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Jan. 22, 2016

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

**Re: Comments on Notice of Proposed Rulemaking Regarding Associational Common Bond**

VIA ELECTRONIC MAIL

Dear Mr. Poliquin,

My name is Eli Lehrer and I am president of the R Street Institute, a free-market think tank committed to finding real solutions to public-policy problems. I am writing about your proposed field-of-membership reforms for federal credit unions both as president of a nonprofit small business that is a credit union member and as a frequent commentator on credit union issues

Overall, I enthusiastically support and endorse the proposed reforms to field of membership standards. While the proposed regulatory reforms do not resolve all unreasonable field-of-membership limitations currently imposed on federal credit unions, they are a step in the right direction. NCUA is right to act “to ease any undue burdens and restrictions on an FCU’s ability to provide services to consumers who are eligible for FCU Membership.”

NCUA has wisely pursued a simple goal that regulators across all sectors should follow: regulations should conform to the statutory language that create them and should not impose additional, burdensome restrictions on private behavior. The proposed regulations do just that. Three points deserve special praise:

- While it is not perfect, the well-defined local community standard—and, in particular, the ability to create a well-defined local community (WDLC) that consists of a congressional district—makes tremendous sense and cuts a huge amount of red tape.
- The expansion of trade, industry or professional common bonds will allow more expansive fields of membership for people who work together.

- The expansion of fields of membership for veterans of the Armed Forces allows more financial-services options for those who have served our country.

There are a few areas where the regulations might still be improved. For example, while the rules expand the population cap for rural districts from 250,000 to 1 million – a step in the right direction – it would be better to eliminate the requirement altogether. Depository institutions and financial services already are difficult to access in many rural areas. The cap serves no valid function, particularly given the widespread ability to access funds online. Restrictions might more usefully focus on the availability of electric services; something these regulations rightly acknowledge elsewhere.

The regulations also appear unnecessarily vague with regard to the ability of credit unions to expand service areas into regions adjacent to a WDLC. There seems to be a real danger that the vagueness of the tests involved will discourage credit unions from using them.

As the president of a nonprofit, I also have a business interest in seeing regulations like this put into force. The enterprise I head was started with help (including access to credit) granted by a credit union, when no other institution appeared able or willing to provide it. While we remain a credit-union member and supporter of the credit-union movement, restrictions on allowable fields of membership have made it difficult to find a credit union that can meet our current needs as a \$4 million enterprise. We simply outgrew the small credit union—focused on individual members—with whom we started and sought another one in vain.

While we identified perhaps a dozen credit unions that provide the services a business of our size needs, none could fit us within their fields of membership. This was frustrating and bad for our business. We would prefer to receive almost all of our depository institution services from a credit union but simply cannot find one that meets our needs. An expansion of FOM for credit unions would help us to achieve our business objectives in ways that are consistent with our values and desires.

While there are a number of valid criticisms of the regulations, they are, on balance, a step in the right direction. We urge you to review the comments you receive carefully and do everything allowed under the law to provide regulatory relief to credit unions.

Respectfully submitted,



Eli Lehrer