

**From:** [Alan Blackham](#)  
**To:** [Regulatory Comments](#)  
**Subject:** Alan Blackham's comments Regarding Proposed Associational Common Bond  
**Date:** Thursday, February 04, 2016 3:35:41 PM

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Gerard Poliquin  
National Credit Union Administration  
Alexandria DC 22314

Alan Blackham's comments Regarding Proposed 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. We have multiple credit unions in our area offering 5 year CD rates at above 2% and loans below 3%. For a credit union that may work because of their tax exempt status but our ability to compete with that tax subsidy is not possible. 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. We already have several credit unions in our state that have gone well beyond the original "common bond" definition and are multi billion dollar institutions serving everyone in the state of Utah. They continue to grow at an exponential rate and far exceed the original intent of the purpose of Credit Unions.
- 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. I remember as a young student attending BYU that I became a member of the BYU credit union. They had one office next to the campus of BYU. However, following the example of some of their peers (American First and Mountain America Credit Unions) they changed their name to Utah Community Credit Union and expanded their field of membership and now have 18 offices throughout Utah County and serve all members of one of the largest counties in Utah. Long gone is the intended common bond of serving the students and faculty of just BYU.

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.

I would appreciate your re consideration of the proposed actions. I believe strongly in the free market system and playing on a level playing field but when a credit union expands throughout a county or state serving all members who live an breath there it seems to be that they far exceed any common bond that was originally intended by congress. To continue to allow expansion with no clear and defined field of membership seems unfair to not only banks but to all of us who are taxpayers and to our children who attend public schools funded by our bank's tax dollars. Thank you for reconsidering your proposal.

Sincerely,

Alan Blackham

Sincerely,  
Alan Blackham  
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Provo, UT 84601