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

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

Dear Mr. Poliquin,

We understand that NCUA has been receiving pressure from the banking lobby that has alleged that credit unions have facilitated the formation of associations that have no purpose other than to qualify persons for membership. To the extent that has occurred, we believe that NCUA already has the power to deny such associations from the field of membership of credit unions. We disagree with the need for the proposed regulation and some of its provisions.

If a group does not meet the totality of the circumstances test contained in the Field of Membership and Chartering Manual listed below, NCUA can disqualify the group as an approved association.

The common bond for an associational group cannot be established simply on the basis that the association exists. In determining whether a group satisfies associational common bond requirements for a federal credit union charter, NCUA will consider the totality of the circumstances, which includes:

- Whether members pay dues;
- Whether members participate in the furtherance of the goals of the association;
- Whether the members have voting rights. To meet this requirement, members need not vote directly for an officer, but may vote for a delegate who in turn represents the members' interests;
- Whether the association maintains a membership list;

- Whether the association sponsors other activities;
- The association's membership eligibility requirements; and
- The frequency of meetings.

We understand that an association must have an existence independent from the credit union but that should not mean that the credit union and its officials have to be totally detached from an association that the credit union has co-sponsored to fulfill a community need. For example, there are associations within fields of membership that actively promote financial literacy and charitable giving that were co-sponsored by the credit union. If a co-sponsored association is run independently of the credit union, active in fulfilling its purposes and meets the above totality of the circumstances test, then the association should qualify for the field of membership. The introduction of this proposed regulation raises concerns that NCUA may have a different opinion.

In reviewing the corporate separateness factors listed in the proposal, our one concern is the requirement that the association have a physical office separate from the credit union. If the credit union has extra space and wants to help a non-profit association with providing office space, then we do not see any reason why that should be a disqualifying factor if all the other separateness factors exist. While this is a totality of the circumstances test and this one factor may not be determinative, we have a concern as to how this factor will be applied.

We object to the requirement that an association must be in operation for a year before it qualifies as an association for the field of membership. In our opinion the requirement is arbitrary and unnecessary. If an association is established, NCUA can review the documents and determine if the association complies with its criteria. NCUA can review newly formed associations at any time to determine if they continue to meet the totality of the circumstances test. Why impose this arbitrary rule upon new associations?

The proposed regulation states that if the NCUA, as a threshold test, determines that the association is formed primarily as a means to expand credit union membership, it will be disallowed. NCUA will only apply the totality of the circumstances test if the association passes the threshold test. Why is a threshold test necessary? We do not understand why an association that passes the totality of the circumstances test would be disallowed. An association that passes the totality of the circumstances test has a purpose independent from the credit union. By what criteria will NCUA assign the "primary" purpose of the association? NCUA is imposing a subjective threshold test that is ripe with the possibilities of inconsistent application and abuse.

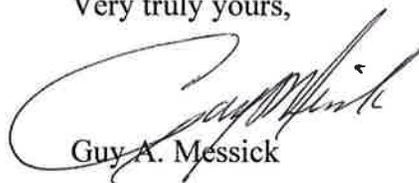
We also do not understand the need for a majority of the members of an association be located within geographic area served by the credit union. If the association's cause is very local then it would make sense that membership in the association should expect to be local. There are many causes that have regional and national appeal and there are many associations serving those causes that have regional and national membership. NCUA should review the cause served by the association and use that as a guide as to the credibility of where membership

located. If the cause has national appeal, the rule that the members can only be local makes no sense in the age of shared branching and the Internet.

We have a concern that there will be inconsistencies in the analysis of associations as examiner subjectivity is involved in the analysis. We are also concerned about the potential examination time spent on this issue and the inconvenience to legitimate member associations to provide information to examiners.

Thank you for the opportunity to comment.

Very truly yours,

A handwritten signature in black ink, appearing to read "Guy A. Messick", written in a cursive style. The signature is positioned above the printed name "Guy A. Messick".

Guy A. Messick