

**From:** [Carl Ratcliff](#)  
**To:** [Regulatory Comments](#)  
**Subject:** Comment on Proposed Rulemaking on Association Common Bond  
**Date:** Wednesday, June 18, 2014 12:36:03 PM

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

Dear Mr. Poliquin:

On behalf of ABNB Federal Credit Union, I would like to comment on the National Credit Union Administration (NCUA) proposal to amend the associational common bond provisions of NCUA's chartering and field of membership rules.

From my perspective the distinguishing characteristic between a credit union and other financial institutions is its cooperative nature and democratic governance structure of one member one vote, not field of membership. However, the Federal Credit Union Act provides covenants that require credit unions to have a defined field of membership. 'the membership of any Federal credit union shall be limited to the membership described in one of the following categories:

- (1) **Single common-bond credit union.**—One group that has a common bond of occupation or association.
- (2) **Multiple common-bond credit union.**—More than one group—
  - (A) each of which has (within the group) a common bond of occupation or association; and
  - (B) the number of members, each of which (at the time the group is first included within the field of membership of a credit union described in this paragraph) does not exceed any numerical limitation applicable under subsection (d) of this section.
- (3) **Community credit union.**—Persons or organizations within a well-defined local community, neighborhood, or rural district.'

The Act does not specify how organizations or associations are defined except to say 'Federal credit union membership shall consist of the incorporators and such other persons and incorporated and unincorporated organizations, to the extent permitted by rules and regulations prescribed by the Board'.

The NCUA Board has defined fields of membership and promulgated regulations that in some instances are broadly defined, i.e. TIP's, while in other instances such as Employees of ABC Company who work at XYZ regulations are much more restrictive.

In this instance the purpose of the proposed regulation is to clearly define and restrict membership for single common bond and multiple common bond credit unions. The proposed regulation does nothing to provide for similar consideration for community chartered credit unions.

A significant part of the mission of a community chartered credit union is to serve people and organizations within their geographic boundaries. Charitable and not for profit associations have been excluded from membership in community credit unions by regulation, not law. For example, alumni associations of colleges and universities and hospital foundations are organizations established within a community but are not permitted for a community charter. What better way for a credit union to contribute to the welfare of a community than to allow it to serve members of such associations.

In any event, I believe regulations already in place can control abuses if properly enforced. An association formed by a credit union primarily for the purpose of establishing membership is clearly abusive and should not be permitted and should not continue to be a basis for membership. Such associations are simply a means to conduct business with the general public and have no real relationship to any entity other than the credit union that established it. It makes the common bond and field of membership criteria a joke.

From my perspective, the proposal appears to be consistent with the intent of the Act and reinforces the common bond relationship credit unions have with their members. The most significant oversight is the failure of the proposal to allow community chartered credit unions to include legitimate associations within their community to be part of the credit unions field of membership.

I support the proposed regulation and I strongly encourage the Board to expand the chartering and field of membership for community chartered credit unions to include associations – as defined by the proposed regulation.

M. C. Ratcliff, Jr.  
President/CEO  
ABNB Federal Credit Union

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