

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 Utah Community Federal Credit Union, I would like to thank you for the opportunity to express our views on the recent proposal by the NCUA Board addressing the field of membership (FOM) rules of the National Credit Union Administration found in 12 CFR Part 701.

We feel that this proposal is a significant step in the right direction that, if combined with a few changes and enhancements allowed within the Credit Union Membership Access Act (CUMAA), could help provide much needed flexibility for those federal credit unions seeking to grow, diversify and better serve their members.

Therefore, we are pleased to provide our thoughts and recommendations regarding the NCUA Board's proposed amendments to federal FOM rules.

Combined Statistical Areas

This proposal gives credit unions the ability to apply to serve combined statistical areas subject to the existing population cap of 2.5 million. This is a needed change and a fair interpretation given that the Census Bureau recognizes a Combined Statistical Area (CSA) as a well-defined community that demonstrates economic or social linkage. However, we are disappointed that such communities are still subject to an arbitrary population cap of 2.5 million.

Areas Adjacent to a Core Based Statistical Areas

This is a good addition to allow a federal credit union to apply with documentation to serve an outside area contiguous to its current Core Based Statistical Area or single political jurisdiction. Without question this is a meaningful change that is needed.

Congressional Districts

We are in favor of the provision in the proposal that establishes a congressional district as being within a reasonable definition of a well-defined local community. While it will not be used as much as other options in this proposal, it does provide another opportunity to consider for those credit unions seeking to diversify their fields of membership through a community charter. There is no question that a congressional district, by its nature, is well-defined and interactive among its residents.

Nothing on Mergers

The proposed rule misses a great opportunity to get field of membership issues out of the way of solid voluntary mergers that would result in safer and stronger credit unions. NCUA is extremely restrictive in allowing a continuing credit union in a merger to keep the field of membership of the merging credit union. Many state charters allow merging credit unions to combine FOMs. The federal charter is at a disadvantage in mergers because of this fact – the federal FOM rules are too restrictive in a merger.

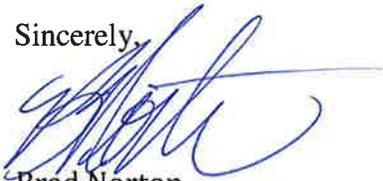
Population Caps Retained

The single biggest problem with this proposal is the Board's decision to retain arbitrarily imposed population caps on communities comprised of a more than a single political jurisdiction. While the addition of Combined Statistical Areas and the removal of the "Core Area" service requirement are certainly improvements, these enhancements to the federal rules are not nearly as effective as they seem at first glance when they are still subject to an arbitrary 2.5 million population cap.

If one of the goals of the NCUA Board is to ensure that the federal charter is competitive with state charters, the retention of arbitrary population caps severely undermines such a goal. We are convinced that the federal charter will always be at a disadvantage as long as the population caps are maintained. These caps were put in place in 2010, over twelve years after the passage of the CUMAA in 1998. They are obviously not required by law and should be removed from this regulation when it is finalized.

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. The result should be safer, sounder and stronger credit unions.

Sincerely,



Brad Norton

SVP Marketing and Development
Utah Community Federal Credit Union