



January 23, 2016

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

Submitted via e-mail to: regcomments@ncua.gov

Re: **Comments on NCUA Notice of Proposed Rulemaking – 12 CFR Part 701 Chartering and Field of Membership Manual**

Dear Mr. Poliquin:

This comment letter represents the views of the Virginia Credit Union League on NCUA's proposal to amend its Chartering and Field of Membership Manual. The Virginia Credit Union League is the state association providing regulatory and advocacy support for the Commonwealth's approximately 145 member-owned financial cooperatives. Our association provided comments to the agency's working group studying this issue last summer. In doing so, we agreed that it was appropriate that the NCUA Board take steps to modernize FOM rules and regulations that have become outdated and that are not reflective of the current environment of credit union membership and financial services. Restrictions to FOM beyond those mandated by law are unnecessary barriers to credit union efficiency in that they serve to inhibit the growth required to remain competitive in this business which has become increasingly dependent on scale.

We appreciate that the proposed FOM rule addresses key areas that will help to keep the credit union charter relevant. We encourage the Board adopt those changes and to expand the proposal in a few other areas.

Core Based Statistical Area (CBSA)

Our association supports the change that would eliminate the requirement that a CBSA contain a "core." This will give credit unions greater flexibility in serving areas that beyond a single county that have not previously been designated as local or that do not meet the requirements for being rural districts. We further support the proposal to permit a portion of a CBSA to qualify as a well-defined local community (WDLC). However, we believe the Board should increase the 2.5 million limitation as it applies to any CBSA or any well-defined portion of a CBSA.

Combined Statistical Area (CSA)

We support the proposal to include CSAs in the definition of WDLC. In defining a CSA, the Census Bureau recognizes the common interests of two or more adjacent CBSAs that have substantial employment interchange. In that regard, it is appropriate that NCUA do the same.

Addition of Adjacent Areas

The Virginia Credit Union League supports the change to allow credit unions to serve a contiguous area outside a CBSA, CSA, single political jurisdiction (SPJ), or rural district subject to population caps. This is an important change in that current regulation is overly restrictive. Allowing credit unions to use a narrative approach gives much needed flexibility in proving interaction or common interest within a community.

Proposed Changes to FOM related to Common Bond

We support the proposed change to include access through an online internet channel in the definition of service facility. This change will allow multiple common bond credit unions to add groups and serve them through transactional websites. This is common practice for many consumers today. Further, we support the inclusion of contractors of select employee groups (SEG) as eligible members for multiple common bond credit unions. The proposal to recognize office or industrial park tenants as potential SEGs is appropriate in that those tenants have common interests.

In closing, we thank you for a thoughtful and reasoned proposal addressing much needed changes to the FOM rules. We encourage the NCUA Board to adopt the changes to the Chartering and Field of Membership Manual. We ask that the agency further study charter regulations governing credit union mergers and formation. For example, the presumption of starting a new credit union by groups of 3,000 or more is unrealistic in today's environment. Lastly, credit unions need less restrictive merger regulations to allow for healthy consolidation. Mergers should be made upon prudent business decisions not FOM.

Sincerely,

Richard D. Pillow

Richard D. Pillow, CLE
President/CEO

Cc: Credit Union National Association
Virginia State Corporation Commission