contact me at (847) 909-8341 or davids@cbai.com .

Sincerely,

/s/

David G. Schroeder
Senior Vice President
Federal Governmental Relations