

From: [Robert Russell](#)
To: [Regulatory Comments](#)
Subject: Comments on Notice of Proposed Rulemaking Regarding Associational Common Bond
Date: Wednesday, January 27, 2016 10:34:18 AM

Robert Russell
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Hemphill, TX 75948

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.

For example, our local Credit Union is able to offer a lower interest rate on financing the purchase of a new car from a dealer. The dealer is not within the Credit Union's "field of membership" nor is the customer. I understand the competitiveness of the rate due to the Credit Union's advantage over the bank regarding income flexibility, however, I totally disagree with the Credit Union allowing the Dealer to make the customer "fit" into the "field" by making false representations regarding the eligibility of the customer in order to complete the transaction. It's fraud and should not be tolerated by credit union regulators. Banks should not be forced to compete with fraud. Banks are not tax exempt, but are for-profit businesses attempting to balance offering products and services to best serve customers while growing the business to offer more lines of credit and other economic capital to communities within the laws and regulations prescribed by Congress and our regulators.

- 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. Credit Unions, in general, have migrated away from the basic tenets for which they were originally designed to fulfill. If they want to participate in the open-market as a financial institution, then amend the purpose as outlined in their Congressionally mandated charter

and remove the restrictions, that aren't enforced anyway, let them bear the burden of taxation and we can all compete on a level playing field.

- 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. The local credit union in our community, a branch from a credit union in a larger city, can, and does, serve persons all over the East Texas area. Again, they either force the qualifiers required for membership, or they don't validate the eligibility of the member at all, simply "looking the other way".

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. I'm proud to say that I am employed at a bank reflecting respect for the law and regulations which serve to provide a healthy financial system to the people of our community. Let's not change the law to fit the practices of the credit union, let's encourage, through enforcement of the laws in place, that credit unions abide by the Congressional mandate which defines their purpose and the laws and regulations designed to guide them in their existence.

Thank you for your consideration.

Sincerely,
Robert Russell