

**From:** [Terry Miller](#)  
**To:** [Regulatory Comments](#)  
**Subject:** Comments on Notice of Proposed Rulemaking Regarding Associational Common Bond  
**Date:** Thursday, January 21, 2016 4:35:17 PM

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Terry Miller  
P. O. Box 440  
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January 21, 2016

Dear Gerard Poliquin,

Dear Mr. Poliquin:

As a tax payer, 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 constantly strives to serve its customers and the surrounding community. Unfair competition from the credit union industry impacts my ability to do so on a level playing field with local credit unions. I have a credit union within 9 miles of me that calls on my consumer and commercial customers and offers them rates that are significantly less than Wall Street Prime. This credit union's tax exempt status in the current, historically low, rate environment allows them to make deals that a bank that is not tax exempt cannot match while maintaining a government required capital structure.

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 for there to be limits to 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.

The intention of Congress is for the NCUA, through the FCU Act, to keep credit unions focused on providing services to specific groups that lack other access to financial services. Further, the expectation is that the size of the credit union would remain proportionate to the group that needed access to financial products. That limitation was the basis for credit unions gaining preferential tax treatment over all other financial providers. My bank is a small community bank with \$85 million in assets already competing against billion dollar, out of area, credit unions. The proposal before you 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. The credit union industry is no longer a fledgling startup! It has become a financial behemoth growing exponentially under current field of membership rules. The proposal is an abuse of regulatory authority that 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.

Sincerely,  
Terry Miller