

From: [Ryan Gandrud](#)
To: [Regulatory Comments](#)
Subject: Chartering & Fields of Membership
Date: Monday, January 25, 2016 3:43:23 PM

Dear Mr. Poliquin:

I am writing to the National Credit Union Administration (NCUA) today to urge you to withdraw the proposal to revise the NCUA Chartering and Field of Membership Manual.

I am an officer at Citizens State Bank of Waverly in Minnesota. We are a small community bank here to serve the LOCAL communities, which consists of Waverly and Montrose, Minnesota. We have found that it is extremely difficult to serve our communities with financial services, particularly loans, when we are constantly getting beat-up by credit unions on interest rates. There have been many instances where a customer of the bank is shopping for a car loan, and in doing so, compares what a credit union is offering for an interest rate, to what we can offer them. We are beat 99% of the time and the reasoning for it is just unfair to small community, tax-paying banks like ours. To have an additional proposal in the works to expand the field of membership that may join credit unions, to me, is greedy and does not align with the original purpose of a credit union. Please consider the following when I ask you to withdraw this current proposal.

Federal agencies are supposed to implement the laws as they are written by Congress. In several important ways, this proposal ignores Congress's express language in the Federal Credit Union Act (FCU Act). For example, the FCU Act requires a multiple common bond federal credit union to have a service facility within reasonable proximity to any "additional group" added to its field of membership. With that statutory language, Congress clearly intended that credit unions with multiple common bonds be able to serve their different membership groups with actual physical credit union locations. In this proposal, the NCUA has ignored that Congressional mandate by declaring that online internet channels are included in the definition of a "service facility." Congress, not the NCUA, should make that kind of significant policy change.

The proposal states that a single Congressional District is automatically a "well-defined, local community." Minnesota has eight Congressional Districts, and a couple of them are very large, geographically. In many cases the districts are also very different from an economic standpoint. While represented by the same member of Congress, the regions that make up Minnesota's 8th Congressional District could not be more different. This district includes the port city of Duluth, the resorts in the Brainerd lakes area, the mining operations on the Iron Range, the paper mills in Grand Rapids and the dairy farms of Morrison County. There is no overarching theme or defining characteristic that would suggest that this sprawling, 27,908 square-mile district is a single "local" community. And in seven states, it is even worse because there is just one Congressional district covering the whole state. It is very difficult to see how an entire state can be considered a "local" community. That aspect of the proposal clearly goes too far.

Credit unions receive extremely generous tax and regulatory advantages. In exchange for those advantages, credit unions have some limitations. The credit union industry does not like those limits, so it continually challenges them. They have asked Congress to give them more commercial lending authority. When Congress fails to give the credit unions this additional authority, the credit

unions ask that the NCUA give them the additional authority. The NCUA then finds different ways to give the credit unions what they want, even though Congress has never authorized it. The credit unions want more expansive fields of membership. Congress has never given them this expanded authority. The NCUA then proposes this rule, which is inconsistent with the plain language of the National Credit Union Act. These types of significant policy changes should come from Congress, not the NCUA.

The NCUA has been criticized for being a “cheerleader” for the credit union industry rather than a regulator. Actions like this proposal show why the NCUA has earned that reputation. This proposal is clearly about giving the credit unions what they want so that they can continue their rapid growth, rather than ensuring that the NCUA upholds the requirements of the FCU Act. I urge the NCUA to withdraw the proposed changes to the Field of Membership Manual.

Thank you for considering this comment letter.

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