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February 1, 2016

Gerard S. Poliquin  
Secretary of the Board  
National Credit Union Administration  
1775 Duke St.  
Alexandria, Va. 22314-3428

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

Dear Mr. Poliquin,

Please accept this letter in opposition to the proposed rule concerning extensive chartering and membership for Credit Unions.

Of course there is a time and place for Credit Unions as they were originally established by congress to assist those individuals who may lack access to certain financial services. However, this broad expansion would be uncomplimentary to the original intent of congress. It would also be contradictory to the Federal Credit Union Act Amendment in 1998. The tax subsidy alone is simply too costly considering the budget deficits governments are having to struggle with.

Here at F&M Bank we strive every day to offer sufficient loan and deposit services to the citizens in the communities we serve and are pleased with our record.

I respectfully ask that you withdraw this proposal.

Sincerely,



L. Dan Coxwell  
President/CEO



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

RE: Comments on Proposed Revisions to the NCUA Chartering & Field of Membership Manual, Part 701

Dear Mr. Poliquin:

I am writing to the National Credit Union Administration (NCUA) today to urge you to withdraw the proposal to revise the NCUA Chartering and Field of Membership Manual.

F&M Bank is a community bank based out of Manchester, Iowa with 11 locations throughout Iowa and Minnesota. We are a strong proponent of competition but only if that competition is playing by the same rules. We believe the proposed revisions that are being discussed are not leveling the playing field, but instead making it easier for the Credit Unions.

Federal agencies are supposed to implement the laws as they are written by Congress. In several important ways, this proposal ignores Congress's express language in the Federal Credit Union Act (FCU Act). For example, the FCU Act states, "in general, the Board shall encourage the formation of separately chartered credit unions instead of approving an application to include an additional group within the field of membership of an existing credit union." Congress included a limitation in the FCU Act to support that preference. An additional group of up to 3,000 people may generally be added to an existing credit union, but a credit union can only add a larger group if certain conditions are met. In this proposal the NCUA has ignored that Congressional limit by creating a simple, streamlined process for adding an additional group of up to 5,000 people. Congress, not the NCUA, should make that kind of policy change.

The proposal states that a single Congressional District is automatically a "well-defined, local community." The NCUA believes that the fact that the district shares the same member of the United States House of Representatives means that the district is a "local" community. Using that logic, one can only assume that the NCUA's next proposed change to the Field of Membership Manual will be declaring every state to be a "local" community because the state shares the same United States Senators. After that, perhaps the NCUA will approve the entire United States to be one "local" community because we all share the same President of the United States. The term "local" is supposed to have meaning separate from the term "well-defined." This part of the proposal ignores Congress's intent and the plain language of the FCU Act.

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Congress has set the limitations for geographic fields of membership. The National Credit Union Act states that the NCUA may approve a geographic charter if the credit union will serve a "well-defined, local community." In issuing this proposal, the NCUA completely ignores the word "local." Congress clearly intended the word "local" to be a limiting term. Otherwise, Congress would have only required that a geographic area be "well-defined." A regulatory agency is supposed to implement statutory language, not ignore it. With this proposal, the NCUA goes too far.

Credit unions receive extremely generous tax and regulatory advantages. In exchange for those advantages, credit unions have some limitations. The credit union industry does not like those limits, so it continually challenges them. They have asked Congress to give them more commercial lending authority. When Congress fails to give the credit unions this additional authority, the credit unions ask that the NCUA give them the additional authority. The NCUA then finds different ways to give the credit unions what they want, even though Congress has never authorized it. The credit unions want more expansive fields of membership. Congress has never given them this expanded authority. The NCUA then proposes this rule, which is inconsistent with the plain language of the National Credit Union Act. These types of significant policy changes should come from Congress, not the NCUA.

Some credit unions have remained true to the original credit union model. They continue to have a tight common bond, and they continue to focus on serving the credit needs of individuals, and especially people of modest means. Other credit unions have become massive institutions serving huge geographic territories. By requiring that a geographic credit union serve a "well-defined, local community," Congress clearly intended that the word "local" should serve as a limitation on credit unions. With this proposal, the NCUA is ignoring the plain language in the National Credit Union Act. A federal regulatory agency should know better.

Credit unions have changed significantly in the past couple decades. Credit unions used to serve members that were part of a strict "common bond," a tightly-knit group of people working for the same employer, living in the same neighborhood or attending the same church. Credit union members knew each other, in the spirit of a true co-operative. The NCUA's "field of membership" rules have gradually relaxed over time, allowing credit unions to rapidly grow. A Minnesota credit union was originally formed to serve a single church congregation. After multiple expansions, the credit union now serves 17 Minnesota counties. Credit union members no longer know each other and have only very weak ties to one another. Losing that defining characteristic now means that the massive credit unions are indistinguishable from the banks against which they compete. No one should be surprised when Congress reconsiders the credit unions' tax and regulatory advantages.

The NCUA has been criticized for being a "cheerleader" for the credit union industry rather than a regulator. Actions like this proposal show why the NCUA has earned that reputation. This proposal is clearly about giving the credit unions what they want so that they can continue their rapid growth, rather than ensuring that the NCUA upholds the requirements of the FCU Act. I urge the NCUA to withdraw the proposed changes to the Field of Membership Manual.

Thank you for your time and consideration

Sincerely,

A handwritten signature in blue ink, appearing to read "Nate Dunn", with a long horizontal flourish extending to the right.

Nate Dunn

Vice President