

From: [Richard D Norman](#)
To: [Regulatory Comments](#)
Subject: Richard Norman opposes the requested increase in membership requirements for "local" credit unions.
Date: Thursday, January 14, 2016 5:16:58 PM

Gerard Poliquin
National Credit Union Administration
Alexandria DC 22314

Richard Norman opposes the requested increase in membership requirements for "local" credit unions.

Dear Gerard Poliquin:

I am really concerned with the proposed expansion of the credit union membership base requirement. Frankly, this is in my opinion a clear case of requesting a change in policy (After the fact) to make many credit unions conform to the laws of the land. In other words, in my opinion, many credit unions are already violating laws set forth and now you are seeking to change the laws to bring them into compliance. As a tax paying American, I oppose the expansion of credit unions. I do not believe I am alone in my position by any means. The only other requirement I can see that you will soon request for credit union membership is that as long as a person breathes air, they qualify. Regretfully, many credit unions are already using this as their sole requirement.

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 truly 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. I recently lost a loan to a local credit union because they offered a rate that no bank could touch. In speaking with an employee of the credit union, his comment was they could offer better rates because they do not need to pay taxes. 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. Although I do believe this is a law that is being broken by many credit unions

throughout the country. 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.

- Congress deliberately instructed NCUA through the FCU Act to keep credit unions small (while I believe many already are violating this act) 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. An example is America First Credit Union in Utah. It started serving a local business but now there is really no requirement for membership. My friends daughter just opened a new account there and she has no common connection with the original group they served or state they serve. She was told that as long as they live in Utah or surrounding states they qualify for membership.

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 have no problem if credit unions want to pay taxes at the same rate as banks and have a desire to expand. But as a tax paying citizen, I believe many are already exceeding the laws of the land and are still receiving a huge tax benefit at the same time. I believe they should be penalized and back taxed for 5 years of income if they violate the current laws. If this request is passed, I will volunteer my time and efforts to make sure tax benefits are lost to all credit unions and members. I hope the NCUA will reconsider this recommendation and follow the laws of the land as they now stand.

Sincerely,
Richard D Norman
475 E Main St
Lehi, UT 84043