



February 4, 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

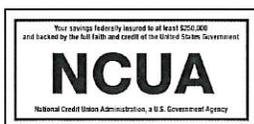
Dear Gerald Poliquin,

I am writing on behalf of CP Federal Credit Union (CPFCU), the largest Federal Credit Union in Jackson, MI with over \$400 million in assets, serving nearly 50,000 members. CPFCU sincerely appreciates the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed amendments to the Field of Membership (FOM) regulations.

First, we would like to commend the NCUA for making a significant investment of time and energy in its review and subsequent proposal for new field of membership rules for credit unions consistent with the Federal Credit Union Act. CPFCU believes strongly in the credit union philosophy of “people helping people.” We believe this is accomplished through communities coming together to provide services, resources, education and much more to the people in their community. We also believe the philosophy is recognized through collaboration between credit unions and their regulator as we explore together the ever changing financial industry. We believe this proposal helps credit unions fulfill the credit union philosophy by enabling us to provide quality access to financial services for all consumers, including those who have been traditionally underserved.

As a multiple common bond credit union with a low-income designation, CPFCU is always exploring opportunities to extend its services to the community. We have been quite successful in establishing relationships with over 400 SEGs, or community partners as we like to call them, who desire to promote CPFCU to their members, volunteers and employees. However, even with the exceptional growth our credit union has experienced, there have been challenges. The challenges identified have led to Board level strategic conversations regarding our charter, particularly due to the liberal state credit union charter in Michigan. As a credit union in the state of Michigan, the options for growth through a state charter can be very advantageous. It is for these reasons, and more, that CPFCU supports the field of membership proposal. It is our desire to remain a federally chartered credit union, however, we will always make charter decisions based on what is best for our existing members as well as potential members.

CPFCU appreciates the changes that were made in 2015 to the Associational Common Bond rules. The changes made certainly provided some regulatory relief for our credit union. Additionally, the online approval process is now seamless with approvals granted within a matter of minutes. This is critical to us due to previous issues we experienced where there was a significant lag in approval or the NCUA placed the request in a “pending” status with no additional communication. We cannot stress enough the importance of sound communication throughout the process, specifically, communication regarding why a request is being denied. CPFCU has also recognized obstacles that tend to lead to confusion by the association and somewhat of a road block to the application process. These obstacles include questions related to the voting rights of the association’s members, activities the association sponsors and the formation of a separate credit union. Associations often don’t understand the purpose of these questions, aren’t sure how to answer them and find it challenging to identify the





required information. Most associations are looking for services and the application process can sometimes impede their search.

Under the current regulation, if CPFCU wanted to serve an underserved area, the NCUA calculates the proposed area's concentration of facilities ratio to meet a statutory requirement that the area be underserved by other depository institutions. Currently, that data may include non-depository institutions and non-community credit unions that cannot actually serve the proposed area. The proposed change would calculate the concentration of facilities ratio excluding non-depository institutions and non-community credit unions if the initial calculation including them fails to identify a proposed area as underserved. CPFCU supports the exclusion of non-depository institutions or non-community credit unions from the concentration of facilities ratio test entirely as these institutions by definition cannot actually serve the proposed area, despite having a branch there.

Additionally, the NCUA is considering two alternatives to identify areas underserved by other depository institutions. The alternatives include: underserved areas designated by the CFPB based on HMDA data and a metric of a credit union's choosing based on data of the Board and the Federal banking agencies

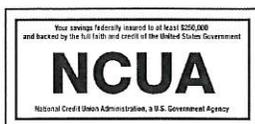
CPFCU supports the proposal to consider alternatives to identify underserved areas. The proposed alternatives appear to be better methods to use in an effort to avoid distorting the ratio with over-inclusive data.

