

From: [Donn C Costa](#)
To: [Regulatory Comments](#)
Subject: Donn C Costa Comments on Notice of Proposed Rulemaking Regarding Associational Common Bond
Date: Monday, February 08, 2016 12:52:06 PM

Gerard Poliquin
National Credit Union Administration
Alexandria DC 22314

Donn C Costa 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. In regard to home lending CU's are able to provide rates below FNMA and Freddie Mac due to not having to pay income taxes. BECU which started out as a CU to help their employees now can close loans for any one in the State of Washington. They are able to provide below market rates at the cost of the tax payer. 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. BECU anyone in the State of Washington can be a member. I joined Pen Fed CU. I have no idea how I could have joined except maybe my brother was in the military. I have a below market home loan with Wings CU. I found the rate on the internet, I've never flown and have no idea why I was a member. The CU's are lightly regulated and are signing up anyone that want to belong. Again, the below market rates are being provided by not paying taxes. Many of the CU's today are "not for profit" but if you look at what they made last year this isn't true.

- 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. [INCLUDE AN EXAMPLE OF A CREDIT UNION THAT BEGAN FOR A SMALL GROUP OF CUSTOMERS BUT HAS SINCE EXPANDED ITS MEMBERSHIP TO INCLUDE MULTIPLE UNRELATED EMPLOYERS AND/OR ASSOCIATION]

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.

CU's are out of control and have way over expanded based on what they were founded on. It is almost not American - a bank that pays no taxes. Let's face it it's a farce and the American tax payer is being taken advantage of. Who benefits the most? The people who borrow the most i.e. high income individuals.

Sincerely,
Donn C Costa
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