From: Judi Clements
To: _Regulatory Comments
Subject: Judith Clements Comments on Notice of Proposed Rulemaking Regarding Associational Common Bond
Date: Friday, January 15, 2016 3:51:41 PM
Attachments: image003.png
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Dear Mr. Poliquin:

As a community 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 local community bank, First National Bank, serves customers in the communities where we do business and the surrounding rural areas. **Unfair competition from the credit union industry impacts my Bank's ability to provide competitive products and services.** Banks are not tax exempt, but are for-profit businesses attempting to balance offering products and services that best serve customers while growing the business to offer more lines of credit and other economic capital to communities. As a tax-payer, community banks make valuable contributions through the payment of taxes to support the infrastructure of the communities, counties, states and federal government – a claim that cannot be made by credit unions who enjoy a tax-exempt subsidy projected at $26.75 billion over the next 10 years.

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 term "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. How does allowing a Credit Union whose definition of membership is based on multiple, combined communities and geographic areas meet the traditional definition of a local community?

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. There is no individual or group in any area served by a community bank that lacks access to financial services. Since there is no lack of financial services, the expansion of the definition of membership for credit union has no basis. As a matter of fact, NCUA Board has blatantly disregarded Congressional intent and is overstepping its regulatory reach.

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,
Judith Clements

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