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February 4, 2016

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

RE: Comment Letter on NCUA's 2015 Proposed Changes to the Field of Membership Requirements

Dear Mr. Poliquin:

We sincerely appreciate the opportunity to provide input on NCUA's proposed 2015 rulemaking amending the field of membership requirements for federal credit unions. Freedom First is a community-chartered federal credit union located in southwest Virginia. We are a Community Development Financial Institution (CDFI) as designated by the U. S. Department of the Treasury and are classified as a Low-Income Designated (LID) Credit Union by the NCUA.

Guided by our mission statement, *Helping People Prosper - Helping Communities Thrive*, Freedom First is in a unique position to serve the needs of distressed and underserved communities and low-to-moderate income consumers in our region. We are the only certified CDFI credit union in our market and have demonstrated the willingness and ability to leverage credit union resources to make a positive difference in the communities we serve.

Our comments below are based on how this expansion of membership will assist us in the future growth of our products and services to assist low- and moderate-income individuals as well as distressed communities in Metropolitan Statistical Areas (MSA's) adjacent to and contiguous to the existing MSA we are chartered to serve. We are currently serving low-to-moderate income individuals very well through our Impact Banking - Community Development products and services, affordable housing programs, financial counseling, workforce development loans, transportation loans as well as other asset and credit building programs.

- We greatly support the use of combined MSA's to expand our membership opportunities. We would like the opportunity to serve low-and-moderate income individuals and underserved areas that are located in two contiguous MSAs that, when combined with our existing MSA, will have a total population under 1 million--which is well under the 2.5 million cap in the FOM regulation. The adjacent MSA's have numerous interdependencies and present a very similar profile in terms of need and risk. Currently, we are not able to serve these adjacent communities due to the limitation that community charters cannot be larger than one single MSA.

- We support the elimination of the requirement that an MSA contain a core area. This is not required by the Federal Credit Union Act, and we feel that limitations should not be placed on service areas in a statistical area. This can divide these areas into portions that do not represent a viable community or can exclude portions of a community such as low- and moderate-income or rural underserved areas. Our business results clearly demonstrate we possess the knowledge and expertise to serve these target markets effectively without jeopardizing the safety and soundness of the Credit Union. Serving more than one MSA allows us to deliver community development products and services to areas where they are needed while diversifying our risk and leveraging our scale. Today, we are losing viable business opportunities and people are suffering unnecessarily because we cannot market our products and services to bordering MSAs.
- We do not support the population limit of 2.5 million or limiting rural district charters to serve only up to 1 million people. This would put us at a competitive disadvantage. We feel the only limitation should be our ability to serve a rural district. With internet and mobile banking available, we should be able to provide membership to people living in rural underserved areas with no population limits imposed.
- We support being able to use online access to services for any community-chartered credit union as part of the definition of a service facility in an underserved area. We think that allowing this to be used only for multiple common-bond credit unions puts community development credit unions at a competitive disadvantage. Community-based credit unions should be afforded the same treatment as multiple common-bond credit unions in lieu of having a physical branch presence.
- We support the business plan requirements proposed as they appear reasonable and would be normal considerations we would investigate before adding a portion of an MSA or an entire MSA.
- We agree with the proposal for alternative methods to determine whether a proposed new area is underserved by other financial institutions. We would like to be able to serve the adjacent MSAs of nearby communities including the underserved and distressed areas.
- In the final requirements, we would like to see examples of what constitutes employment interchange and sources of where to obtain this information used in the calculation. Also, we would like to see more information on the standards and process a community credit union would need to follow when trying to add adjacent contiguous MSA areas outside our current MSA.
- We feel that there is a clear disadvantage federal credit unions have when compared to state-chartered credit unions insofar as state-chartered credit unions enjoy a much more progressive and expansive field of membership authority. The Federal charter is falling behind many state charters and has become a barrier to the flexibility needed to operate dynamic and efficient cooperative financial institutions to adequately serve their communities. Unless the federal charter is modernized, more and more credit unions

will leave their federal charter and opt for the state charter to gain access to more accommodating field of membership rules.

In closing, we feel these are positive changes to expanding our field of membership and, with our recommendations noted above, we support and welcome the new proposed changes.

Please feel free to contact me for clarification or to discuss further any of these important items.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul Phillips". The signature is fluid and cursive, with a prominent initial "P" and a long, sweeping underline.

Paul Phillips
President, CEO