

**From:** [Ben Guenther](#)  
**To:** [Regulatory Comments](#)  
**Subject:** Ben Guenther's Comments on Notice of Proposed Rulemaking Regarding Associational Common Bond  
**Date:** Friday, January 15, 2016 10:14:00 AM

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Gerard Poliquin  
National Credit Union Administration  
Alexandria DC 22314

Ben Guenther's Comments on Notice of Proposed Rulemaking Regarding Associational  
Common Bond

Dear Gerard Poliquin:

I am Market President of Kerndt Brothers Savings Bank, headquartered in Lansing, IA with a significant presence in Cedar Rapids, IA.

Dear Mr. Poliquin:

As a banker and US taxpayer, I do not support 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.

**WHY WOULD A GOVERNMENT WITH A DEFICIT BUDGET PROVIDE MORE ADVANTAGES TO AN INDUSTRY WHICH PAYS NO INCOME TAX? Especially while increasing competition for tax paying entities!?**

My bank AND MY BANK COMPETITORS serve our community with capability to spare. Unfair competition from the credit union industry impacts our business but on the brighter side (not for the government) this unfair competition reduces our tax burden.

Soon after coming to Cedar Rapids in 2009, I have seen an area credit union with ads in the same day's Cedar Rapids Gazette touting CD rates greater than their loan own loan rate AND for similar time periods. Banks, as For-Profit companies do pay taxes and cannot afford to compete with such disregard for prudent capitalism.

- Congress has kept tax advantages for the credit union industry, but these must come with limitations, including the size and scope of activities. Congress understood 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 limits on the area that a community credit union may serve, likely to protect against abuse of the tax exempt status.

This new 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 access to financial services. This proposal disregards this 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.

In my bank's immediate area, Veridian, Dupaco, Collins COMMUNITY Credit Union and of course, the University of Iowa COMMUNITY Credit Union all started by meeting this criteria.

The proposed changes are such a broad expansion of authorities, they undercut 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 disregards Congressional intent and is overstepping its regulatory reach.

If the tax exempt status is to continue, I ask you to support ANY maintenance of the appropriate limitations on Credit Union expansion of any kind. Bank's tax burden will go up and the government needs that to happen.

Sincerely,  
Ben Guenther  
600 Boyson Road NE  
Cedar Rapids, IA 52402