



December 9, 2019

Submitted Electronically

Gerard Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-34285

Re: Chartering and Field of Membership, RIN 3133-AF06

Dear Mr. Poliquin,

The Wisconsin Bankers Association (WBA) is the largest financial trade association in Wisconsin, representing approximately 230 state and nationally chartered banks, savings and loan associations, and savings banks. WBA appreciates the opportunity to comment on the National Credit Union Administration's (NCUA) proposed rule and supplemental statement regarding chartering and field of membership rules (FOM) with respect to applicants for a community charter approval, expansion, or conversion. WBA is concerned that the proposed rule would deny core areas access to financial services.

Summary

NCUA's FOM rules govern applications for community charters. Community-chartered federal credit unions (FCU) serve areas that are well-defined and a local community or rural district (WDLC). An FCU may comprise a well-defined local community as a core-based statistical area which currently contains a core area service requirement. The proposed rule would eliminate that core area service component. As such, the proposed rule would permit FCUs to exclude core areas from FOM to serve, delineated by core-based statistical area (CBSA) boundaries.

Necessary Safeguards

Without additional safeguards, the proposed rule would enable limitation of access to financial services by low and moderate-income segments of communities. As such, 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.

Furthermore, excluding core areas raises the risk of disparate impact. At a minimum, safeguards should be implemented to ensure low, moderate, and middle-income census tracts that would otherwise be excluded from FOM will still have access to financial services. Specifically, NCUA should require an FCU to consider the number of census tracts that would be excluded, and whether adequate financial services are available to the excluded areas. Based on that consideration, the FCU should also be required to explain how the excluded core area will be able to access those services if the FCU leaves, or does not include the area within its FOM.

Conclusion

WBA is concerned that if the proposed rule permits FCUs to exclude core areas from FOM without additional safeguards it will create a heightened risk of discriminatory activity, whether intentional or not.

To mitigate this possibility, NCUA should require FCUs to document considerations and explanations when seeking to apply, convert, or expand their CBSA based WDLC to exclude core areas.

Sincerely,

A handwritten signature in black ink, appearing to read "Rose Oswald Poels". The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

Rose Oswald Poels
President/CEO