

From: [Susan M Whitson](#)
To: [Regulatory Comments](#)
Subject: Susan Whitson Comments on Notice of Proposed Rulemaking Regarding Associational Common Bond
Date: Monday, February 08, 2016 10:45:54 PM

Gerard Poliquin
National Credit Union Administration
Alexandria DC 22314

Susan Whitson Comments on Notice of Proposed Rulemaking Regarding Associational
Common Bond

Dear Gerard Poliquin:

Dear Mr. Poliquin:

I am a former credit union member and am currently 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 has been serving customers and the surrounding community for over 150 years. The tax advantaged and unfair competition from the credit union industry impacts my business. We have a credit union from another MSA that has expanded and opened two offices in our market. To gain new business, they have advertised deposit rates that are greater than their advertised loan rates, even in the same advertisement. This is one of many credit unions that are over \$1 billion in total assets in our market. The most recent HMDA report of residential mortgages made in 2014 in the Waterloo-Cedar Falls MSA showed 44% of the mortgages made were by credit unions. This is a significant portion of the mortgage business that has become tax-exempt. 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. 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. There are credit unions in Iowa that already operate in several mutually exclusive MSA's. A metropolitan statistical area is a geographical region with a relatively high population density at its core and close economic ties throughout the area. The common bond has been lost.

- 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. Additionally, internet access is not a service facility. To truly provide service, you need to be able to let consumers, particular low-income or consumers without internet access, to have a service facility within a reasonable proximity.

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.

The ownership of my tax paying C-corp bank is widely held within our local community. Our goal is to reinvest within our local deposits into local investments that help our community grow. The taxes paid by all involved improve the education and health of our community. The continued expansion of tax-exempt financial institutions that are not tied to our local community will have a detrimental impact on our community.

Sincerely,
Susan M Whitson
PO Box 837
Waverly, IA 50677