From: mailagent@thesoftedge.com on behalf of Mark.Jones@ffbt.com
To: _Regulatory Comments
Subject: Community Banker - Comments on Notice of Proposed Rulemaking Regarding Associational Common Bond; RIN 3133-AE31
Date: Monday, January 25, 2016 9:06:15 AM

Dear Mr. Poliquin:

If you have a pulse, you can be a member. This seems to have gotten out of hand and the credit union's regulator is the biggest facilitator.

We are trying our best to compete with credit unions and be a successful bank that helps our community. We are asking for a fair playing field when competing with credit unions that do not pay income taxes. As you are aware, not paying a 35% federal tax rate on net income is a huge advantage. I don't believe many of these credit unions are focused on providing services to consumers of modest means.

We complete against Beacon Credit Union in north central Indiana. Their underwriting standards for agricultural loans appear to be more restrictive than bank standards. This allows Beacon to cherry pick the highest quality customers with low risk and offer lower interest rates due to the lack of paying 35% of their net income in corporate income taxes. Why do we allow that? Why should the highest quality loan customer get a subsidy? It doesn't make sense.

This is not entirely different than allowing the Farm Credit System to offer subsidized loans to the highest quality borrowers. The United States is in a serious fiscal situation. Why should credit unions and FCS be allowed to subsidize high quality borrowers through the lack of the requirement to pay the 35% corporate income tax.

Why should such a huge number of people who don't work at Purdue University belong to Purdue Employees Federal Credit Union? Why should the general population get to take advantage of higher rates on deposits because PEFCU doesn't have to pay 35% in corporate income taxes?

Why should such a huge number of people who don't work at Crane belong to Crane Federal Credit Union? Why should the general population get to take advantage of higher rates on deposits because Crane FCU doesn't have to pay 35% in corporate income taxes?

The NCUA's proposal regarding the chartering and field of membership of credit unions is a gross overreach of the NCUA's authority that would eliminate much of the current field of membership requirements established by the Federal Credit Union Act.

More specifically, the Federal Credit Union Act, as amended in 1998, limits membership in a community credit union to "persons or organizations within a well-defined local community, neighborhood or rural district." The NCUA proposal would effectively remove those requirements. For example, community chartered credit unions would be able to claim that a Congressional district was a "well-defined local community" thus allowing community credit unions in seven states to serve the entire state. The population limits of a "rural district charter" would quadruple to 1 million people and the NCUA proposal would permit rural district credit unions to cross boundaries into other states. Core based statistical areas could exceed 2.5 million in population.

In fact, the proposal presents a lengthy list of ways for most credit unions to circumvent the field of membership requirements resulting in a broad expansion of the credit union industry's tax subsidy. Multiple common bond federal credit unions could expand and include other groups even if there was no physical branch or branches located near the other group--a transactional web site would suffice. Furthermore, there would be an easier process for multiple common bond federal credit unions to add a new group with up to 5,000 members--clearly evading Congressional intent to keep credit unions small and focused on providing services to consumers, particularly those of modest means.

Sincerely,

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