

From: [John Trull](#)
To: [Regulatory Comments](#)
Subject: Chartering and Field of Membership Manual
Date: Thursday, November 19, 2015 5:00:09 PM

Dear Secretary of the Board Poliquin,

The National Credit Union Administration is to be applauded for its proposal to ease the membership burdens facing federal credit unions. Current membership rules are outdated, artificially limiting access to credit unions.

The proposed rule will facilitate the growth that many credit unions need to survive in today's competitive marketplace. This proposal provides regulatory relief that gives credit union boards and management more flexibility to define their mission and market rather than having those decisions determined by Congress or the NCUA. In addition, it gives consumers the ability to make the smarter choice, to join a not-for-profit financial institution that offers higher rates on savings and lower rates on loans.

Consumers deserve choice on where they obtain financial services and credit unions should be easily available to all Americans in all communities. This is especially important for communities where banks do not provide service to people of modest means, like credit unions strive to do.

I am pleased to be able to offer support for the NCUA's proposal, and would like to express appreciation for the inclusive process that the NCUA employed in developing this rule. This is important to all credit unions, not only those with federal charters. There are opportunities to claim parity if the federal rule is more progressive than state rules, and it also informs and supports our state-level efforts to keep our charters progressive and competitive.

Some of the key aspects that will benefit credit unions include:

Community Based Federal Credit Unions

Combined Statistical Areas – A credit union will be able to serve up to 2.5 million people in a Combined Metropolitan Statistical Area (CMSA), as well as in a Metropolitan Statistical Area (MSA). Thus a CU's field of membership could include parts of the Baltimore and Washington MSAs because they are all part of a larger Consolidated Metropolitan Statistical Area. A community charter will no longer be required to serve the "core area" of a MSA or CMSA.

Bordering areas– A community charter will be allowed to expand into counties or other political jurisdictions which border (i.e. are immediately adjacent to) its existing FOM. Only a streamlined version of a marketing and business plan will be required for community charters expanding into bordering areas.

Congressional Districts – Most members of Congress consider their Congressional Districts to be well defined local communities, thus we will allow a credit union to use a single Congressional District as a FOM.

Rural Districts – The population cap for a rural district (an area with an average population density of under 100 people per square mile) will increase from 250,000 to 1 million. A rural district can include contiguous areas in the state where the CU is headquartered as well as contiguous rural areas in states adjacent to the state where it is headquartered. New options will be provided to identify rural areas.

Seg Based Federal Credit Unions

Groups over 3,000 – There will be a streamlined process for approving groups between 3,000 and 5,000 potential members – which are too small to support a viable stand-alone single-SEG credit union – and we will ask for comment on whether the upper threshold for streamlined approval should be higher than 5,000 since the penetration rate for SEGs is typically less than 50%.

Independent Contractors – Multi-SEG credit unions will be able to serve independent contractors who regularly

work at a SEG.

Reasonable Proximity – A SEG will be considered to be within reasonable proximity of a multi-SEG credit union if its members can make deposits, apply for loans, or receive loan proceeds through one of the credit union’s service facilities, which can include its web site or a mobile app.

Underserved Areas – The process for identifying and qualifying underserved areas will be streamlined and simplified. New options will be provided to identify and qualify underserved areas. The “facilities test” will no longer count facilities that do not serve the entire community.

Industrial Parks/Shopping Malls/Office complexes – A multi-SEG CU will be able to serve employees who work at an Industrial Park/Shopping Mall/Office Complex without having to get approval from each individual tenant as long as the tenant does not have more than 3,000 potential members.

In conclusion the NCUA has fulfilled an obligation to the credit union system to modernize the Field of Membership rules which haven’t been updated in nearly two decades, since the passage of CUMAA. We strongly encourage the NCUA to expedite the finalization of this rule.

Sincerely,

Sincerely, John Trull
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