

From: [James Bohls](#)
To: [Regulatory Comments](#)
Subject: Comments on Notice of Proposed Rulemaking Regarding Associational Common Bond
Date: Wednesday, January 27, 2016 10:34:19 AM

James Bohls
967 County Road 227
Marlin, TX 76661

January 27, 2016

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. As a banker for 42 years, I have seen many instances of how the Credit Union tax exemption has created unfair competition with tax paying banks. Our bank was chartered to serve the local communities we are located in. Of course, we have to make a profit for our stockholders who are mostly local business persons and families, therefore the unfair competition created by non-taxable credit unions lowers the profitability of tax paying banks.
- 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. The non-taxable credit union industry was created to serve the needs of families and individuals who had a need for a low cost provider of those services. With the advent of the expansion of non-taxable credit unions, this original intent of the credit union legislation is no longer being met due to the non-taxable credit unions expansion into commercial services.
- 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. Once again this expansionism of the non-taxable credit unions will even further increase the unfair aspect of competition with tax paying banks, which in turn will decrease the profitability of banks and therefore decrease the amount of taxes paid by banks which our government relies on to provide services to its citizens.

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 which increases the burden on tax paying individuals, families and businesses.

Sincerely,
James Bohls