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Missouri Bankers Association

January 24, 2016

Gerard S. Poliquin
Secretary of the Board National Credit Union Administration
1775 Duke Street Alexandria
Virginia 22314-3428

RE: RIN 3133-AE31 – Chartering and Field of Membership Manual

Dear Mr. Poliquin:

The Missouri Bankers Association (MBA) strenuously objects to the proposed action by the Board with respect to the referenced rulemaking.

The proposal seeks to expand field of membership rules related to "local community;" "rural district;" "underserved local community;" "multiple common bond credit unions and member proximity;" "single common bond;" and the application process related to charters or expansions.

The MBA concurs with findings by the American Bankers Association that the Board's proposal exceeds federal law and limitations for credit unions enacted by Congress. The NCUA is clearly attempting an end-run around the Congress of the United States.

The MBA represents hundreds of community banks whose ability to serve their communities is being undermined by predatory and unfair credit union pricing afforded by the credit union's abuse of their federal tax exemption. Favorable federal tax treatment of credit unions is intended to support credit unions service of well-defined local markets or to a group of persons that share a common bond and who might otherwise face limited access to consumer savings and lending services.

Today large credit unions serve primarily affluent members and business owners in broad markets in competition with community banks and other financial service providers. This is contrary to the intent of Congress in setting a specific mission for credit unions to serve the savings and credit needs of persons of modest means with close associations or within well-defined local communities. FCUA at 12 USC Section 1759.

In fact, community banks do a better job of serving lower income consumers than do credit unions. It is clear that credit union management, in many cases, is taking unfair advantage of

their institution's tax advantage and is turning away from serving a local community by chasing mass-markets of tens or hundreds of thousands and even millions of persons.

Large predatory credit unions not only undermine community banks, they are a threat to traditional credit unions. The NCUA's own studies show that 80 percent of credit union failures since 2003 occurred in credit unions with fewer than 5,000 members. *Note 67 from the proposed rulemaking notice.* The NCUA's focus on expanding the size of credit unions and their power to engage in business lending has clearly distracted the NCUA and the credit union industry from their core mission and resulted in a weakening of traditional credit unions and the loss of services to what should be the core credit union constituency.

On behalf of the Missouri Bankers Association I encourage the Board to withdraw this proposed rule.

Sincerely,

Keith Thornburg
General Counsel
Missouri Bankers Association