

VIRGINIA BANKERS ASSOCIATION

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April 9, 2021

Via Email and First Class U.S. Mail

E. Joseph Face, Jr.
Commissioner of Financial Institutions
Virginia State Corporation Commission
Post Office Box 640
Richmond, Virginia 23218-0640

Re: University of Virginia Community Credit Union, Inc.'s Request to Expand its Field of Membership

Dear Commissioner Face:

The Virginia Bankers Association (“VBA”) represents banks of all sizes and charters and has served as the organized voice for Virginia’s banking industry and its 42 thousand employees since 1893. We write to you today to oppose University of Virginia Community Credit Union, Inc.’s (“UVACU”) request to expand its field of membership to include persons who live, work, worship volunteer, or attend school in, businesses and other legal entities located in, the independent municipalities of Amherst, Augusta, Bath, Bedford, Buckingham, Campbell, Cumberland, Highland, Rockbridge, and Rockingham as well as the cities of Harrisonburg, Lynchburg, Staunton, and Waynesboro (2019 U. S. Census estimated population of 557,117). We believe UVACU’s request should be denied for the reasons set forth below.

UVACU has a community-based field of membership, which is defined in § 6.2-1327 B 3 of the Code of Virginia (“Code”) as persons or organizations within a well-defined local community, neighborhood or rural district. Its current membership area consists of the city of Charlottesville, and the counties of Albemarle, Culpepper, Fauquier, Fluvanna, Greene, Louisa, Madison, Nelson, Orange and Rappahannock,¹ with a combined population of 428,872 persons.² UVACU is proposing to more than double its field of membership by adding 14 cities and counties with a combined population of 557,117 persons.

¹ <https://www.uvacreditunion.org>

² <http://www.census.gov/> (2019 Census)

It is within the discretion of the Commission to determine whether a proposed field of membership constitutes a "well-defined local community, neighborhood or rural district". The term is not defined in Virginia law and in determining its definition, the Commission is required to consider the National Credit Union Administration's definition of the term. Thus, Virginia law, not federal law, controls the definition of a well-defined local community, neighborhood or rural district. In turning to UVACU's application, not only is the proposed number of persons to be added to UVACU's field of membership excessive at over one half of one million persons, the geographic area comprising 14 cities and counties is extremely large and accounts for a substantial portion of Virginia.

Section 6.2-1328 (3) of the Code only allows the Commission to authorize a group to join the field of membership of an existing state credit union if the existing credit union has the management, administrative and financial resources to serve the additional group effectively. It is extremely unlikely that UVACU possesses the vast resources needed to support an instant doubling of its potential membership to nearly one million members in one giant gobble of the western portion of the Commonwealth; therefore, the proposed expansion does not meet the Virginia statutory requirements for field of membership expansion.

UVACU's request to add the aforementioned cities and counties to its field of membership should further be denied because the beneficial effect in meeting the convenience and needs of the group would be clearly outweighed by the harm caused to numerous other overlapped credit unions. Existing credit unions in the proposed area to be added will be negatively affected by the expansion, losing membership and business to UVACU. In turn, this harm would weaken existing credit unions and might be detrimental to their safety and soundness.

Further, UVACU's request should be denied because both federal and state law favor the formation of new credit unions.³ Virginia law requires the State Corporation Commission to encourage the formation of a separately chartered credit union, instead of adding a new group to the field of membership of an existing credit union, when practicable and consistent with reasonable safety-and-soundness standards.⁴ The only instances in which a group may be authorized to be included in the field of membership of an existing state-chartered credit union include situations where the formation of a separate credit union by a group is not practicable or is not consistent with reasonable safety-and-soundness standards. Thus, Virginia law favors the creation of new credit unions, not the ballooning of existing ones, and the Commission is required to seriously investigate the possibility of a separately chartered credit union.

Unlike banks, credit unions are not subject to the Community Reinvestment Act⁵ and are not required to provide financial services to low- and moderate-income neighborhoods in the communities that they serve. Credit unions also do not pay federal or state income taxes. The expansion of existing credit unions in Virginia has resulted in sophisticated institutions that offer wealth and asset management services to wealthy consumers, high-dollar commercial loans, and high-end real estate brokerage services through an acquired affiliate – all with no regulatory oversight that low-income consumers are being served and with lost tax revenues to Virginia and its

³ The first goal of the National Credit Union Administration's chartering policy is to encourage the formation of new credit unions. 12 C.F.R. Part 701, Appendix B.

⁴ § 6.2-1328 of the Code of Virginia.

⁵ 12 U.S.C. § 2901.

localities. For these reasons, Virginia law is well-established and clear that these mega credit unions are not favored.

We respectfully request that you deny UVACU's request to expand its field of membership based upon the aforementioned reasons. If you have any questions, please feel free to contact me at 804-819-4701 or bwhitehurst@vabankers.org.

Thank you for the opportunity to comment.

Sincerely,

A handwritten signature in blue ink that reads "Bruce T. Whitehurst". The signature is fluid and cursive, with the first name "Bruce" being the most prominent.

Bruce T. Whitehurst
President & CEO