

From: [Wade Donnell](#)
To: [Regulatory Comments](#)
Subject: Comments on Notice of Proposed Rulemaking Regarding Associational Common Bond
Date: Wednesday, February 03, 2016 4:37:27 PM

Wade Donnell
2535 NE 28th Street
Fort Worth, TX 76106

February 3, 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. It is so obvious to any idiot that the credit unions already abuse membership rights and that the regulators turn a blind eye. Why would you not do everything in your power to cease this abuse?

- Our bank serves customers and the surrounding community, and unfair competition from the credit union industry impacts my business. A credit union is designed by charter to meet the needs of a specialty group that cannot receive banking services. The credit unions have abused this and as a result they have a competitive advantage because they do not pay income taxes. How are we to compete on rates for auto loans at car dealers when the credit union gives kickbacks and can offer lower rates to the general public (not specialty members) than we can because we pay taxes?
- 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. For example, I can go to a car dealership and become a member of the Denton Area Teachers Credit Union simply by signing a piece of paper that the dealer and the credit union have pre-populated. That piece of paper lets me become a member. If I ever talked to a teacher in my life then I'm qualified. Why does Congress continue to allow this?
- 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. Look at what Omni Credit Union in Fort Worth did. Gross abuses. Check it out.

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. Are you blind or stupid? It has to be one or the other from our viewpoint. The intended purpose of credit unions is very honorable and they serve a worthy purpose, but please, please stop the abuse. It is grossly obvious that membership is abused. We would challenge you to disprove this statement.

Sincerely,
Wade Donnell, CEO National Bank of Texas