



**February 3, 2016**

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

Dear Mr. Poliquin,

I am writing on behalf of Missoula Federal Credit Union (MFCU) regarding the National Credit Union Administration's (NCUA) proposed rule amending the chartering and Field of Membership (FOM) Manual, incorporated as Appendix B to part 701. We very much appreciate NCUA's initiative in this area as well as the opportunity to provide comment on the proposal. Modernizing the agency's FOM rules and regulations is critically important to the future health of the U.S credit union system.

Missoula Federal Credit Union is Montana's second largest credit union and the state's largest Community Development Financial Institution (CDFI). Community development and a commitment to reaching underserved people is at the core of our mission. We manage approximately \$425 million in total assets and serve roughly 45,000 people. We are a community charter, founded 60 years ago in the year 1956.

Our current charter allows us to serve people who live, work, worship, attend school, do business, volunteer or are members of a membership-based association with headquarters in any one of three contiguous counties: Lake, Missoula and Ravalli. As of the 2010 Census these three counties had a total population of about 177,000 people. Our market share, on a membership/population basis is already quite large. It will be extraordinarily difficult to improve upon it.

The local market is growing saturated with financial institutions. There are a total of 83 bank and credit union branches in these three counties, 6 of which are our own. That translates to approximately 2,130 people per bank or credit union branch. To make matters more challenging for MFCU, all of our most important competitors, both bank and credit union, enjoy significantly larger markets than do we. They are able to draw on broader bases of depositors and loan demand and to spread risk geographically. It is noteworthy that our two leading credit union competitors are state charters – one (Horizon CU) migrating into Montana from Washington State as it executes a rapid growth through mergers strategy and another (Parkside CU) having recently converted from a federal to a state charter specifically in order to complete a merger and achieve a geographic expansion that would not have been possible under the federal FOM rules.

Expanding our FOM in order to increase our social impact and financial strength is very difficult under current chartering rules. Put simply, the immediately adjacent counties are too rural and sparsely populated to make much of an economic difference, while the regional population centers are just distant enough geographically to challenge our ability to satisfy the existing well-defined local community (WDLC) rules.

While we are supportive of all of the proposed rule changes that would affect community charters a few of the proposals and opportunities are especially relevant to our circumstances.

- **Congressional District:** We strongly support the proposal to allow a Congressional District to be used as a WDLC.
- **Rural District Population Limits:** We strongly support the proposal to increase the rural district population limit from 250,000 to 1 million. In fact, we would support an even higher limit.
- **Narrative Evidence in Defining a WDLC:** We further urge NCUA to combine its current statistical approach with alternative *de novo* narrative approaches independent of the limitations inherent with Core Based Statistical Areas, Combined Statistical Areas, Metropolitan Statistical Areas, etc. That is, allow credit unions to present an independent case as to how a community will be served without being arbitrarily disqualified by statistical area definitions or population caps.
- **Exclusion of Non-Depository Institutions and Non-Community Credit Unions When Calculating the Concentration of Facilities Ratio:** We strongly support the proposal to exclude non-depositories and non-community credit union facilities when calculating the concentration of facilities ratio used to determine whether an area is underserved.
- **Reasonable Proximity through Members' Online Access to Services:** We strongly support the proposal to include within the definition of "service facility" transactional websites and mobile platforms that permit members to deposit funds, submit loan applications and receive loan funding remotely. This expanded definition of "service area" should apply to all federal charter types, not just multiple common bonds.

In summary, we applaud the agency's efforts to modernize FOM rules and regulations for two reasons: To enable credit unions like MFCU to expand their positive social impact and to strengthen their financial positions by opening new markets and spreading risk. Thank you for undertaking this effort and for inviting comment.

Sincerely,



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