



Mr. Gerard Poliquin  
Secretary of Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, VA 22314-3428

January 8, 2016

Dear Mr. Gerald Poliquin,

On behalf of Members 1<sup>st</sup> Federal Credit Union, I am writing to you regarding the National Credit Union Administration's (NCUA) proposed rule amending the Chartering and Field of Membership (FOM) Manual, incorporated as Appendix B to part 701. I appreciate NCUA's initiative in this rulemaking to provide meaningful regulatory relief to credit unions and welcome the opportunity to provide comments on this proposal. The credit union industry has long advocated for FOM reform, and we appreciate the NCUA Board's support for modernizing the agency's FOM regulations for the first time in fifteen years.

At Members 1<sup>st</sup> FCU we believe that NCUA's FOM Rule and Regulations unnecessarily inhibit our ability to serve our communities and other consumers who want and need affordable financial services. While we acknowledge that legislation is necessary to resolve certain limitations of FOM rules, we support NCUA's attempt at regulatory relief by streamlining its chartering and FOM procedures, as well as removing many non-statutory constraints on FOM chartering and expansion.

Members 1<sup>st</sup> supports the removal of the Core Area service requirement and would like to see the NCUA consider allowing the portion of the area that a credit union seeks to serve when determining if the area exceeds the 2.5 million population limit as opposed to the whole population. We would like to see a Combined Statistical Area designated by the Office of Management and budget be counted as a well-defined, local community. We would also like to have congressional districts recognized as a Single Political Jurisdiction and increase the population for a Rural District from 250,000 to 1 million persons. These changes would assist our credit union to better serve our community.

Though legislation is necessary to resolve certain limitations on FOM rules, this proposal represents a modernized approach to keep pace with changes in state laws and technology. The explosive growth in technology will continue in the financial industry and it is important for Credit Unions to have you adapt by streamlining NCUA's chartering and FOM procedures, as well as removing many non-statutory constraints on FOM chartering and expansion. Consumers and federal credit unions should not be penalized for adopting the use of these technologies to serve and grow their memberships. Therefore, Members 1<sup>st</sup> FCU strongly supports NCUA's initiative to incorporate online financial services into the definition of "service facility."

To improve the ability of a credit union to evidence why an area is underserved, we would suggest the NCUA consider other metrics, such as *Home Mortgage Disclosure Act* (HMDA) data or local economic factors, including poverty rates, unemployment rates, and median area family income. While credit unions appreciate NCUA's initiative in this rulemaking to streamline the determination of stand-alone feasibility, we firmly believe that NCUA should only require overlap analysis and the standard application process when federal credit unions' business plans expect more than 5,000 *actual members*, rather than merely the *potential* for 5,000 members.

Due to the explosive growth of technology and digital communication platforms, today's society is transient and widespread. Credit union members can form a cohesive bond and be connected to their credit union regardless of geographic location because modern technology provides platforms on which individuals can connect to one another

from anywhere in the world. In today's modern world of teleconferences and webinars, credit unions members can participate in activities developing common loyalties, mutual benefits, and shared interests without geographic restriction. Consumers and federal credit unions should not be penalized for adopting the use of these technologies to serve and grow their memberships. Therefore, Members 1<sup>st</sup> FCU strongly supports NCUA's initiative to incorporate online financial services into the definition of "service facility."

Members 1<sup>st</sup> FCU strongly supports NCUA's initiative to allow multi-SEG credit unions to serve independent contractors. As Vice Chairman Metsger recognized in his remarks during the November 2015 NCUA Board meeting, the fact that there were independent contractors who had worked for a particular employer for decades and yet were not eligible for membership in the entity's multi-select employee group credit union illustrates the necessity of this proposed amendment. We also support NCUA's initiative to allow multi-SEG credit unions to serve the employees of an office or industrial park tenant. Similar to the inclusion on SEG contractors, this proposed amendment will allow multi-SEG credit unions to reach potential members who want and need affordable financial services.

While credit unions appreciate NCUA's initiative in this rulemaking to streamline the determination of stand-alone feasibility, credit unions firmly believe that NCUA should only require overlap analysis and the standard application process when federal credit unions' business plans expect more than 5,000 *actual members*, rather than merely the *potential* for 5,000 members. As the NCUA Board acknowledges in the preamble to the proposal, 80 percent of failures occurred in credit unions with fewer than 5,000 actual members, and the number of potential members of those credit unions was significantly larger. Therefore, if 5,000 actual credit union members were deemed to be the minimum number needed to charter a viable new credit union, the number of potential members needed to reach 5,000 actual members would be much larger. Accordingly, Members 1<sup>st</sup> FCU recommends that NCUA finalize a rule that considers the number of *actual* members as determining factor for the streamlined determination of stand-alone feasibility.

Thank you very much for the opportunity to comment on this proposed regulation. I applaud the agency's willingness to amend the Chartering and FOM Manual to provide much-needed relief for the credit union industry. While I strongly support this proposal, I encourage the agency to consider the recommendations outlined above, as I believe these suggestions will meet the needs for credit unions. If I can be a source of any further information on this comment letter, please do not hesitate to contact me at [ceo@members1st.org](mailto:ceo@members1st.org) or by phone at (717) 795-6000.

Respectfully,

A handwritten signature in black ink, appearing to read "R. Marquette", written in a cursive style.

Robert L. Marquette  
President/CEO