

From: [Jeff Cox](#)
To: [Regulatory Comments](#)
Subject: Comments on Notice of Proposed Rulemaking Regarding Associational Common Bond
Date: Thursday, January 28, 2016 6:10:11 PM

Jeff Cox
510 N. Valley Mills Drive
Waco, TX 76710

January 28, 2016

Dear Gerard Poliquin,

Dear Mr. Poliquin:

As a banking law attorney, 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.

- Members Choice of Central Texas Federal Credit Union and Educators Credit Union, are but two examples of "local" credit unions that started out providing relatively small groups of individuals (e.g.hospital employees, teachers, etc.) with small, consumer-oriented financial services that have since grown to having in excess of tens of thousands of unrelated members, covering multiple-counties (where all you have to do to be a "member" is live, work, worship or go to school in the county and have \$5), with hundreds of millions of dollars in assets that engage in commercial, risk-based lending.
- My bank clients serve customers and the surrounding community, and unfair competition from the credit union industry impacts my clients' business. On countless occasions I have seen credit unions make offers a bank simply cannot compete with. 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.
- 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.

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.

Sincerely,
Jeff Cox