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

Taken as a whole, ProFed believes the reforms proposed to the current FOM rules by the NCUA Board are quite positive. However, in some cases, the Board appears to have interpreted its authority under the Credit Union Membership Access Act (CUMAA) more conservatively than necessary. We believe the Act allows for even more positive steps. In particular, we believe the Board should remove some of the unnecessary restrictions placed in the FOM rules, some as recently as 2010.

We view this proposal as a significant step in the right direction that, if combined with a few changes and enhancements allowed within the CUMAA, could help provide much needed flexibility for 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.

Credit Union's "Reasonable Proximity" through Members' Online Access to Services

Our credit union feels that one of the most significant parts of the proposal is the revised definition of "service facility" for Select Employee Group (SEG) expansion to include online, computer, tablet and mobile phone delivery channels to determine reasonable proximity for SEG expansions. With this proposal the NCUA is acknowledging the reality that today's consumer/member often wants, and indeed insists on anytime, instant access to financial products and services without regard to physical proximity to a brick and mortar facility.

Population Caps

We regard the single biggest problem with the proposed rule is the Board's decision to retain population caps on communities comprised of more than a single political jurisdiction. If one of the goals of the NCUA Board is to ensure that the federal charter is competitive with state charters, the retention of population caps severely undermines such a goal. Few, if any, states have population caps. 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 into place in 2010, over twelve years after the passage of the CUMAA in 1998. They do not appear to be required by law and we urge you to remove them from this regulation when it is finalized.

Core Service Areas

We support the proposal to allow federal credit unions to request to serve a portion of a Core Based Statistical Area (CBSA) that does not include the "core" of the CBSA as is currently required. This change is significant in that it provides additional flexibility to a credit union in making a true safety and soundness determination. The new rule would provide a credit union with alternatives if it does not feel that its financial position would best be served by taking the entirety of the CBSA.

Combined Statistical Areas

This proposal also 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; however, we are disappointed that such communities are still subject to a population cap of 2.5 million. The cap diminishes the potential of this significant change for a number of credit unions in larger metropolitan areas.

Areas Adjacent to Core Based Statistical Areas

We firmly support allowing a federal credit union to apply, with documentation of sufficient interaction and common interests, to serve an outside area contiguous to its current Core Based Statistical Area or single political jurisdiction. This proposal provides much needed flexibility to adjust to shifting patterns of residency and employment over time.

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. There is no question that a congressional district, by its nature, is well-defined and interactive among its residents.

Underserved Area Concentration of Facilities Test

We disagree with the concentration of facilities test for qualifying underserved areas. We feel that if an area qualifies under any governmental validated metric as having unmet needs and therefore is underserved, the determination by that governmental agency should be *prima facie* evidence that the area could benefit from another credit union extending its service there.

The proposed exclusion of non-depository institutions and non-community credit unions from the concentration of facilities ratio is somewhat better than the current burdensome and complex formula. However, the proposed rule still leaves the process to qualify underserved areas more cumbersome than needed for a purpose that sits at the heart of the credit union mission. The concentration of facilities test is a major discouragement to this type of extension of service to persons of modest means.

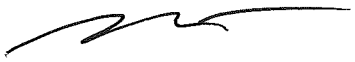
We feel the most effective way to make the process simpler and more effective is to take out the concentration of facilities test in its entirety. If the area qualifies under any governmental standard at the federal or state level, it should be automatically considered underserved to allow more consumer choice for its residents. It is hard to see where any underserved area does not benefit from more financial institutions serving its residents and providing them with additional choices.

Inclusion of SEG Contractors in a Multiple Common Bond

This provision would add to a SEG based credit union independent contractors with a "strong dependency relationship" to the SEG. We support this provision and believe it will be helpful in qualifying potential members for a number of multiple common bond credit unions.

Thank you for the opportunity to provide our thoughts and comments. We commend the NCUA Board for their willingness to address this important issue. The result should be safer, sounder and stronger credit unions.

Sincerely,



Greg Troutner
President and CEO, ProFed Federal Credit Union