The proposed rule would amend the "service facility" component to include access through an online internet channel such as a transactional website. The definition of "service facility" would be modified to include a transactional website or mobile platform that permits – at a minimum – accepting shares for members' accounts, accepting loan applications or disbursing loans. CPFCU supports the expansion of the definition of "service facility" to demonstrate reasonable proximity to a group. This allows for the use of modern technological advances to serve members. The internet, online banking, sophisticated ATMs and other methods should be sufficient to demonstrate a credit union's ability to serve its members. CPFCU has made significant investments in our transactional website, mobile application and ATM network to ensure members have easy access to their accounts and the ability to transact their business where they want to.

The proposal seeks to extend the inclusion of Select Employee Group (SEG) contractors to multiple common bond credit unions. Currently, this is only allowed for single common bond credit unions. Multiple common bond credit unions would have the ability to add individuals who work regularly for an entity that is under contract to any of the multiple SEG sponsors listed in its charter, provided the contractor has a "strong dependency relationship" with the sponsor. The proposed rule also seeks to allow multiple common bond credit unions to include employees of a park's tenants as a SEG in its field of membership, such as retail tenants of a shopping mall or business tenants of an office building.

With over 420 SEGs, many of which employ contract workers, CPFCU strongly supports the ability to add contractors of a SEG sponsor and employees of an office building or complex as a separate SEG. This will allow for greater flexibility in serving those members closely associated with a SEG or who work in a particular area.

Currently, when the credit union wants to add a group greater than 3,000 individuals to its field of membership, the credit union has to prove the group cannot feasibly or reasonably establish a new single common bond credit union. This process is cumbersome with a high burden of proof on the credit union. The proposed rule will no





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longer require an analysis of a group between 3,000 and 5,000 members, given that historically, groups in this size rarely have been able to form a standalone credit union.

CPFCU supports this provision of the rule that streamlines the addition of groups that fall within the 3,000 – 5,000 member range. Typically, these groups have no desire to form a credit union of their own. These groups want to spend their time operating their business, not a credit union. They are looking for a credit union to partner with that will meet their needs. CPFCU supports a more efficient and effective process to add large groups to its field of membership to ensure we can meet the needs of these groups quicker.

To maintain the integrity of the credit union charter and structure, CPFCU is in agreement that larger groups may need to be vetted differently and may require additional due diligence to determine the desire, feasibility and reasonability of the group to establish a single common bond credit union, however we do not feel there is a number threshold, but rather each opportunity for growth should be looked at on its own merits. For example, CPFCU has been approached by the Michigan Community College Association regarding the establishment of a credit union. The association consists of 28 community colleges in the state of Michigan with over 15,000 faculty, staff and administrators. Based on information provided by a third party consultant regarding the steps to establish a credit union, the association and the community colleges involved do not desire to form their own credit union but may be interested in joining an existing credit union. They believe strongly in their niche of operating community colleges yet have a desire to be served by a credit union. This group should not have to go through a lengthy application process when they have clearly identified their wants and needs. Once an association has indicated their desire to NOT operate a credit union, the NCUA should respect that decision and seek to include them in the federal credit union’s charter.

Finally, CP Federal Credit Union is privileged to be part of an industry that desires to pay respect and honor to those who have been honorably discharged as a veteran of any branch of the U.S. Armed Forces. We strongly support the NCUA’s desire to include this group in the affinity groups that currently exist and to honor this group beyond their active duty. However, we would like the NCUA to consider extending this inclusion to those that would be considered “honorary” veterans as defined in HR 1384, the Honor America’s Guard-Reserve Retirees Act. We feel strongly that individuals included in this definition deserve the same level of respect and honor for their years of service, most over 20 years, despite the fact that they never served in active duty. Those individuals defined as “honorary” veterans should be included in the affinity groups as well.

We would like to thank the NCUA for being attentive to the ever-changing credit union industry and for making a concerted effort to generate new avenues for growth. Additionally, we appreciate the proposed changes that will streamline processes and create efficiencies that don’t exist today. We are committed to making a difference by being a high performance credit union dedicated to our members, employees, and community. The proposed changes complement this commitment and allow us to keep our vision in focus. Thank you for providing CP Federal Credit Union the opportunity to comment on the FOM proposal and for your consideration of our input.

Sincerely,

John M. Crist  
President/CEO

