

February 08, 2016

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

RE: Comments on Notice of Proposed Rulemaking for Field of Membership - RIN: 3133-AE31

Dear Gerald Poliquin,

The National Credit Union Administration Board (NCUA) is proposing to amend part 701 of its rules and regulations to make revisions to the agency's chartering and field of membership manual. I am writing on behalf of Mill City Credit Union to share commentary regarding NCUA's proposed field of membership rule. Mill City Credit Union proudly serves more than 20,000 members throughout the entire United States.

We first want to commend the NCUA for its thorough approach to modernizing these rules. We are by in large extremely supportive of the proposed amendments. Although we are a state-chartered credit union, we recognize that progressive change on the federal side is a win for all credit unions, and certainly serves a catalyst for continued thoughtful change on the state side.

We offer the following recommendations for your consideration:

1. Population limit as applied to a well-defined portion of a CBSA. The proposed update to allow for a portion of a CBSA to qualify as a well-defined local community, with the continued population cap of 2.5 million people is a vast improvement over the current rule. However, a credit union should be granted the opportunity to provide service to a specific segment of, or a CBSA in its entirety, or even contiguous CBSAs, if it can effectively show its ability and commitment to serve such a community in its entirety through demonstrated reach, size and equity without regard to population. This approach continues to defer to NCUA's subjective final determination for initial expansion, as well as its continued review of business and marketing plans measuring service efficacy over the subsequent three year period.

A common bond can be demonstrated through a number of different methods which reflect strong economic and social ties – including proven reliance on such commonalities and shared uses of transportation, media, utilities, hospitals, and shopping areas. Historically, many community definitions that have been utilized by government agencies have relied on strong economic and social interdependence outside of strict population density and numbers. If a credit union can demonstrate there are strong community ties throughout an area that naturally represents a common bond, and in particular, a WDLC, such credit union should be permitted to present its case without regard to artificially placed population caps.

2. Rural district population limits. The proposed update to the rural district definition, eliminating the 3% state population cap as well as increasing the population limit from 250,000 up to 1 million people, is also a very welcomed and long-awaited change for many federal credit unions; however, as stated above, the application of any population cap seems unnecessary. Credit unions will still need to provide proof that they are able to serve these well-defined local communities as demonstrated through its business and marketing plans accompanying any application for expansion. Such demonstration can be made through reflecting contiguous or adjacent communities that share strong economic and social ties.

3. Streamlined determination of stand-alone feasibility of groups. The Federal Credit Union Act (FCUA) currently provides flexibility for NCUA to determine whether a group in excess of 3,000 potential members could not viably establish a new single common bond federal credit union. As a result, NCUA currently provides a streamlined application process for those federal credit unions seeking to add a group with fewer than 3,000 potential members, and is proposing to add an additional level of streamlined processing for a group between 3,000 and 4,999 potential members who would be unable to form its own single common bond credit union.

The NCUA should consider additional alternative measurements to viability other than the pool of potential members alone. In the current economy and regulatory climate, the challenges faced by the average group to start a new credit union, under any number of potential members, are many. Starting out without any capital support is an enormous challenge, in addition to meeting regulatory compliance burdens and the challenges generally with doing business in the financial industry, NCUA should consider both an increase to the number of potential members in a given feasibility group as well as the addition of alternative methods to determine viability.

To that end, we would support an expedited, streamlined process for adding a group to a federal credit union FOM much greater than 5,000 that is unable to form its own single common bond credit union, so long as the other base criteria can reasonably be met and documented.

Thank you for the opportunity to comment on this proposed rule and for considering our views on Field of Membership. We urge the agency to approve a final rule soon so that credit unions can take advantage of the regulatory relief and field of membership flexibility in the proposed rule.

Sincerely,

Mitch Myre
VP/COO
Mill City CU

cc: CUNA, CCUL