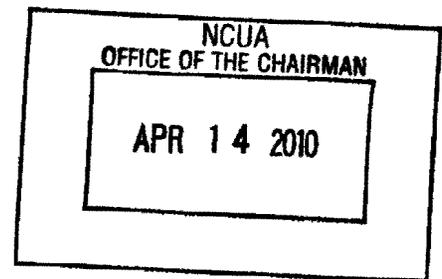


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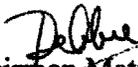
Robert L. Marquette
President/CEO
ceo@members1st.org



April 8, 2010

Debbie Matz
Chairman NCUA Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

RE: NCUA Proposed Rule on Chartering and Field of Membership for Federal Credit Unions


Dear Chairman Matz:

On behalf of Members 1st Federal Credit Union I am writing to you regarding the National Credit Union Administration's (NCUA) proposed rule to amend its regulations regarding community chartering and field of membership. I appreciate the opportunity to express our opinion on the proposed rule and thank you for your efforts to improve the environment for credit unions around the country.

The proposed rule in its current form would be a step backwards for credit unions. We strongly oppose confining communities to a statistical area and eliminating the narrative or subjective approach. We support the retention of a single political jurisdiction as automatically meeting the well-defined local community standard but NCUA should allow other types of communities based on subjective evidence of common interest and interaction.

We strongly oppose the proposed maximum population cap of 2.5 million. Putting a maximum population cap is not required under law, is inappropriate and unnecessary. There are numerous areas around the country that would be disallowed because of the arbitrary maximum population number. Why restrict credit unions from serving a community and its members based on an arbitrary population. Population size should not be a consideration in determining a well-defined local community.

We also strongly oppose the requirement in the proposed rule that requires that the CBSA must contain a dominant city, county or equivalent where the population is at least 1/3 of the CBSA's total population and in which the majority of all jobs are in the CBSA or the metropolitan division. This arbitrary rule hinders credit unions from serving some areas

that may not have the demographic patterns that are needed to run a successful credit union.

We support the grandfathering provision of the proposed rule. If an area has been approved as a well-defined local community by the NCUA in the past then it should remain so in the future.

We believe it is very important that the NCUA look at other criteria and methods for determining a well-defined local community. There are state and federal government agencies, media markets and state agencies that can provide guidance for determining the criteria. The criteria must be applicable to all areas as different parts of the country have different political subdivisions and population patterns. A process should be put in place so that credit unions are not waiting for responses from the NCUA for months or even years, that NCUA is not applying various tests or criteria that does not make sense in every state and that credit unions that are along two or more state borders are not being restricted because of the limiting nature of the regulations. The law does not require NCUA to limit well-defined local communities to one market area. Credit Unions should not be limited to a statistical area, a city or other subdivision.

Rural Districts should not be subject to many of the same issues above for the same reasons as above. Placing a 100,000 cap on population is too restrictive and it does not make sense in some parts of the country. Placing a restriction to serve consumers in rural areas where it is needed should not be based on an arbitrary and restrictive maximum population. The same process should be looked at for Rural Districts as for well-defined local communities. Demographics, media markets and government subdivisions should be looked at so that consumers in rural markets can be served by credit unions. Credit Unions need a reasonable potential membership to draw from in order to become a viable financial institution and 100,000 potential members does not allow that requirement to be fulfilled.

Underserved Communities should not be looked upon the same as a well-defined local community. NCUA should be formulating a separate definition for an underserved area that makes adding an underserved area easier for credit unions. An area should qualify as underserved if it meets the current requirements that show unmet needs. Having a requirement to prove un-provable criteria is forcing credit unions to abandon underserved areas that it could serve. There are some requirements that NCUA has imposed on credit unions that make it difficult to respond to such as the requirement to show that a credit union is providing financial services that are not currently being offered in an underserved area. How do you prove that?

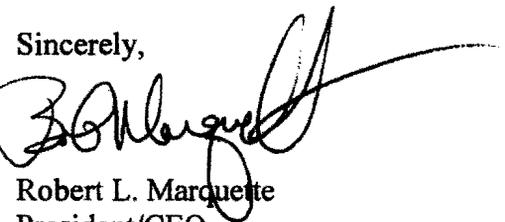
The proposed rule addresses the need to have business plans and marketing plans but states that supervisory action may be taken if a credit union does not follow the plans. There are many instances where plans are laid out and then changed based on market conditions or economic conditions. We do not believe that the NCUA should be dictating how the detailed plans of a credit union or the strategy of a credit union should be conducted as these decisions should rest with credit union management and it's Board

of Directors. Having a plan is a good thing but holding supervisory action over the heads of credit unions should the plans or strategy change should not be part of the rule.

While we agree with the agencies proposed rules (standards) whether a credit union is deemed to be in danger of insolvency, we believe that the rule should be expanded to allow that NCUA broader authority in determining whether or not an emergency merger is the best course of action. Changes to the merger policies should be made to facilitate mergers when merger partners are working to assist a troubled credit union so members can be served, the reputation risk of our industry is not harmed and losses to the NCUSIF are minimized.

In closing, why is the NCUA granting expansive TIP charters but looking to put more restrictions on community charters? The NCUA should not be setting arbitrary restrictions on credit unions in an effort to protect the agency from litigation to the detriment of credit unions. Why does a State Chartered credit union have the ability to have a statewide field of membership and a Federally Chartered credit union does not? There are 27 CBSA's that have over 2.5 million people in them, there are CBSA's that have very limited populations that would be difficult for a credit union to survive on, there are credit unions that serve 2 bordering CBSA's currently and there are credit unions that serve multiple CBSA's big and small. How could it be suggested that one definition fits all? Thank you for allowing us the opportunity to comment on the proposed rules. It is our hope that our regulator will do what is best to protect our industry and that means doing what is best to ensure that credit unions are able to grow, prosper in the future and bring credit union service to as many people as possible.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Marquette", with a long, sweeping horizontal line extending to the right.

Robert L. Marquette
President/CEO