



February 10, 2021

Melane Conyers-Ausbrooks
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428

*Submitted electronically
to Regulations.gov*

RE: RIN 3133- AF23; Comments on Proposed Rule: Field of Membership—Shared Facility Requirements

Dear Ms. Conyers-Ausbrooks,

The Dakota Credit Union Association (DakCU), which represents state and federally chartered credit unions in the states of North Dakota and South Dakota, appreciates the opportunity to provide comment to the National Credit Union Administration (NCUA) regarding its proposed rulemaking concerning shared facility requirements.

DakCU supports the NCUA's proposal to amend the Chartering Manual so that the facilities of any shared branch network in which a FCU participates, regardless of ownership interest, would qualify as a service facility. DakCU agrees with the NCUA that "an ownership requirement related to shared facilities and ATMs is needlessly restrictive." 86 FR 1827 We appreciate the NCUA in identifying the need to update these definitions to reflect the current credit union marketplace and operations of shared facilities.

Currently, the NCUA Chartering and Field of Membership Manual (Manual), found under Appendix B to Part 12 CFR 701 contains three versions of the definition of service facility. Chapter 2, section IV discusses requirements for multiple occupational or associational common bond FCUs. This section requires that the employers and/or associations that the credit union serves must be within reasonable geographic proximity of the credit union. That is, the groups must be within the service area of one of the credit union's service facilities. A FCU's service area is the area that can reasonably be served by the service facilities accessible to the groups within the field of membership.



The current definition of service facility for multiple common bond credit unions provides that it is “a place where shares are accepted for members' accounts, loan applications are accepted or loans are disbursed. This definition includes a credit union owned branch, a mobile branch, an office operated on a regularly scheduled weekly basis, a credit union owned ATM, or a credit union owned electronic facility that meets, at a minimum, these requirements. A service facility also includes a shared branch or a shared branch network if either: (1) The credit union has an ownership interest in the service facility either directly or through a CUSO or similar organization; or (2) the service facility is local to the credit union and the credit union is an authorized participant in the service center. This definition does not include the credit union's Internet Web site.”

DakCU supports the NCUA’s proposal to revise this definition to remove ownership requirements for shared facilities. Specifically, the amended definition would provide, “A service facility for multiple common bond credit unions is defined as a place where shares are accepted for members’ accounts, loan applications are accepted or loans are disbursed. This definition includes a credit union branch, a mobile branch, an office operated on a regularly scheduled weekly basis, a credit union owned ATM, or a credit union owned electronic facility that meets, at a minimum, these requirements. A service facility also includes a shared branch or a shared branch network location, including a shared ATM or electronic facility, if the credit union participates in a shared branching network. This definition does not include the credit union’s internet website.” *86 FR 1830*.

The revised definition would continue to provide that a credit union’s internet website is not a service facility, however, as discussed in more detail below DakCU urges the NCUA to allow a website to also qualify as a service facility.

Chapter 3 of the Chaptering and Field of Membership Manual provides policy on low-income credit unions and credit unions servicing underserved areas. As discussed by the Manual, “one of the primary reasons for the creation of federal credit unions is to make credit available to people of modest means for provident and productive purposes.” DakCU believes these revisions to the definition of service facility are needed to further this mission.

The provisions of Chapter 3 provide greater flexibility for credit unions to provide services in low-income communities. Subsection III.F to Chapter 3 discusses service facility requirements. The Manual currently provides that, “Once an “underserved area” has been added to a federal credit union's field of membership, the credit union must establish within two years, and maintain, an office or service facility in the community. A service facility is defined as a place where shares are accepted for members' accounts, loan applications are accepted and loans are disbursed. By definition, a service facility includes a credit union-owned branch, a shared branch, a mobile



branch, or an office operated on a regularly scheduled weekly basis or a credit union owned electronic facility that meets, at a minimum, the above requirements. This definition does not include an ATM or the credit union's Internet Web site.”

As proposed, Subsection III.F to Chapter 3 would be revised to allow for more types of facilities to qualify as a “service facility.” DakCU supports these revisions that will allow underserved communities to have more access to a credit union. The proposed rule would provide that, “Once an “underserved area” has been added to a federal credit union’s field of membership, the credit union must establish within two years, and maintain, an office or service facility in the community. A service facility is defined as a place where shares are accepted for members’ accounts, loan applications are accepted or loans are disbursed. By definition, a service facility includes a credit union-owned branch, a shared branch, a mobile branch, an office operated on a regularly scheduled weekly basis, a credit union owned ATM, or an electronic facility that meets, at a minimum, the above requirements. A service facility also includes a shared branch or a shared branch network location, including a shared ATM or other electronic facility, if a credit union participates in a shared branching network.” *86 FR 1830.*

It would be both beneficial to the credit union and to the community to allow shared facilities to meet the requirement to establish a service facility. Sharing facilities is more efficient and conserves on resources that can be directed into other products and services for the membership. DakCU agrees with the NCUA findings, that “Member access to services from a shared branch is the same whether or not the FCU has an ownership interest in the shared branching network.” *86 FR 1872* Also, in some very rural areas staffing is an issue. Finding enough qualified persons to staff two branches might be challenging, therefore, allowing shared facilities and staff is beneficial to the credit unions and the community. ATMs should also qualify as a service facility for underserved areas. Basic access to cash in underserved areas would be very beneficial. Furthermore, as NCUA correctly noted, “with continuing technological advances, members will be able to obtain the services they need through using ATMs or other electronic facilities combined with telephone or email communications with credit union staff.” *86 FR 1827.*

The proposal also makes the definition of service facility in the glossary section of the Chartering Manual consistent with the other definitions. DakCU supports this change to avoid confusion and inconsistencies.

DakCU urges the NCUA to further update these definitions to allow for a credit union’s transactional website and mobile banking applications to meet the definition of service facility. As the recent pandemic has shown, credit unions are able to serve their members via these online



platforms. This allowed credit union members to have access to their accounts while at the same time keeping both the member and credit union staff safe. There have been significant advancements in technology since the passage of the Credit Union Membership Access Act in 1998. It is time for the NCUA to update these definitions to reflect how members are accessing their credit union account to include transactional websites and mobile banking applications.

Thank you for this opportunity to share our comments and concerns.

Respectfully,

A handwritten signature in black ink that reads "Jeffrey Olson". The signature is written in a cursive style.

Jeffrey Olson
CEO/President

A handwritten signature in black ink that reads "Amy Kleinschmit". The signature is written in a cursive style.

Amy Kleinschmit
Chief Compliance Officer