

From: [Richard D Norman](#)
To: [Regulatory Comments](#)
Subject: [Your name] Comments on Notice of Proposed Rulemaking Regarding Associational Common Bond
Date: Thursday, February 04, 2016 6:11:38 PM

Gerard Poliquin
National Credit Union Administration
Alexandria DC 22314

[Your name] Comments on Notice of Proposed Rulemaking Regarding Associational
Common Bond

Dear Gerard Poliquin:

I am opposed to the NCUA's proposed rule on Chartering and Field of Membership Manual. This broad expansion of credit union powers is simply a misuse of powers and clearly changes the agreed upon terms of a "Credit Union" to match more closely to a bank.

In the great State of Utah, all State tax funds paid by banks goes directly to the State Education fund. By making the proposed changes you are lobbying for I believe will reduce the amount of tax revenues that go into the State Education Fund creating an even larger deficit and a larger strain on the great state of Utah. Many citizens in the Utah feel credit unions should be taxed because there is no noticeable difference between banks and credit unions. Your proposed rule changes will push that opinion even more.

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. I recently lost a large loan to a Federally Chartered Credit Union because they offered a fixed rate of 4.0% for 10 Years. This rate is available only because that credit union pays no State of Federal income taxes. 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.
- 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. I do not believe their intent was to make it so broad that if they are breathing air they

can join a credit union. 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. America First Credit union currently allows anyone in the state of Utah to join. There is no limitation whatsoever. My daughter, who was unemployed, walked into an office of America First Credit Union and opened an account. She was told that if she lived in Utah she could join. Since she lives in Oregon, I guess that state is acceptable as well. This is a clear case of a credit union that should be a BANK!

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. Mountain America in Utah has expanded its membership range far from the initial "Union". It is another credit union that is out of control. UCCU in Utah is the same. The list goes on and on. They should all be BANKS!

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 which I believe is an understatement at best. This also does not likely include state tax breaks. 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.

It troubles me that you have such little regard for fair competition. Credit Unions use their tax break to take loans away from banks on a regular basis and you want to expand it more. At what price? Education for our children? Higher tax rates for everyone (to make up the difference of the tax breaks for credit unions) so credit unions can remain tax free? Once again, you have so many credit unions breaking the regulatory laws that already exist that you now want to amend the laws so they are compliant once again? Enough is enough. Do your job and make sure they comply with the existing laws that govern credit unions. I ask you to reconsider this ill advised change and so the right thing by sticking to the existing laws of the land. Their original charters.

Sincerely,
Richard D Norman
475 E Main St
Lehi, UT 84043