

**From:** [Martha K Lefebvre](#)  
**To:** [Regulatory Comments](#)  
**Subject:** [Martha Lefebvre] Comments on Notice of Proposed Rulemaking Regarding Associational Common Bond  
**Date:** Friday, February 05, 2016 9:19:24 AM

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Gerard Poliquin  
National Credit Union Administration  
Alexandria DC 22314

[Martha Lefebvre] Comments on Notice of Proposed Rulemaking Regarding Associational  
Common Bond

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.

- My bank serves customers and the surrounding community, and unfair competition from the credit union industry impacts my business. Credit Unions in our area have been offering commercial loan rates that are below market and getting deals at rates and terms that don't make good business sense to me for the long term. The credit union 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. The last time I got a car loan I was offered three rates, the first two were credit unions and the third was a bank. They were listed in order of interest rate, lowest being first. I said I wasn't a member of the credit unions and asked how that would work. I was told it was \$10 to join and all I needed to do was live in NH. I was totally offended and went with the bank rate, but I imagine I'm the only person that ever walked through their doors that did. Talk about an unfair competitive advantage! I would like to state here that I am ENTIRELY in favor of credit unions as they were designed to be - a local factory, teachers in the state, and I am fine with them having a tax exempt status. But to say that because you live in the state that is enough commonality to be given a tax-exempt

status should be considered ridiculous by anybody's standards.

- 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.

Having a broad range of financial institutions to meet the needs of the nation's people is important - but for one group to blatantly start with a huge advantage over another group makes no sense to me. If you want to be banks then so be it, but pay your fair share.

Sincerely,  
Martha K Lefebvre  
387 Central Street  
Franklin, NH 03235