From: Jim Goudge
To: _Regulatory Comments
Subject: Comments on Notice of Proposed Rulemaking Regarding Associational Common Bond
Date: Friday, January 29, 2016 3:36:10 PM

Jim Goudge
200 Claiborne Way
San Antonio, TX 78209

January 29, 2016

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 recently lost a permanent commercial real estate loan to a local credit union because they offered our customer a below market interest rate, a 30 year amortization and limited recourse. Clearly they are able to offer the lower rate because they are not subject to federal income taxes; however it should be noted the interest rate they offered (while below our rate) would actually give the credit union a better yield than we would have received. The reason that happens is they only gave the customer a portion of the benefit the credit union gets from not being taxe (not the entire benefit). Frankly the 30 year amortization and limited recourse is just imprudent and another reason why credit unions should stick to consumer lending and not be allowed to offer commerial or commercial real estate loans..

- 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.

- 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. In San Antonio we have 3 huge credit unions (Security Federal Service, San Antonio & Randolph Brooks) with locactions in all areas of town and they are all continueing to expand. Clearly they have no regard for Congresses original intent.

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.

Sincerely,
Jim Goudge