



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.

I am the President of a small community bank in northern Minnesota, Grand Timber Bank. The lending area for our bank consists of mainly of Aitkin County and a portion of the neighboring county of Carlton County. My Regulator the FDIC monitors my lending area! My largest competitor is Members Coop Credit Union. How is it fair for my bank to have a limited lending area and the Credit Union to have a whole congressional district?

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 states, "in general, the Board shall encourage the formation of separately chartered credit unions instead of approving an application to include an additional group within the field of membership of an existing credit union." Congress included a limitation in the FCU Act to support that preference. An additional group of up to 3,000 people may generally be added to an existing credit union, but a credit union can only add a larger group if certain conditions are met. In this proposal the NCUA has ignored that Congressional limit by creating a simple, streamlined process for adding an additional group of up to 5,000 people. Congress, not the NCUA, should make that kind of policy change.

Congress has set the limitations for geographic fields of membership. The National Credit Union Act states that the NCUA may approve a geographic charter if the credit union will serve a "well-defined, local community." In issuing this proposal, the NCUA completely ignores the word "local." Congress clearly intended the word "local" to be a limiting term. Otherwise, Congress would have only required that a geographic area be "well-defined." A regulatory agency is supposed to implement statutory language, not ignore it. With this proposal, the NCUA goes too far.

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Credit unions have changed significantly in the past couple decades. Credit unions used to serve members that were part of a strict "common bond," a tightly-knit group of people working for the same employer, living in the same neighborhood or attending the same church. Credit union members knew each other, in the spirit of a true co-operative. The NCUA's "field of membership" rules have gradually relaxed over time, allowing credit unions to rapidly grow. A Minnesota credit union was originally formed to serve a single church congregation. After multiple expansions, the credit union now serves 17 Minnesota counties. Credit union members no longer know each other and have only very weak ties to one another. Losing that defining characteristic now means that the massive credit unions are indistinguishable from the banks against which they compete. No one should be surprised when Congress reconsiders the credit unions' tax and regulatory advantages.

Thank you for taking the time to read and consider my comment letter.

Sincerely,

A handwritten signature in cursive script that reads "Sharon M. Lake". The signature is written in dark ink and is positioned above the typed name and title.

Sharon M Lake

President
Grand Timber Bank
PO Box 220
McGregor, MN 55760