

**From:** [Veneta B Wellard](#)  
**To:** [Regulatory Comments](#)  
**Subject:** Veneta Wellard. Comments on Notice of Proposed Rulemaking Regarding Associational Common Bond  
**Date:** Friday, January 15, 2016 1:32:38 PM

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Gerard Poliquin  
National Credit Union Administration  
Alexandria DC 22314

Veneta Wellard. 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. Local Credit Unions are offering lower rates to any homebuyer whether they are members or not. They also are targeting higher income borrowers - not those of moderate means. They are also targeting builders for construction lending. 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. Idaho Central Credit Union offers membership to almost the entire State of Idaho. There are very few counties that are not on their list. Plus they now also include anyone who works for the State of Idaho, lives in Jackpot Nevada and anyone who works at or has an association with Micron Corporation.
- 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. Again, with Idaho Central they started out as a credit union that you had to be employed by a business that served the general public and not a government entity or a job with a municipality, etc. You also not only had to have employment that served the general public but that employer was also located in a county where Idaho Central was located. Now - as long as you live or have lived in pretty much any county in the State of Idaho or if you work for the State of Idaho or if you work for Micron Computers or if you live in Jackpot Nevada. If you don't fit in and want an account their - they pretty much will add on. Another example Mountain America Credit Union - which started as the Salt Lake City Telephone Employees Credit union. Which eventually merged with the postal workers credit union so they changed the name to Mountain America Credit Union. Then they merged with Utah State Credit Union. Now they are located in Utah, Idaho, Arizona, Nevada and New Mexico and as long as you live in certain Utah counties, work for an employer on their select list - you can belong. If your employer isn't on that list just have them go to a Mountain America branch and they can be added.

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.

Sincerely,  
Veneta B Wellard  
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Pocatello, ID 83201