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July 24, 2015

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

Dear Secretary Poliquin,

NCUA "regulation" of the credit union industry reminds me of the regulation of the Savings & Loan industry in the 1970's and 1980's. The deregulation of S&Ls in 1980, by the Depository Institutions Deregulation and Monetary Control Act in March of 1980, gave S&L's many of the capabilities and powers of banks without the same regulations as banks, and without explicit FDIC oversight. While S&L's gained bank like powers they retained many of their regulatory advantages over banks including what they could pay for deposits. And their regulator was not acting like a regulator, it was an advocate and cheerleader.

That is exactly what is happening with credit unions today. While CU's have a huge tax subsidy (our banks' marginal federal and state income tax rate is over 40%, and our average rate after taking into consideration of a large portfolio of municipal bonds approaches 30%), and they have abandoned any semblance of a common bond, their regulator is an advocate and cheerleader as demonstrated by NCUA's attempt to reinterpret the intent of Congress and give credit unions even more bank like powers, including the proposal for expansion of commercial lending.

The NCUA, like the S&L regulators three or four decades ago, want to give the institutions under their umbrella more powers, well beyond the intent for which they were chartered, while retaining all the advantages relating to the initial intent of their charter. As credit unions have already expanded into commercial lending, it has come at the expense of serving consumers of moderate means. Clearly, it is our experience that credit unions in our markets are attempting to cherry pick the largest depositors as well as very large borrowers. As was the case in the S&L crisis, an advocate and cheerleading regulator will lead not only credit unions into trouble, it will have detrimental impact on the banking industry as banks are forced to take on additional risk in order to compete in the same markets.

As our organization competes with multiple encroaching credit union organizations, we are finding that their regulation is far less than are imposed upon our banks. We are finding that there is very limited, if any, compliance regulation. As NCUA encourages credit unions to grow

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by making loans for which they may not be prepared, this becomes a safety and soundness issue that will impact the entire financial services industry.

We do not see the public benefit in credit unions further expansion into commercial lending. There are over 300 banks in Iowa competing for sound commercial loans as well as commercial lenders of the "shadow banking" industry. Already, credit unions are entering this market and it appears many are ill prepared to analyze these credits. There is also a question as whether there is a CU regulator prepared to supervise CU expansion into these markets. A regulator that desires to see credit unions outgrow community banks and grow commercial loans, is not likely to provide the supervision required to insure that loan growth is sound. Already in Iowa, two of largest financial institutions domiciled in the state are credit unions. All credit unions are in high growth mode and using their "non profit" profits to rapidly expand. What to do with those profits? Build another new beautiful facility on another corner or in a neighboring town. It is happening everywhere and it is raising the risk profile of all financial institutions just as did the S&L expansion of the 70's and 80's.

I urge the NCUA to be a regulator and help credit unions manage their risk appropriately and live within the intent of their charter as well as all the compliance mandates. Use their tax advantage as was intended and serve consumers of ALL economic profiles rather than engage in activities that are already well served.

Sincerely,

Alan R. Tubbs

Alan R. Tubbs, Chairman

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