



P.O. Box 1229
Herndon, VA 20172-1229

Phone: 703-709-8900
Toll-free: 844-709-8900
Web: www.nwfcu.org

January 25, 2016

Gerard S. Poliquin, Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314- 3428

Secretary Poliquin,

Thank you for the opportunity to comment on the NCUA's Field of Membership (FOM) proposal.

Northwest Federal Credit Union took advantage of the opportunity to have staff participate on the NCUA's FOM Working Group under the leadership of Deputy Director of the Office of Consumer Protection, Matt Biliouris. My staff shared that this committee participation allowed for open discussion fostering many suggestions for ways the NCUA can improve the FOM application process for credit unions which ultimately provides more Americans with access to join a credit union. We thank the NCUA Board for the formation of this working group in its review of the Chartering and Field of Membership Manual.

While I appreciate and agree with most of the points in the proposed rule, there are two items for which I would like to provide additional comments to further improve the process.

First and foremost, the key area for improvement is to further expand the *Streamlined Determination of Stand-Alone Feasibility of Groups Greater than 3,000*. The proposed rule cites that 80% of credit union failures occurred in credit unions with fewer than 5,000 members and accordingly the Board proposes expanding the streamlined determination to groups with up to 5,000 members. While this is a step in the right direction it is not enough of a step to make the footprint that needs to be made to truly benefit those mid-size employers/associations who desire to be served by federal credit unions.

From 2012 to 2015, over 60 credit unions failed. One example, First Hawaiian Homes, was chartered in 1937 and had 1,379 members when it was closed in 2015. As a community credit union it served residents on the island of Molokai, HI which according to 2010 census numbers had 7,345 people. Therefore, while the FOM was greater than 5,000 in over 70 years the credit union was able to penetrate less than 20%.

Take a much larger potential FOM such as one of our associations who has over 1.1 million members. It would certainly seem that this number would warrant the start-up of a credit union but since 2009 only 15,000 members of the association have joined the credit union.

It is important for NCUA to understand that it is not feasible for employers/associations to successfully start their own credit unions with 5,000 employees/members. Further, many of these groups are greatly interested in offering credit union membership as a benefit but do not have the resources/ability/desire to form their own credit union. In 2015, we added an association with 7,000 members whose mission is to build and maintain portions of the Appalachian Trail from Pennsylvania to Virginia. During the application process we were asked to further supply information as to why this association couldn't form their own credit union which stunned the association as forming a credit union is not their mission or desire; offering low cost financial services to their members was their simple request.

Therefore, I request that NCUA approve Streamlined Determination of Stand-Alone Feasibility of Groups Greater than 10,000 to truly improve and simplify the application process for these employers/associations seeking to be served by credit unions. With this potential number of new members, we must realize most FCUs will see less than 20% of growth over time from each new group.

Secondly, **I advocate for expanded technological resources for the Office of Consumer Protection in handling FOMIA requests** from credit unions so that employer groups/associations can receive more timely responses from the credit unions through which they desire service. My staff has advised that simple technological updates such as adding an upload function (for bylaws and other required documents), automated submission verification response with tracking number and status updates to the FOMIA would greatly enhance the process and allow us to provide better and more timely information to employer groups/associations who have applied to be served by our credit union. In 2015, it took over 90 days to receive a response regarding one group who requested service due to many emails and calls to the general OCP contacts to provide information requested in addition to the initial online application. By taking advantage of the same type of technology we use in serving our members who apply for services online, NCUA can improve its processes.

Thank you for the opportunity to provide comments. Should you have any questions or would like to discuss these issues further, please contact my AVP Compliance, Harmonie Taddeo at 703-709-8900 or htaddeo@nwfcu.org.

Sincerely,

A handwritten signature in black ink that reads "Chris McDonald". The signature is written in a cursive, slightly slanted style.

Chris McDonald
President/CEO
Northwest Federal Credit Union