



January 15, 2016

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

JAN28'16 PM 3:37 BOARD

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

My bank serves customers and the surrounding community in Northeast Indiana, and competition from the credit union industry impacts my business. Beacon Credit Union out of Wabash, IN, with over \$1 billion in assets and the 2nd largest credit union in Indiana, routinely pays deposit rates that are higher than what I'm able to pay and in some cases higher than what wholesale funds terms are due to their tax-exempt status. 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. Teachers Credit Union, the largest credit union in Indiana, routinely buys Indirect Auto Loan contracts from auto dealers in Indiana. There are no questions asked when purchasing a vehicle about membership requirements as TCU will even fund a new deposit account for \$5 for anyone so that you are now a member. The rates that TCU offers Indirect Auto Loan borrowers are significantly below what our bank is able to offer due to TCU's tax-exempt status.

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. Three Rivers Federal Credit Union in Fort Wayne, Indiana began operations as International Harvest Credit Union under a common field of membership serving the International Harvester company in the 1930's. Today, Three Rivers Federal Credit Union has \$750 million in assets (more than twice the size of my community bank) and is the 3rd largest credit union in the state of Indiana. Their field of membership has few restrictions and they can serve anyone in Northeast Indiana or Northwest Ohio.

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,

Randy J. Sizemore, SVP/CFO
First Federal Savings Bank