

**From:** [Mathias Gregor](#)  
**To:** [Regulatory Comments](#)  
**Subject:** Comments on NCUA Chartering and Field of Membership  
**Date:** Tuesday, January 26, 2016 5:08:09 PM

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1-26-16

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

RE: Comments on NCUA Chartering and Field of Membership

Dear Mr. Poliquin:

I am writing to the NCUA today to urge you to withdraw the proposal to revise the NCUA Chartering and Field of Membership Manual.

Like many other small community banks across the state of Minnesota, Roundbank is providing a full range of financial services to meet the credit needs of the communities we serve. It's true that we have more freedom to expand the communities we serve than a credit union and that is because we work closely with our regulators and incur significant tax obligations for this privilege. The continued expansions of credit unions with questionable "common bonds" does not provide a fair playing field and is clearly beyond the scope of what has been approved by Congress.

The geographic membership rules which are proposed are by no measure consistent with the "well-defined, local community" language is written in FCU Act. Minnesota and other states have great examples of why this does not work. 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. Using that logic, one can only assume that the NCUA's next proposed change to the Field of Membership Manual will be declaring every state to be a "local" community because the state shares the same United States Senators. After that, perhaps the NCUA will approve the entire United States to be one "local" community because we all share the same President of the United States. The term "local" is supposed to have meaning separate from the term "well-defined." This part of the proposal ignores Congress's intent and the plain language of the FCU Act.

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. This proposal is a good example of how the NCUA has earned that reputation. The NCUA has always gone out of its way to encourage credit union growth and expansion. However, with this proposal the NCUA ignores the plain language of the FCU Act. I urge the NCUA to withdraw the proposed changes to the Field of Membership Manual.

Thank you for taking the time to consider the implications which this proposal could have on the financial industry and why I believe it lies outside of the NCUA authority.

Respectfully,

**Mathias Gregor**

Chief Credit Officer/Special Asset Manager

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