

From: [Jim Edwards](#)
To: [Regulatory Comments](#)
Subject: Jim Edwards - United Bank - Comments on Notice of Proposed Rulemaking Regarding Associational Common Bond
Date: Sunday, February 07, 2016 8:22:00 PM

Gerard Poliquin
National Credit Union Administration
Alexandria DC 22314

Jim Edwards - United Bank - Comments on Notice of Proposed Rulemaking Regarding
Associational Common Bond

Dear Gerard Poliquin:

Dear Mr. Poliquin:

As a banker and a leader of a one-hundred-year old locally-owned community bank in Georgia, 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 in a nine county contiguous market in Central Georgia, and unfair competition from the credit union industry very negatively impacts my business. Recently, our Bank lost a long-term loan relationship with a local building supply business to a credit union. The relationship wasn't lost due to the customer being upset with our service, but due to the fact the credit union offered a ten year fixed loan rate that we could not compete with. 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. A number of credit unions in Georgia now seem to be able to open new locations nearly anywhere they see fit with virtually no geographic or common bond limitations.

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. This proposal will only encourage more credit unions in Georgia to massively expand like Delta Credit Union has. Delta started out as a credit union only for Delta employees and their family members, but over the years has been allowed to grow to become one of Georgia's largest financial institutions with billions of dollars in assets. Delta's website proudly notes that there are virtually no limitation on membership and they offer not only all traditional banking products, but also insurance and investments.

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.

In conclusion, I am not opposed to credit unions that provide service to small groups of common bond individuals in under served markets in Georgia. However, if passed your proposal to expand membership opportunities will do nothing more than allow credit unions to grow into un-taxed banks effectively giving them a huge advantage over community banks like United Bank. I respectfully ask that you reconsider your reasoning for enhancing the ability for credit unions to grow in the manner proposed while still not being required to pay taxes as community banks do. Thank you for your time and consideration of my letter.

Sincerely,
Jim Edwards
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Forsyth, GA 31029