1ST FAB&T
Member FDIC

Larry T. Wilson
Chairman,
President and
Chief Executive Officer

FEB05'16 PM 2:19 BOARD

January 22, 2016

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

Re: Proposed Rulemaking Regarding Credit Union's "Common Bonds"

Dear Mr. Poliquin:

I am outraged and appalled that the NCUA would attempt to circumvent the Congressional oversight of your agency by proposing the changes to the "Field of Membership" without any review, discussion, or determination of "need" by our elected representatives in Congress.

I have been in banking for over 40 years and have seen a federal credit union, chartered to serve the needs of the military personnel stationed at a local Air Force base, expand their membership well beyond anyone's wildest expectations when Congress passed legislation in 1933 which established federal credit unions. In our markets, we are very competitive with the other banks in those markets, but this same credit union has garnered a significant portion of those markets simply because of their tax-exempt status which allows them to pay higher interest rates on deposit products and charge lower interest rates on loans.

As you are well aware, in addition to very tight field of membership requirements, the credit unions were chartered to serve people of modest means in exchange for their tax-exempt status. Over the years, the tax-exempt credit unions have been granted additional powers to provide virtually every service that tax-paying commercial banks offer and their fields of membership have been expanded to the point that those "fields" have no resemblance to the original field of membership for which the credit union was originally chartered.

The proposed changes to the Chartering and Field of Membership Manual would expand those "fields" even further and, as I read them, border on the absurd…such as the possibility of creating statewide fields of membership! Someone has obviously spiked the Kool-Aid that the Board has been drinking!

The simple question of "Where is the justification?" for such proposed expansion needs to be answered. Is it the goal of the NCUA Board to provide local access to a credit union for every living American? Does the NCUA Board think that every American has a "right" to local credit union access? Did I miss that "right" when I took Civics and American History classes? Of course, if there were demonstrated needs for financial services in a particular area, a credit union could always convert their charter to that of a commercial bank and serve anyone that they so desired (and pay taxes, of course!).

If credit unions want to locate facilities in rural areas and areas that are somewhat economically depressed (remember the 'modest means' objective for credit unions?), I am confident that you would not find much opposition to such a plan. I am also confident that, like their tax-paying commercial bank competitors, the credit unions will want to locate new facilities in the growth areas of the country. Those growth areas are already over-served by financial institutions, most of whom are tax-paying commercial banks. Even a blind person can see that there is no 'need' for credit union locations in such areas. So, why can't the NCUA Board see that same picture?

This whole ill-advised proposal gets down to these basic points:

(1.) The NCUA Board is "thumbing its nose" at the Congress that created them by taking it upon themselves to change their field of membership parameters with no input from Congress.

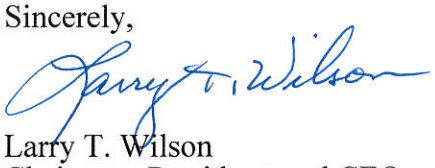
(2.) The NCUA has provided absolutely no information which would indicate that there is any "need" for financial services anywhere that the proposed expansion of the field of membership would address.

(3.) The NCUA is responding to "wants" from their member credit unions instead of "needs" of the public.

(4.) The fox is guarding the henhouse!

In my humble opinion, it is borderline criminal that the NCUA Board would propose such a broad change to the "field of membership" when it is so obvious that there is no demonstrated need on the part of the public for such a change and would propose such a change with zero, yes absolutely zero, input from Congress.

Sincerely,



Larry T. Wilson
Chairman, President, and CEO

P.S. If you have any information that would demonstrate that there is any need for the expansion of the fields of credit union membership as proposed, I would greatly appreciate you providing it to me.

Cc: American Bankers Association
Arkansas Bankers Association
Association of Military Banks of America
Senator John Boozman
Senator Tom Cotton
Congressman French Hill
Congressman Bruce Westerman
Congressman Steve Womack
Congressman Rick Crawford