

From: [Daryl Wilton](#)
To: [Regulatory Comments](#)
Subject: Daryl Wilton Comments on Notice of Proposed Rulemaking Regarding NCUA Associational Common Bond
Date: Friday, January 15, 2016 12:39:07 PM

Gerard Poliquin
National Credit Union Administration
Alexandria DC 22314

Daryl Wilton Comments on Notice of Proposed Rulemaking Regarding NCUA Associational
Common Bond

Dear Gerard Poliquin:

Dear Mr. Poliquin:

As a rural banker in Nebraska and a credit union member, I am concerned about the impact of further expanding the credit union industry's potential field of membership through the proposed rule on Chartering and Field of Membership. The proposal being considered, when implemented all together, would provide federal credit unions with the opportunity to increase membership drastically, resulting in a broad expansion of the credit union industry's tax subsidy.

- Cornerstone Bank serves customers throughout East Central Nebraska, and unfair competition from the credit union industry impacts our business in the communities where credit unions are also located. We find that we can not compete with the rates offered by those credit unions on new and used vehicle loans due to the impact of their tax subsidy. As you know banks are not tax exempt, but are for-profit businesses attempting to balance offering products and services to best serve customers while growing the business to offer more lines of credit and other economic capital to communities.
- Congress has kept in place advantages for the credit union industry, but those advantages come with limitations, including the size of the institutions and scope of activities. Congress understood that if community credit unions were to fulfill their public mission, there needed to be a legitimate shared bond among members, even amending the FCU Act in 1998, to include the term "local." Combined with the terms "well-defined," it is clear Congress intended to impose finite and narrow limits on the area that a community credit union may serve. This proposal goes beyond any reasonable definition of local and well-defined. The proposed rule intends to treat a Combined Statistical Area and a Congressional District as a well-defined local community. (In Nebraska one of those Congressional Districts covers 3/4s of outstate Nebraska. In addition, the proposal expands the rural district population limit by four times the current threshold to one million which would be nearly the entire statewide population of Nebraska.
- Congress deliberately instructed NCUA through the FCU Act to keep credit unions small and focused on providing services to specific groups that lack other access to financial services. The proposal being considered would disregard this Congressional directive by modifying NCUA's process for assessing stand-alone feasibility of groups that seek to be

added to the field of membership of an existing multiple common bond credit union by allowing a streamlined determination for groups with between 3,000 and 4,999 potential new members.

This letter demonstrates that such a broad expansion of authorities as proposed greatly undercuts Congressional-mandated limits on field of membership and will lead to a broad expansion of the credit union industry's tax subsidy—already valued at \$26.75 billion over the next 10 years. This abuse of regulatory authority has vast implications for both marketplace dynamics and the potential increase of tax subsidies at a time when governments are working with large budget deficits. It is clear that the NCUA Board has blatantly disregarded Congressional intent and is overstepping its regulatory reach.

I ask that you reconsider the proposal that is currently being considered and take in to account the effect of the proposal on the community banks in the US.

If you have any questions concerning this comment letter please feel free to contact me at dwilton@cornerstoneconnect.com or by phone at 402-363-7411.

Thank you for your consideration.

Sincerely,
Daryl Wilton
PO Box 69
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