FIRST STATE BANK SOUTHWEST

◆ Edgerton Office
760 Main St.
P.O. Box 26
Edgerton, MN 56128
(507) 442-5000

◆ Leota Office
11665 110th St.
P.O. Box 338
Leota, MN 56153
(507) 443-6741

◆ Pipestone Office
202 8th Ave., SE
P.O. Box 68
Pipestone, MN 56164
(507) 825-0055

◆ Rushmore Office
103 N. Thompson Ave.
P.O. Box 48
Rushmore, MN 56168
(507) 478-4121

◆ Worthington Office
1433 Oxford St.
P.O. Box 725
Worthington, MN 56187
(507) 376-9747

◆ Wal-Mart Office
1055 Ryan's Rd.
P.O. Box 725
Worthington, MN 56187
(507) 372-2224

January 25, 2016

FEB01'16 PM 2:46 BOARD

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

RE: Comments on Proposed Revisions to the NCUA Chartering and Field of Membership Manual, Part 701

Dear Mr. Poliquin:

I am writing to the National Credit Union Administration (NCUA) today to urge you to withdraw the proposal to revise the NCUA Chartering and Field of Membership Manual.

Our bank, First State Bank Southwest serves the geographic area of Southwest Minnesota which includes the towns of Worthington, Edgerton, and Pipestone. We are a $235 million independently owned financial institution that specializes in small business, agricultural, and residential real estate lending. We compete head to head with the Fulda Area Credit Union in our market place for residential real estate and agricultural loans. We do not need to compete for small business loans. Our bank does a fine job servicing the small business owners in SW Minnesota. We do not need expansion of the geographic field of membership rules.

The changes proposed for the geographic field of membership rules are far too broad. The FCU Act requires that a geographic field of membership must be a "well-defined, local community." In this proposal, the NCUA mandates that a single Congressional district is automatically a "well-defined, local community." That change defies logic in many cases. Minnesota has eight Congressional districts, and a couple of them are very large, geographically. Minnesota's 7th Congressional District covers 33,429 square miles, and it takes seven hours to drive from one end of the district to the other. There is no way that people living seven hours apart from each other would believe that they are part of the same "local" community. And in seven states, it is even worse because there is just one Congressional district covering the whole state. It is very difficult to see how an entire state can be considered a "local" community. That aspect of the proposal clearly goes too far.

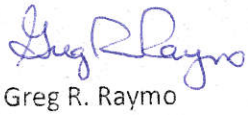
Credit unions receive extremely generous tax and regulatory advantages. In exchange for those advantages, credit unions have some limitations. The credit union industry does not like those limits, so

it continually challenges them. They have asked Congress to give them more commercial lending authority. When Congress fails to give the credit unions this additional authority, the credit unions ask that the NCUA give them the additional authority. The NCUA then finds different ways to give the credit unions what they want, even though Congress has never authorized it. The credit unions want more expansive fields of membership. Congress has never given them this expanded authority. The NCUA then proposes this rule, which is inconsistent with the plain language of the National Credit Union Act. These types of significant policy changes should come from Congress, not the NCUA.

The NCUA has been criticized for being a "cheerleader" for the credit union industry rather than a regulator. Actions like this proposal show why the NCUA has earned that reputation. This proposal is clearly about giving the credit unions what they want so that they can continue their rapid growth, rather than ensuring that the NCUA upholds the requirements of the FCU Act. I urge the NCUA to withdraw the proposed changes to the Field of Membership Manual.

Please understand that we should not have to fight these battles. We all want to help our customers, but we have to play by the rules. Thank you for considering my comment letter. If you have any questions, please do not hesitate to contact me at 507-376-9747. Thank you.

Sincerely,



Greg R. Raymo
President, CEO
First State Bank Southwest

cc: Amy Klobuchar, U.S. Senator
Tim Walz, U.S. Congressman