

February 8, 2016

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

Re: 12 CFR Part 701 – Chartering and Field of Membership Manual; Proposed rule

Dear Mr. Poliquin:

My name is Jonathan Friend and I am Regional Manager at Digital Federal Credit Union (DCU) in Massachusetts. I value the opportunity to be able to comment on the upcoming proposed changes to the Chartering and Field of Membership Manual regulations. I have been a part of a credit union, (DCU) for 19 years and appreciate the work that has been done by the NCUA to the Chartering and Field of Membership Manual.

To serve the employees of Digital Equipment Corporation (DEC), DCU was chartered in 1979. From that date, the sponsor support was extensive. However, due to the decline of DEC in the 1990's and ultimate closing, DCU had to make some changes in order to continue to serve our members. We decided to become a multi-group credit union and now have over 538,000 members from hundreds of various sources.

#### Comments

I am in overall support for the changes proposed across the board, though many of the changes are unlikely to directly impact DCU's operations. There are however, a few specific changes I would like to comment on.

Core Area Local Community Population Limit - This proposed rule talks about a population limit of 2.5 million for a community charter. Because of the continually rising cost and complexity of operation a competitive credit union, I believe a credit union's need for a larger scale to 3.5 to 4 million is necessary in order to continue to survive.

Determination of Stand-Alone Feasibility of Groups Greater than 3,000 – The ongoing rising costs of operating a competitive credit union continues. For this and the reasons stated above, it is my belief that the minimum membership for a full-service credit union to remain viable must be higher than in the past and this number will continue to increase over time. Without a formal financial analysis, I recommend the minimum number of members needed is really closer to 10,000 and the proposed rules

recommendation of 5,000. If the 50% average adoption holds, this would suggest a group of 20,000 would be the top limit for reduced documentation. I believe NCUA has accurately documented the benefits of raising this threshold.

Revised Definition of "Service Facility" to include a Transactional Web Site- I am in support of this proposed change. Our own recent research indicates that over 70% of our member households are 5 miles or more from our closest branch. About one half of our current members say they never utilize a physical branch. More than half of our membership applied through our web site. In addition, upwards of 70% of our member households are active online banking users. Our Mobile banking is continually growing and expanding.

With so many of DCU members already in non-branch communities, we see where a DCU member business owner would want to provide DCU access to their employees. This proposed change could allow this to be easier for the member/owner.

Thank you in advance for the opportunity to share my comments on this proposal.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jonathan Friend', written in a cursive style.

Jonathan Friend  
Regional Manager