

**From:** [Paul S Siebenmorgen](#)  
**To:** [Regulatory Comments](#)  
**Subject:** Paul Siebenmorgen, Comments on Notice of Proposed Rulemaking Regarding Associational Common Bond  
**Date:** Thursday, January 14, 2016 5:35:42 PM

---

Gerard Poliquin  
National Credit Union Administration  
Alexandria DC 22314

Paul Siebenmorgen, 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. I believe finalizing this proposal will place the credit union industry's tax exempt status in jeopardy.

- My bank serves customers and the surrounding community, and competition from the credit union industry impacts my business. Our bank makes loans from Ft. Wayne Indiana to Toledo Ohio. We complete many different credit unions. Since the first of the year we lost a loan opportunity because a barrower in Ft Wayne was able to barrow money from a credit union their for 10 years in the 3% range. This was a non owner occupied project. Any commercial bank in the area could not have competed with that pricing. 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 addition, the proposal expands the rural district population limit by four times the current threshold to one million. Most our market is rural. There are no underserved credit worthy barrowers. There are plenty of Banks already meeting the needs of these rural markets and expansion to new markets without a natural common bond is exploiting the original purpose of the credit union movement.
- 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.

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.

Credit Unions serve a purpose when the true common bond is followed but when that bond is the air they breath or the geographic area they live in it is a manipulation of the system. We as tax payers are being taken advantage of. Most reparable businesses are proud to pay taxes, support their communities, states and nation. Why should these large very broad based credit unions not feel they same way.

Sincerely,  
Paul S Siebenmorgen  
PO Box 216  
Archbold, OH 43502