From: Sandra Y Boucher
To: _Regulatory Comments
Subject: Comments on Notice of Proposed Rulemaking Regarding Associational Common Bond
Date: Monday, February 08, 2016 11:49:23 AM

Gerard Poliquin
National Credit Union Administration
Alexandria DC 22314

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. We conduct a weekly survey of interest rates being offered by financial institutions in our market area. The credit unions consistently offer above market rates on all types of deposit products, subsidized by their special tax exemption. 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. A credit union in our market area promotes their membership to anyone who lives, works, attends school, volunteers or worships in a two-county region, as well as businesses and other legal entities. This seems to be beyond the scope of Congressional intent.

• 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. In 1936, a credit union in eastern Connecticut began to serve 27 teachers of a particular city. From 1973 to 2008, this credit union acquired and/or merged with eight other credit unions representing not only teachers but those in the manufacturing, hospital, and telecommunications industries. They now also boast a common bond of any person who lives, works, worships or attends school in the two-county region, including businesses and legal entities.

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.

In conclusion, it is evident that credit unions have abused the privileges granted to them by Congress. As the regulatory authority, you have a responsibility to uphold the intent of the law.

Sincerely,
Sandra Y Boucher
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