

**From:** [Philip Koning](#)  
**To:** [Regulatory Comments](#)  
**Subject:** [Your name] Comments on Notice of Proposed Rulemaking Regarding Associational Common Bond  
**Date:** Friday, January 15, 2016 11:42:39 AM

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Gerard Poliquin  
National Credit Union Administration  
Alexandria DC 22314

[Your name] Comments on Notice of Proposed Rulemaking Regarding Associational  
Common Bond

Dear Gerard Poliquin:

Dear Mr. Poliquin:

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.

- My bank serves customers in the West Michigan community. Unfair competition from the credit union industry impacts my business. In my market, Lake Michigan Credit Union offers rates and terms for deposits and loans which we literally cannot compete with. Our bank pays taxes. We offer products and services that have value and serve customers needs. We use profits to expand service and product offerings and meet the community's credit needs.
- 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 addition, the proposal expands the rural district population limit by four times the current threshold to one million. In my market, our credit unions advertise that ANYONE can join, and BANK with them. What field of membership is that?
- 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 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. Again, in my market, Lake Michigan Credit Union has grown from thousands of customers to hundreds of thousands of customers. There are no controls on their growth, there are no bonds limiting

their membership, it appears they do whatever they want, with no oversight or restrictions from their regulator.

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.

The incremental changes, that sometimes are hardly noticed, over many years have allowed credit unions to become something they were never meant to be. In the process, many tax paying banks who support this great nation have suffered financially due to an uneven competitive playing field. Unchecked, the credit union industry will destroy tax paying community banks. That is not in the best interest of this nation.

Thank-you for your consideration.

Sincerely,  
Philip Koning  
5367 School Ave  
Hudsonville, MI 49426