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Sent electronically at: <http://www.regulations.gov>  
Re: RIN 3133-AE31

June 30, 2014

Dear Mr. Poliquin:

On behalf of the credit unions in the state of Iowa, I appreciate the opportunity to comment on the National Credit Union Administration's (NCUA) proposal regarding associational common bond and field of membership (FOM) requirements for federal credit unions. The Iowa Credit Union League (ICUL) is the non-profit trade association that represents the interests of Iowa credit unions and their nearly one million members.

### **General**

ICUL strongly supports elements of the proposed rule, such as grandfathering existing members from all qualified associations that are currently part of a federal credit union's membership, and automatically approving associations that have a "mission based on preserving or furthering the culture of a particular national or ethnic origin." The inclusive nature of credit unions can be seen in these proposed changes, and they would benefit credit unions and members alike.

However, ICUL has concerns over other aspects – specifically, the proposed provision prohibiting the formation of an association primarily for the purpose of expanding membership, the requirement that an association be in operation for more than one year before being added to a FOM, and the expansion of criteria in the totality of circumstances test.

ICUL is concerned that prohibiting the formation of an association unnecessarily restricts a credit union's membership growth abilities, without taking into consideration other possible contributing factors. The benefits of a credit union are often an incentive for an unrecognized group to become a formally recognized association. Limiting a newly formed association's access to credit union membership would place credit unions at a further disadvantage from their banking competitors, who have an unlimited access to potential customers. In addition, NCUA's proposed requirement that an association be in operation for more than one year before being added to a FOM could have an adverse impact on newly formed associations and credit union membership. If this requirement is put into place newly formed associations will not have access to credit unions, and credit unions will lose potential member associations to banks, who do not require associations to meet any operational time period requirements.

If adopted in its current form, the proposal would establish a threshold requirement that would be applied before any factors in the totality of the circumstances test are considered. If NCUA determines based on the threshold test that an association was primarily formed for the purpose of expanding credit union membership, the application would be rejected outright. By rejecting an association before applying the totality of circumstances test, NCUA could be unfairly excluding associations formed for legitimate purposes and seeking the benefits a credit union has to offer.

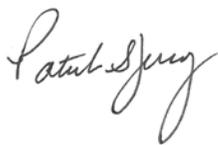
ICUL does not support the expansion of criteria in the totality of the circumstances test. The existing rules and the totality of circumstances test are stringent enough as-is, considering credit unions already have to meet seven factors to be eligible, and NCUA should take a holistic approach to determining the eligibility of an association. Under the proposed rule, NCUA would add additional criteria regarding corporate separateness, which could have the unintended consequence of discouraging legitimate associations from credit union membership. Credit unions of a smaller asset size and their affiliated associations generally do not have the resources to meet these additional requirements, and could have their membership base unfairly restricted.

### **Conclusion**

ICUL encourages NCUA to reconsider the proposed rules on the expansion of the totality of circumstances test and corporate separateness criteria, as well as the threshold requirements. ICUL asks that NCUA consider the needs of diverse communities and the important role the credit union system plays when evaluating these regulations.

ICUL also encourages NCUA to continue exploring opportunities to relieve credit unions of additional compliance burdens.

Sincerely,



Patrick S. Jury  
CEO/President  
Iowa Credit Union League



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