APGFCU
Your Community Credit Union

February 5, 2016

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

Re: Comments on Proposed Rule:12 CFR Part 701, Chartering and Field of Membership Manual

Dear Mr. Poliquin:

Thank for your consideration regarding our formal comments on the National Credit Union Administration's ("NCUA") recent proposed rule, 12 CFR Part 701, Chartering and Field of Membership Manual. We appreciate the opportunity to express our support and provide recommendations.

Our credit union represents 115,465 members. We commend and are supportive of the NCUA's proposed rules but would like to focus in on several areas of particular concern.

1. Core Area Service Requirement - Would allow a community chartered credit union to serve a community consisting of a portion of a Core Based Statistical Area (CBSA). We note that CBSA or a "core" is not contained as a definition in the Federal Credit Union Act.

Recommendation: NCUA should not place limitations on service areas in a statistical area, because these limitations or requirements can divide these areas into portions that do not represent a viable community or can exclude the viable portions of a community.

2. Population Limit as Applied to a Well-Defined Portion of a CBSA – The current FOM regulation does not allow a community chartered credit union to serve a portion of a CBSA if the overall population of the CBSA exceeds 2.5 million.

Recommendation: It clearly renders all CBSAs with populations that exceed 2.5 million useless for the purpose of being used as a WDLC for a community chartered credit union. A credit union seeking to serve its members should not be hampered or restricted in doing so by an entirely arbitrary bar such as 2.5 million.

3. Use of Combined Statistical Area – Would include Combined Statistical Areas in the definition of a WDLC. NCUA's current regulation does not allow a credit union to use a Combined Statistical Area (CSA) for a WDLC, regardless of population.

An example of a CSA is the Washington-Baltimore-Arlington, DC-MD-VA-WV-PA Combined Statistical Area. This area is comprised of two MSAs and some smaller urban areas with strong

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community ties. There are strong community ties throughout the areas that are not adequately captured by one of the CBSAs.

Recommendation: Our credit union strongly supports the NCUA's proposal to allow CSAs to be used as a WDLC. CSAs are comprised of statistical areas with close community ties and naturally represent a WDLC even better than CBSA.

4. Congressional District - Allows a Congressional district to be used as a WDLC. In states with multiple Congressional districts, a credit union would be allowed to serve a district and the same area if the district boundaries were changed. A Congressional district defines a community, is contiguous and are less than the 2.5 million population currently allowed for a CBSA.

Recommendation: We support the NCUA's proposed use of a Congressional district as a WDLC. CUNA advocated publicly and privately for NCUA to add this to the proposed rule.

5. Addition of an Area Adjacent to a WDLC – This proposed change would allow a credit union to serve a contiguous area outside of a CBSA, CSA, SPJ or rural district if that area is within the WDLC.

Recommendation: We support this provision as it will allow credit unions to expand into communities that don't fall within a WDLC or rural district. However, we are concerned that NCUA may impose policy or process hurdles that make this provision less flexible and would ask that this be carefully considered in the final rule.

6. Rural District Population Limits – Increases the current limit of the population that rural district charters can serve from 250,000 to 1 million.

Recommendation: The current restriction is too low and limits credit union access. The only limitation should be the ability to serve the rural district. A credit union with an acceptable level of online banking should be authorized to provide membership to people living in rural areas.

7. Inclusion of Select Employee Group (SEG) Contractors in a Multiple Common Bond and Inclusion of Office or Industrial Park Tenants in A Multiple Common Bond - Would allow multiple common bond credit unions to include as a Select Employee Group the employees of a park's tenants in the FOM within certain limitations.

Recommendation: We strongly support the ability to add contractors of a multiple SEG sponsor and employees of an office or industrial building as a separate SEG. We feel allowing for greater flexibility in serving those members closely associated with a SEG will be beneficial to credit unions.

8. Reasonable Proximity through Members' Online Access to Services – Would allow for modern technology to be utilized in determining whether "Service Facility" is present for purposes of demonstrating reasonable proximity to a group.

Recommendation: We support the expansion of the definition of "Service Facility" to demonstrate reasonable proximity to a group.

9. Trade, Industry or Profession (TIP) As a Single Common Bond – Expands the definition of a TIP charter to include employees of entities that have a strong dependency relationship with (and whose employees work directly with employees of) other entities within the same industry.

Recommendation: We strongly support this provision, allowing a number of TIP charters to serve vendors, contractors, or other groups closely associated with a particular Trade or Industry.

The positive rule changes put forth by the NCUA will give credit unions the ability to more fully operate and compete and serve member-owners in a safe and sound manner and provide competitive products and services.

We are fully supportive of the NCUA's proposed rules on FOM and we hope our comments will be respectfully reviewed and considered as the final rules are formulated in the near future. Thank you for the opportunity to comment on the Proposed Rule.

Sincerely,

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