



February 8, 2016

Mr. Gerard Poliquin
Secretary to the NCUA Board
1775 Duke Street
Alexandria, VA 22314

Re: Comment Letter to the Proposed Amendments to NCUA's Field of Membership and Chartering Manual 12 CFR Part 701

Dear Mr. Poliquin:

On behalf of the Board and management of Greylock Federal Credit Union, we appreciate the opportunity to express our views on the recent proposal by the NCUA Board to amend the field of membership (FOM) rules of the National Credit Union Administration found in 12 CFR Part 701. Greylock is a \$1 billion institution serving 74,000 members in our FOM with only 130,000 residents, so we are very focused on FOM reforms.

We believe the proposal is a positive step in the right direction; we support the proposed changes and commend the agency for addressing the very real need for meaningful field of membership reform. We respectfully suggest that some additional provisions in your proposal could help strengthen the credit union movement even further.

Given that Greylock has a community charter, most of our specific comments and recommendations center on the proposed changes and revisions to what constitutes a "well-defined local" community. However, as a strong supporter of the federal credit union charter we are supportive of changes in the field of membership rules that will result in stronger and more competitive credit unions.

To that end, we support the proposed changes that will enable multiple common bond credit unions to serve individuals with a "close dependency relationship" to an approved SEG. We likewise support the agency's recommended approach to streamline its determination of stand alone feasibility of groups greater than 3,000, although we suggest the number for streamlining could be increased to at least 10,000 in order to reflect actual penetration rates required to sustain a viable credit union.

We also support the revised definition of "service facility" to include for reasonable proximity purposes online financial services, including computer based and mobile phone channels. This is a significant and welcomed change that acknowledges advances in

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technology which promote member convenience. However, we respectfully suggest this definition should be applied across the board to include application for underserved area expansion and “ability to serve” requirements for community charters.

These are good changes that if implemented will help credit unions maintain long term viability and competitiveness in a dynamic financial marketplace.

As stated earlier, the primary focus of this comment letter centers on the community charter aspects of the proposal. With that in mind we offer the following specific comments and recommendations.

Removal of Core Area Service Requirement

We strongly support the proposed change that will provide federal credit unions the ability to convert to a community charter or expand an existing community charter without having to serve the core area if electing to serve a portion of a Core Based Statistical Area (CBSA). Removal of this requirement provides additional flexibility to a credit union in making a determination as to what part of an area it can reasonably serve and particularly when it does not feel that its financial position would best be served by taking the entirety of a CBSA that would have to encompass the core area.

This is an appropriate change in our view that will enhance safety and soundness by allowing a credit union to focus on those areas in a CBSA that it can reasonably serve.

Authorization of Combined Statistical Areas

We welcome the proposal to give credit unions the ability to apply to serve combined statistical areas as it is our understanding that these areas go beyond the boundaries of what typically constitutes a Metropolitan Statistical Area (MSA) and should provide additional flexibility for those credit unions desiring to expand their geographic footprint. However, we ask the Board to reconsider its decision to retain the existing arbitrary population cap of 2.5 million which unfortunately severely diminishes the potential of this significant change for a number of credit unions in larger metropolitan areas. Therefore, we would strongly encourage the Board to remove the population cap.

Population Limit as Applied to a Well-Defined Portion of a Core Based Statistical Area

Since 2010, NCUA’s existing FOM rules have permitted a portion of a CBSA to qualify as a well-defined local community provided the population of the CBSA as a whole does not exceed 2.5 million. The effect of this provision has been that a smaller portion of a statistical area with a 1.5 million population could not qualify if the entire CBSA had a population in excess of 2.5 million. In an attempt to rectify this problem the proposal amends the rules to state that the population limit of 2.5 million will apply to the CBSA

or any well-defined portion thereof meaning that a federal credit union could serve any well defined portion of a CBSA provided the area sought does not exceed 2.5 million in population even if the CBSA in its entirety is well above 2.5 million in population.

Although we support this change, the retention of the non-statutory mandated population cap seems counterproductive and we request that it be removed.

Areas Adjacent to a Core Based Statistical Area Authorized

In general we support the proposal to give credit unions the ability to serve an outside area contiguous to its *existing* CBSA or single political jurisdiction. In order to do so, a credit union will be required to submit a narrative in their application to demonstrate interaction or common interests of the proposed expanded community as a whole. We applaud this important and substantive change. However, this provision is still subject to the arbitrary population cap of 2.5 million. We believe the population cap undermines the significance of this change and its continued retention does nothing to demonstrate whether a well defined local community exists or not. Please consider removing this unnecessary regulatory burden.

Retention of Unnecessary and Arbitrary Population Caps

While the addition of Combined Statistical Areas and the removal of the "Core Area" service requirement are welcomed and noteworthy changes, the impact of these changes is significantly diminished when they are still subject to an unreasonable 2.5 million population cap.

In our view, population should have nothing to do with determining whether the area considered meets the definition of a "well-defined local community." Since July 2010, NCUA has solely relied on statistical information compiled by other governmental agencies in making a determination of whether a community exists. From what we can tell this continues to be the case in the proposed rule with the limited exception that authorizes the addition of an adjacent area to a CBSA or a Combined Statistical Area subject to an overall population cap of 2.5 million. Given that every single definition of "community" under this proposal continues to be predicated on statistics compiled and defined by other governmental agencies and absent any statutory requirement mandating the Board to do so, we do not see a logical reason for inclusion of population caps.

We would like to retain our federal charter rather than consider a state charter. Our goal could be impeded by the continued implementation of arbitrary population caps. As you know, state charters have been receiving statewide fields of membership for years without regard to population limitations. To our knowledge, the population of a particular statewide community has not been an issue in determining these communities. Neither should it be for federal community charters.

We believe strongly that the federal charter would be significantly enhanced if the arbitrary population caps are removed in their entirety.

Congressional District Meets Definition of Community

We support the proposed change that establishes that an individual Congressional District will meet the definition of a well-defined local community and believe it will provide another layer of flexibility for credit unions like Greylock seeking to diversify their fields of membership through a community charter.

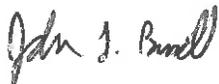
Rural District

The proposed rule raises the population cap for Rural Districts from 250,000 persons or 3% of the state's population to a flat 1 million population cap. While the increase in population cap from 250,000 to 1 million is a definitive improvement over the current rule, we continue to question why the Board feels compelled to impose arbitrary population limits. Given the existence of other rigorous qualifying criteria, we believe that the inclusion of a population cap is an unneeded and non-justifiable point and therefore should be removed.

The proposal retains and includes additional criteria (multi-state expansion test) for establishing a rural district that limits multi-state expansion to only those states with borders immediately bordering the state containing the federal credit union's headquarters or main office. Although unnecessary in our view, we have no major objections to the inclusion of this provision if the arbitrary population caps were removed.

As always, thank you for the opportunity to provide our thoughts and comments. Again, we commend the NCUA Board for their willingness to address this important issue for the growth, diversification and long term financial enhancement that will result in stronger, safer and sounder credit unions.

Sincerely,



John L. Bissell
President & CEO