

July 3, 2014

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

Sent via email to: regcomments@ncua.gov
CC: Suzanne Yashewski, SVP Regulatory Compliance Council, Cornerstone Credit Union
League; syashewski@cornerstoneleague.coop

RE: Communication Federal Credit Union Comments on Proposed Rule: Associational
Common Bond and Field of Membership Requirements

Dear Mr. Poliquin:

This letter represents the views of Communication Federal Credit Union regarding the NCUA's proposed rule regarding Associational Field of Membership Requirements. Communication Federal Credit Union is a Multiple Common Bond credit union originally chartered in 1939 to serve a single SEG, Pioneer Bell Telephone Company. In its 75 years, CFCU has grown to serve several hundred SEGs, with 20 branch locations throughout Oklahoma and Kansas. CFCU is committed to bettering its members' financial positions. The credit union has more than 60,000 members throughout the nation and over \$960 million in assets.

Communication Federal Credit Union understands the NCUA's concern that associational groups are being formed for the sole purpose of adding or attracting new members. However, the proposed FOM changes have the ability to drastically alter business plans for credit unions. We do applaud portions of the proposed rule, but believe other sections deserve additional consideration. CFCU's primary areas of concern stand within the "totality of circumstances" test, NCUA's ability to reject groups without further investigation and more troubling, the ability to remove groups from a credit unions FOM based upon ambiguous standards. Please find below input which we believe relevant and deserving of consideration before the proposal is finalized.

Sections of the proposed rule granting automatic approval for certain associations (churches, labor unions, alumni associations, etc.) are welcomed. We believe this step is a positive move forward for our industry and will ease the sometimes cumbersome process of adding these groups to our fields of membership. CFCU believes this will cause more organizations to understand the benefits of credit union membership and seek out credit unions as a benefit for their members. In the past, due to the complexities of adding associations, many credit unions have neglected associations for FOM expansion. Automatic approval for certain associations will alleviate these anxieties and enable us to effectively promote and grow our industry through these groups.

Regarding the "totality of circumstances test", we would request that the NCUA further define the tests regarding financial support of associations. While we do believe that there must be a

corporate separateness between associational groups and a credit union, we question if routine business, such as financially supporting a community event hosted by an association could inhibit the credit union's ability to serve members of the association. Credit unions re-invest in the communities where we do business by being actively involved with community organizations by supporting such associations and their events. Our credit union invests several thousands of dollars with organizations each year for the betterment of our community and industry.

We also express concern over the notion that NCUA would consider removing current associations from a credit union's FOM. One of the foundations of the credit union philosophy is "once a member, always a member". Simply put, this would chisel away at the very foundation upon which the credit union movement is built. Furthermore, we would ask that NCUA consider a defined appeals process to be followed should an associational group be denied or removed based upon the tests outlined in this proposed rule.

CFCU would also request additional information regarding the mention of "geographic limitations". Technology has transformed the way members interact with the credit union and will continue to erase geographic hurdles to convenient access. We would oppose any addition of geographic limitations given that electronic access is already the primary interaction between many members and the credit union.

The NCUA has a primary responsibility of enhancing the position of credit unions by ensuring the industry is made is comprised of financially stable, well managed institutions. Deteriorating the credibility of an industry is at odds with ensuring its longevity and public image. Again, this proposed rule sets a dangerous precedent and warrants the need of serious reconsideration to avoid repercussions of significant consequence on our industry.

In closing, we would like to reiterate our position. NCUA is in a position to aid credit union growth by establishing pathways to membership for consumers. Provisions in the Field of Membership proposal aid this cause, but other measures could have significant impact on our industry. We urge the NCUA to reconsider this proposal or at minimum, provide additional clarification, prior to making such changes to FOM expansion guidelines.

Sincerely,



Larry Shropshire
President/CEO

Communication Federal Credit Union