

From: [Eric J. Schmutz](#)
To: [Regulatory Comments](#)
Subject: Eric Schmutz" Comments on Notice of Proposed Rulemaking Regarding Associational Common Bond
Date: Friday, January 15, 2016 11:44:45 AM

Gerard Poliquin
National Credit Union Administration
Alexandria DC 22314

Eric Schmutz' Comments on Notice of Proposed Rulemaking Regarding Associational
Common Bond

Dear Gerard Poliquin:

Dear Mr. Poliquin:

I have been a banker for 30 years in rural America, and wish to express my views directly to you. I help run a small regional bank in Southwest Utah, and over the years I have seen tremendous changes in the dynamics between banks and Credit Unions. You should know, with little surprise, that as a banker, 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 provisions of this proposal, 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. The tax issue has always been a sore spot with me, but the field of membership and divergence from original scope is now becoming just as much of a concern.

- My bank serves customers throughout rural Southwest Utah. We have 13 locations, and unfair competition from the credit union industry impacts my business. Almost every day we get customers telling us that they can get a better deal across the street, and they are being told that ANYONE can join, as they can always find a way to include everyone who walks in the door. 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.
- 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 would disregard this Congressional directive.

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 appreciate your role, but do not appreciate the constant and continual breach of previous laws, and attempts to modify criteria without considering original intent, or the consequences to tax paying community banks such as mine. Please reconsider your approach.

Sincerely,
Eric J Schmutz
PO Box 340
Cedar City, UT 84721