



February 8, 2016

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

Re: Comments on Proposed Revisions to the Chartering and Field of Membership Manual
– 12 CFR Part 703

Dear Mr. Poliquin:

Thank you for the opportunity to comment on the National Credit Union Administration's (NCUA) Proposed Revisions to the Chartering and Field of Membership Manual. I feel compelled to comment after reviewing the Comment Letter submitted by James Chessen of the American Bankers Association. It is unfortunate that Mr. Chessen focused so much of his letter on outdated and irrelevant arguments and completely ignored some of the key economic benefits that these proposed changes would bring to rural communities, and the safety and soundness of the credit unions that serve them.

Rogue Credit Union converted from a Federal Charter to a State Charter as of the close of business on December 31, 2014. This decision was carefully evaluated over a multi-year period with a methodical, in-depth study of the benefits and risks of such a change. I personally sought guidance in the evaluation process from our regional staff, with special thanks going to Cherie Freed for her hard work in investigating our options with key staff at the NCUA. Rogue also sought guidance from the consulting firm of former NCUA Board Member, Dennis Dollar to see if there was any possibility of expanding our Federal charter to serve surrounding communities. This thorough investigation proved there were not any options available to us, other than converting to a state charter or assuming troubled credit unions. The research also made it clear that under the rules in effect at the time of the study, we would not even qualify for our existing field of membership if we were not grandfathered in.

Southern Oregon is an expansive rural area in the ongoing process of moving from a resource dependent (timber) economy, to a manufacturing/service/tourism economy. The challenge we faced with the previous membership rules is that rural communities don't interact based on artificially defined city, county, census tract borders. Rural economies are defined by economic inter-connectivity, regional hospitals and health care, and non-



economic factors like cultural and entertainment opportunities. One of the biggest surprises for me when we acquired Chetco Federal Credit Union, which was based 125 miles away from us, was that staff were excited to come to our headquarters for training. When asked why they would want to travel away from their homes and families, the answer was that they could combine the trip with a visit to Costco or see a medical specialist that was only available in our area.

While I believe the NCUA could have provided even greater leeway in the proposed rules, I strongly support the proposed changes to the Chartering and Field of Membership as a strategically prudent regulatory update. It is clear from the Financial Crisis that the service of even incrementally diverse economies serves as a safety and soundness insurance policy for credit unions. Rogue Credit Union's acquisition of Chetco Federal Credit Union is a perfect example of what happens when a credit union experiences its primary market area being impacted by an economic downturn, and its concentrated focus on only one or two products. I believe the NCUA has taken a positive step in ensuring the long-term viability of credit unions and the continuation of local financial services to rural markets. I believe the calls from banking trade groups to do anything different is careless.

Thank you for your time and consideration. Please feel free to contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Gene Pelham", written in a cursive style.

Gene Pelham
President/CEO
Rogue Credit Union
541-622-7110