



January 15, 2016

DAVID LACY
PRESIDENT & CEO

Mr. Gerard S. Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428

FEB01'16 AM 9:36 BOARD

Dear Mr. Poliquin:

RE: Comments on Notice of Proposed Rulemaking Regarding Associational Common Bond

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. I believe finalizing this proposal should place the credit union industry's tax exempt status in jeopardy.

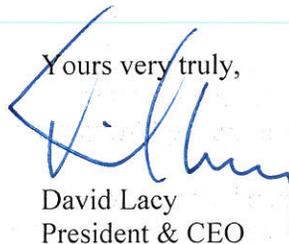
My bank serves customers and the surrounding community near Waco, and competition from the credit union industry impacts my business. Banks are not tax exempt, but are for-profit businesses attempting to balance offering products and services to best serve customers while growing the business. Several credit unions in town are offering auto loans at 1.9%, which is economically beyond what a tax paying entity can offer.

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. Take for example Genco Credit Union which started in Waco years ago, and now has branches in Lufkin, Texas over 150 miles from Waco.

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. This proposal would disregard this Congressional directive.

This letter is sent to you to document that such a broad expansion of authorities, as proposed, greatly undercuts Congressional-mandated limits on field of membership and will lead to an even greater expansion of the credit union industry's tax subsidy – already valued at \$26.75 billion over the next 10 years.

Yours very truly,



David Lacy
President & CEO