



February 4, 2016

Aloha Secretary of the Board Gerald Poliquin, and the NCUA FOM Team,

In my 7 year tenure at Hawaiian Electric Employees FCU, I would think that I would have had to write out several comments to the NCUA in the past. Thankfully I have only needed to do it once before this letter and it was regarding the RBC issue. We have relied on our Trade Associations NAFCU, CUNA and the Hawaii Credit Union League to provide regulatory support and advocacy for our little credit union out in the middle of the Pacific Ocean.

With that said I am writing this Field of Membership (FOM) comment letter to NCUA. Clearly the stakes are high when it seems that the Bankers are fighting so vigorously against this proposed change. It is apparent that this proposal is a well-received change and good change for our credit unions future and for the industry as a whole. Our credit union is one that has been trying to make changes to our Field of Membership over the years but has been hindered with the restrictions and their interpretations. The current rules have been a disincentive for us to move forward in opening up our membership.

Here is a list of some reasons for freeing up some of the current FOM restrictions:

- Many small and medium size credit unions are merging and in a negative earner status that necessitates regulatory relief.
- Many Board members are weary of making FOM changes because of the restrictions and complexity of the current rules.
- These rules have not been updated in some time and are no longer adequately serving the credit union industry.
- The current FOM rules are actually limiting member service and our ability to serve our communities and select employee groups.

The credit union industry thrives on the cooperative spirit and conservative principles that have helped overcome the financial turmoil that closed hundreds of banks during the recent recession. Please make every consideration on allowing the credit unions autonomy and flexibility to service new members regardless of geographic and population-based restrictions that are non-statutory limits for credit unions. I support the Hawaii Credit Union League, NAFCU and CUNA's efforts and requests to further streamline the process of applying for FOM expansion or conversions beyond the current proposed changes.



Here are specific additional improvements that can be included:

- Improving the merger process by having the NCUA facilitate mergers between credit unions with unlike fields of membership when there is no desire to retain the merged credit union's field of membership by establishing a process that eliminates the need for a conversion. NCUA could do this by providing clear guidance.
- Allowing federal credit unions that convert to a community charter to keep approved groups in their fields of membership that are outside this new community.
- Addressing expansion by credit unions with grandfathered fields of membership that do not fit under current or proposed rules.
- Reinstating the pre-2010 narrative approach for defining a community to be used when a community cannot be adequately defined by a statistical area or political jurisdiction.
- Further evaluating the agency's process for approving field of membership expansion. It is noted that CUNA receives a number of complaints about the onerous expansion application process; and
- Increasing efforts by the NCUA to help credit unions find and serve underserved areas. This includes approving underserved areas that are contiguous with a boundary, eliminating or raising the population limit for statistical areas and developing a list of underserved areas and making that list available to credit unions.

In closing I would like to end with the following commentary below.

"Our over-arching vision is to enable federal credit unions to reach potential members from all walks of life: from rural towns to inner cities and from low-income communities to underserved areas. Whether they work on family farms, in industrial parks or office buildings, are full-time employees or hourly contractors, or if they are currently serving our country or are honorably discharged veterans- there are millions of potential members who want and need affordable financial services" Chairman Debbie Matz on November 18, 2015



Thank you very much for the opportunity to comment on this important proposed regulation change. I applaud the agency's willingness to amend the Chartering and FOM Manual to provide much-needed relief for the credit union industry. Please continue to look for ways to help credit unions thrive in serving their members in their communities. Of course, NCUA exists and in turn benefits when it helps keep more credit unions in business.

Mahalo nui loa,
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