

From: [John D. Moore](#)
To: [Regulatory Comments](#)
Subject: John Moore - Comments on Notice of Proposed Rulemaking Regarding Associational Common Bond
Date: Friday, February 05, 2016 3:13:23 PM

Gerard Poliquin
National Credit Union Administration
Alexandria DC 22314

John Moore - 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 and the surrounding community, and unfair competition from the credit union industry impacts my business. Credit unions offer loans to the same customers that I try to obtain, but have an unfair advantage in that they are not taxed - and therefore are able to offer much lower rates and remain competitive. 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. I am all for competition; a free market and open competition ensures the consumer is getting the best quality product/service and the best price. The presence of Credit unions ALREADY infringes on a free market in the financial services industry; this legislation will only intensify this injustice. Level the playing field - impose much stricter limitations on Credit Union membership, or tax all credit unions (as banks already are) so that both banks and credit unions can fairly compete for business in our shared markets!
- 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.
- 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.

Again, this is simply about leveling the playing field. Banks welcome competition - as we have welcomed competing against each other for decades. However, when credit unions are already competing for the very same customers we serve, when pretty much anyone can already be a member of a credit union and this proposal will only broaden this further; you are creating an unfair competitive advantage for Credit unions above the already biasedness present. Strictly limit member for Credit unions, or tax them as banks are today. The latter would create billions in additional tax revenue much needed at this time.

Sincerely,
John D Moore
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