

June 24, 2014

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

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

Dear Gerald Poliquin,

This comment letter represents the views of Credit Union of Southern California (CU SoCal) regarding the National Credit Union Administration's (NCUA) proposed Associational Common Bond rule. CU SoCal has 64,000 members and \$780 million in assets. We appreciate the opportunity to provide these comments to the NCUA.

The proposed guidance on this rule establishes a threshold requirement that an association not be formed primarily for the purpose of expanding credit union membership. We concur with this direction. NCUA's guidance follows the letter and spirit of how the credit union movement was originally created. "Union" in this regard, means a group that is formed for a distinctive purpose, not explicitly for expanding the membership base of the credit union. However, after an association is formed, the credit union benefit could certainly be added to a group's benefits package as a significant addition.

The guidance that an association must be in operation for at least one year agrees with NCUA's direction in this area. We believe a one year requirement is an appropriate time for an associational common bond to be in place before an association may be considered for credit union membership inclusion.

We are very encouraged by the direction of NCUA's proposal regarding granting automatic qualification to the various categories of associations such as: alumni associations, religious associations, electric cooperatives, homeowner associations, labor unions, scouting groups and "associations that have a mission of preserving or furthering the culture of a particular national or ethnic origin." Again, the history of credit unions indicate that these organizations meet the definition of associational common bond and have shown their propensity to meet this criteria and add to the development and culture of credit unions.

Finally, we are very encouraged that qualified associations already within a credit union's common bond are grandfathered and would not be subject to the corporate separateness criterion. The movement has followed the spirit of this guidance since its very beginnings.

The grandfathering simply signifies past efforts of credit unions in his regard.

Thank you for the opportunity to comment and for considering our views on the proposed Associational Common Bond rule.

Sincerely,

Rick Hoffman
VP, Business Development and Legislative Affairs
Credit Union of Southern California

cc: CCUL