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February 5, 2016

Mr. Gerard Poliquin  
Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, VA 22314-3428  
[regcomments@ncua.gov](mailto:regcomments@ncua.gov)

**Re:** Comments on Proposed Rule:12 CFR Part 701, Chartering and Field of Membership Manual

Dear Mr. Poliquin:

Thank you for consideration regarding our formal comments from First Financial Federal Credit Union of Maryland, on the National Credit Union Administration's ("NCUA") recent proposed rule, 12 CFR Part 701, Chartering and Field of Membership Manual, as published in the Federal Register. We appreciate the opportunity to share our support, and recommendations regarding the Proposed Rule with the Agency.

First Financial Federal Credit Union is a financial institution which represents over 62,000 members across the region.

We commend and are fully supportive of the NCUA's proposed rules but would like to focus in on several areas of particular concern.

- 1. Inclusion of Select Employee Group (SEG) Contractors in a Multiple Common Bond and Inclusion of Office or Industrial Park Tenants in A Multiple Common Bond** - Would allow multiple common bond credit unions to include as a Select Employee Group the employees of a park's tenants in the FOM within certain limitations.

**Recommendation:** Our credit union strongly supports the ability to add contractors of a multiple SEG sponsor and employees of an office building or complex as a separate SEG. We feel this will be especially helpful to credit unions based in Maryland and the District of Columbia allowing for greater flexibility in serving those members closely associated with a SEG.

In our experience, we have found that as organizations change their operational structure to remain competitive in their industries and marketplaces, credit unions need to be able to adapt and adjust with their changing needs. First Financial FCU serves several large hospitals and have seen first-hand how they are changing their business

models by outsourcing the responsibilities of entire departments, resulting in a shift of their staff from 'employee' status to 'contractor'. They remain on-site at the hospital but are no longer considered employees, and consequently no longer eligible for credit union membership; a benefit that had been available to them previously. By allowing contractors of organizations continued access to credit union benefits we are providing consumers with on-going access to affordable and convenient financial services.

Even though SEG based credit union work with employers from a variety of industries, the primary goal that all of us share is the desire to make it easy for a consumer to become a credit union member. Arbitrary obstacles such as maximums for number of employees, and requiring additional paperwork/letters of authorized individuals are unnecessary obstacles that are no longer tolerated by consumers, particularly in this 'if you're not fast, you're last' pace of financial service delivery.

**2. Reasonable Proximity through Members' Online Access to Services** – Would allow for modern technology to be utilized in determining whether "Service Facility" is present for purposes of demonstrating reasonable proximity to a group.

**Recommendation:** Our credit union supports the expansion of the definition of "Service Facility" to demonstrate reasonable proximity to a group.

A physical branch, located within a reasonable proximity of a select employer group, is no longer an indicator of the level of service that can be provided to that SEG. With the addition of electronic services to our product offering, First Financial is able to serve our members where and when it is convenient to them. Our research shows that more than 79% of our members, across all age ranges, have email addresses on file, which indicates their access to some type of electronic device. Services such as online banking (including online loan application), mobile banking and mobile deposit enable our members to conduct their banking on their time, at their convenience. Physical locations are still important in the minds of many members, but the supplemental services provided remotely allow credit unions to serve their members in a multi-faceted manner.

### **Other Issues of Concern and Importance**

**Streamlined Determination of Stand-Alone Feasibility of Groups Greater than 3,000** – This provides a faster process for those groups between 3001 and 5000 to add them to a field of membership.

**Recommendation:** Our credit union supports this provision that will facilitate the addition of groups that fall within the 3001-5000 member range. It will eliminate the presumption that a group of that size can form a credit union. However, we strongly

recommend that the group number be raised to between 5,001 and 10,000, if not eliminated completely.

As noted previously, First Financial FCU serves several large hospitals in our area. Some of these organizations exceed the 3,000 employee range, and others exceed even the 5,000 employee range. All of these hospitals have made it clear to us that they are not interested in forming their own credit unions. They recognize that they do not have the expertise needed to run a financial institution, nor do they have the desire to take on the additional responsibility to acquire that expertise. We do not support the need to impose any employee threshold on organizations seeking to offer the benefit of credit union membership to their employees. We do not see a direct correlation between the size of an organization and an ability, desire or level of expertise to create and operate a financial institution. The financial services industry is highly competitive which has left many smaller credit unions struggling to maintain the cost efficiencies needed to remain viable in their marketplace. We believe that imposing a threshold is a means of perpetuating the struggle that many small credit unions are already facing.

## **Conclusion**

The overwhelmingly positive rule changes put forth by the NCUA will give credit unions in Maryland and District of Columbia as well as nationally the ability to more fully operate and compete and serve member-consumers in a safe and sound manner and provide competitive products and services to the benefit of their respective members and institutions.

We are fully supportive of the NCUA's proposed rules on FOM and we hope our comments will be respectfully reviewed and considered as the final rules are formulated in the near future.

Thank you for the opportunity to comment on the Proposed Rule. Please do not hesitate to contact me should you have any questions.

Sincerely,

**Eric P. Church**  
**President/CEO**

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