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February 8, 2016

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

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

Dear Secretary Poliquin;

On behalf of the Board of Directors and the Management Team at Capital Communications Federal Credit Union (Cap Com), we would like to thank the National Credit Union Administration (NCUA) for providing us the opportunity to comment on the proposal to amend the Chartering and Field of Membership Manual. As it has been nearly two decades since any sweeping changes have been made to the field of membership provisions for credit unions we certainly applaud NCUA's efforts to modernize many of the out-of-date provisions with which federal credit unions must currently comply.

Cap Com is chartered as a multiple common bond credit union headquartered in Albany, New York with assets of \$1.25 Billion as of December 31, 2015 serving 123,500 members. Our membership footprint is confined to nine branches located within a four county area in the Capital District of New York (Albany, Schenectady, Rensselaer and Saratoga).

While we may be considered a larger credit union, we are small when compared to our banking counterparts and, unlike our banking counterparts, much of our success is a result of our deliberate efforts to focus on a small local geographical area. That being said, with credit unions maintaining a market share based on asset size of nearly 7% with "traditional" banking entities holding firmly onto a market share of nearly 93% (Source: *Credit Union National Association Market Share of Total Assets Report - Mid-year 2015*), it seems disingenuous and counterintuitive that many of those in the banking industry are adverse to this proposal.

These statistics clearly show that "traditional" banks will not be financially or otherwise harmed by this proposal. It merely enables credit unions to extend membership to more consumers who are seeking a banking alternative that better meets their needs but by no means will it materially deteriorate the market share of other banking organizations.

The following are our comments as they relate to the proposal:

*Federal Credit Union's Reasonable Proximity Through Members' Online Access to Services:*

Providing a credit union offers an online platform that would allow a member to perform transactions that could otherwise be done in person, such as accepting deposits (interpreted as electronic deposits and account transfers), accepting loan applications and disbursing loans, the credit union would meet the statutory "service facility" requirement.

Allowing for the use of modern technology to enable a consumer to take advantage of credit union membership only makes sense in this day and age. Doing otherwise is a detriment to those consumers who endeavor to join a credit union.

*Inclusion of Select Employee Group Contractors in a Multiple Common Bond Credit Union:*

A "black hole", so to speak, regarding "contract employees" at select employee group (SEG) locations exists for multiple common bond credit unions such as CAP COM FCU. While many of these "contract employees" might have entered into a long-term contract to work for the SEG it was always debatable if the "contract employee" was rightfully eligible for membership at the credit union.

We fully support this provision. If approved, this would simply incorporate the provision for contract employees found under the "Single Occupational Common Bond" category into the provision for Common Bond credit unions. By doing so, common bond credit unions could formally and unquestionably offer credit union membership to contract employees providing there is a strong dependency between the contract employee and the SEG

*Inclusion of Office or Industrial Park Tenants in a Multiple Common Bond Credit Union:*

If approved this provision would be advantageous to multiple-group credit unions such as ours; specifically our Credit Union's business development staff. Currently if our business development team solicits the companies within an office or industrial park they must either send information to each company, call each company or in many cases, makes a sales call to each company. Not only is this time consuming but the paperwork involved can be quite laborious and inefficient.

By enabling a multiple common bond credit union to include the employees of an industrial/office park's tenants within its field of membership it would most certainly streamline and expedite the SEG approval process for both our Credit Union AND NCUA but would also allow more time for our business development staff to focus on the needs of the potential members.

*Streamlined Determination of Stand-Alone Feasibility of Groups Greater than 3,000:*

In reviewing NCUA's publication entitled, "Estimated Start-Up and Operating Costs in Chartering a Credit Union" the start-up and first year cost for chartering a basic service credit union is \$126,686. The start-up and first year cost soars up to \$482,352 for chartering a full-service credit union.

Above and beyond that, NCUA would expect a newly chartered credit union to identify qualified officials and staff; formulate a business plan; hire a dedicated management team; and have sufficient subsidies in place to cover all start-up and operating costs. And, in reading through this NCUA publication, this just begins to scratch the surface as far as the financial expectations and human resources required by NCUA for an entity to form and charter a new credit union.

As NCUA would expect a newly chartered credit union to be a viable entity, rhetorically asking, "is the current 3,000 threshold sufficient" and CAP COM's response to that question would be "no". In "simpler times" when onerous compliance issues, technological expectations, occurrences of fraud, and privacy requirements, to name just a few, were secondary to running a sound credit union the 3,000 threshold may have been viable. In 2016 the threshold of 3,000 for an entity to form its own viable credit union is no longer realistic or even practical.

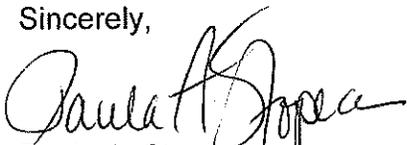
Although a formal financial analysis was not performed to determine the minimum threshold for an entity to form its own credit union, in this day and age it would seem prudent to increase that threshold to at least 5,000 across the board without the need for any additional "burden of proof" to show that the entity cannot form and charter their own credit union. If modernization of the field of membership requirements is an ultimate goal of this proposal this would be one provision that should be brought into the 21<sup>st</sup> century. Raising the threshold to 5,000 would certainly be more in line with the requirements and expectations found within NCUA's "Estimated Start-Up and Operating Costs in Chartering a Credit Union".

Other Persons Eligible for Credit Union Membership:

We strongly support the proposal to permit a credit union to include within its Charter the ability to state, "Honorably discharged veterans of any branch of the United States Armed Forces" This would certainly honor those that have put their life in danger to protect our Country.

I would like to thank you for providing us with this opportunity to submit comments in relation to this proposed Rule and we stand ready to further discuss the comments stated in the letter. Should you have any questions please feel free to contact me at (518) 458-2195 extension 3204 or by way of email at pstopera@capcomfcu.org.

Sincerely,

  
Paula A. Stopera  
President / CEO