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February 8, 2016

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.

We are a small rural bank, with 95 million in assets and 4 locations in central Minnesota, we regularly complete with Central MN Credit Union throughout our service area. The Credit Union has the following liberal membership policy:

*Central Minnesota Credit Union membership is open to persons who live, work, worship, volunteer, or attend school in and businesses and other legal entities in the following Minnesota Counties: Becker, Benton, Clay, Douglas, Grant, Kandiyohi, Meeker, Morrison, Otter Tail, Pope, Sherburne, Stearns, Todd, Wadena, Wilkin, Wright; North Dakota Counties: Cass and Richland, or blood relatives of regularly qualified credit union members. CMCU has a "once a member always a member" policy. This is a special lifetime membership provided you maintain your share account.*

This ever-growing boundary already defies the original intent of the "local" credit union, yet now their common bond requirement is about to get much less restrictive. With this new definition, it is so easy to find a commonality, there effectively would be no restrictions at all.

Federal agencies are supposed to implement the laws as they are written by Congress. In several important ways, this proposal ignores Congress's express language in the Federal Credit Union Act (FCU Act). For example, the FCU Act requires a multiple common bond federal credit union to have a service facility within reasonable proximity to any "additional group" added to its field of membership. With that statutory language, Congress clearly intended that credit unions with multiple common bonds be able to serve their different membership groups with actual physical credit union locations. In this proposal, the NCUA has ignored that Congressional mandate by declaring that online internet channels are included in the definition of a "service facility." Congress, not the NCUA, should make that kind of significant policy change.

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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 7<sup>th</sup> 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.

Credit unions, with the support of the NCUA, continue to move further and further from the original credit union model. Credit unions were once small, close-knit co-operatives making consumer loans to low- and moderate-income people. Today's credit unions are massive, extremely profitable financial institutions focused on serving wealthy consumers and large businesses. The NCUA has allowed this shift to occur, and by taking official regulatory actions like this current proposal, it can be argued that the NCUA has encouraged this shift to happen. Today's massive, aggressive growth credit unions bear no resemblance to the credit unions that had once earned their tax and regulatory advantages. No one should be surprised when Congress decides that it is time to eliminate those tax and regulatory advantages.

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.

Thank you for considering these comments in your decision making process.

Sincerely,



Josh R. Johnson

Vice President

Perennial Bank