



February 5, 2016

VIA EMAIL

Mr. Gerard S. Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

Dear Mr. Poliquin:

I am writing as the President/CEO of a \$320 Million Southern Indiana community bank, Springs Valley Bank & Trust.

The bank is chartered in French Lick, Indiana and operates out of four locations in Orange and Dubois counties. Springs Valley Bank survived the Great Recession of 2008 and has managed our way back to financial strength and performance since 2012. Like most community banks across the country, we are a for-profit enterprise responsible to our shareholders, but more than that, we are good corporate citizens and a vibrant part of the communities we serve.

Community banks like Springs Valley do not mind FAIR COMPETITION and in fact, we expect and welcome it. That said, we are morally obligated to speak up when it comes to an uneven playing field. The Officers, Directors, and Employees of Springs Valley Bank & Trust hereby go on the official record in **protest of the National Credit Union Administration's (NCUA's) proposed rule on their Chartering and Field of Membership Manual** for the following reasons:

- The proposal would redefine local community and rural district, significantly expanding the definition of community beyond any reasonable interpretation of 'local' or 'rural' – circumventing Congressional intent as expressed in the Credit Union Membership Access Act and extending beyond NCUA's underlying statutory authority.
- 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 hundred percent the current threshold to 1 Million. The NCUA Board has unabashedly disregarded Congressional intent and abused any reasonable definition of local.
- The proposed rule would provide additional methods of membership expansion for multiple common bond credit unions including a streamlined application process for adding a new group with fewer than 5,000 members—patently ignoring Congressional intent and overstepping NCUA's regulatory reach. This is at odds with the FCU Act's current maximum

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limit at 3,000 members established in 1998. The FCU Act required a multiple common bond federal credit union to have a service facility within reasonable proximity to any group added to its field of membership. However, the proposal would amend the definition of "service facility" to include online internet channels, including laptop computers, personal computers and mobile devices—which eviscerates any reasonable notion of "proximity."

- This proposal violates the Congressional mandate to encourage the formation of new single bond credit unions. The FCU Act states, "[i]n general, the Board shall encourage the formation of separately chartered credit unions instead of approving an application to include an additional group within the field of membership of an existing credit union whenever practicable and consistent with reasonable standards for the safe and sound operation of the credit union." Congress deliberately instructed NCUA to keep credit unions small and focused on providing services to specific groups that lack other access to financial services.

While the Federal Government continues to struggle with a mounting \$19+ Trillion budget deficit, the credit union industry's *sacred cow* tax subsidy—already valued at \$26.75 billion over the next 10 years—will balloon exponentially if this broad expansion of authorities which undercuts Congressional-mandated limits on field of membership is permitted. This will result in vast implications for marketplace dynamics.

Community banks like Springs Valley Bank & Trust 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 our communities. **A credit union competing for the same customer base as a bank while benefitting from the tax advantaged status is patently unfair. This issue is not about taking sides, but quite simply, about standing up for fairness and allowing the capitalistic marketplace to function as intended, thus putting the power of picking winners and losers in the hands of the end-user of financial services, the consumer.**

Respectfully,



Jamie R. Shinabarger
President/CEO

cc: Senator Dan Coats
Senator Joe Donnelly
Representative Larry Bucshon