

From: [Donald Price](#)  
To: [Regulatory Comments](#)  
Subject: Comment on Associational Common Bond Requirements: Additional Automatic Approval Associations Proposed: Farmer Cooperatives, Farm Credit Associations, FFA Associations, and 4-H Associations  
Date: Thursday, May 22, 2014 4:50:05 PM  
Attachments: [lmsae003.ema](#)

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Dear Secretary Poliquin:

I am very pleased to see the proposal for automatic approval for those associations with natural cooperative structures, such as electric cooperatives. In addition, automatic approval for scouting groups is also welcomed.

I am requesting the addition of four other associational groups to this rule, per the NCUA's request:

- Farmer Cooperatives
- Farm Credit Associations
- FFA Associations
- 4-H Associations

My credit union since 1934 has been serving employees only of farmer related cooperatives, most notably Farm Credit Associations (which are farmer-owned financial cooperatives) but also dozens of rural supply and marketing Farmer Cooperatives.

Both Farmer Cooperatives and Farm Credit Associations are truly associational groups that easily and categorically meet the associational common bond totality requirements test. In addition, they are both non-profit organizations. These cooperative members, due to their cooperatives' purpose and structure, participate in activities developing common loyalties, mutual benefits, and mutual interests to further the goals and purpose of the organization. The members have voting rights, opportunities to meet regularly, and govern the associations themselves. Local Farmer Cooperatives and Farm Credit Associations are well defined groups. Furthermore, the USDA specifically categorizes electric cooperatives, farmer cooperatives, and the Farm Credit System (which is comprised of 90 individual Farm Credit Associations served today by Four Points FCU) in their Rural Cooperative Development programs.

Regarding Farmer Cooperatives, the members are the actual producers, as well, which creates an even closer bond than what members of electric cooperatives have. There is no strict client/customer relationship because Farmer Cooperatives provide a means for their members to sustain a livelihood and family in rural America. Small town local Farmer Cooperatives often provide the only meeting place for local members and residents as well. Without the unification and bonds of the individual members within these individual Farmer Cooperatives, the farm families would have no means of producing or selling their products and sustaining their small, rural towns.

The Farm Credit Associations, which we serve as an employer group (SEG) today, actually provides more than 80% of the funding for these member-owned, non-profit Farmer Cooperatives mentioned above, per the Farm Credit Administration website. Farmer Cooperatives are specifically mentioned by the USDA as identical in category to electric cooperatives.

Farmer Cooperatives, I submit, are closer in bond than electric cooperatives, albeit identical in purpose. Farm Credit Associations, in addition, meet the criteria for associational common bond requirements. The only difference in purpose between Farmer Cooperatives and Farm Credit Associations is that one is a supply and marketing association for the farmer and the other an associational financial group – both are non-profit trade groups created for the mutual benefit of their members.

Below is an excerpt from the USDA's document on Rural Cooperative Development:

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Chapter 3. Cooperatives in the Community  
Financial Cooperatives and Farmer Cooperatives  
Financial Cooperatives

*The largest single segment of the cooperative industry is credit unions. Building on their base of member savings and consumer loans and home mortgages, credit unions now offer additional services to their members including credit cards, automated teller machines, tax-deferred retirement accounts and certificates of deposit.*

*Created in 1916, the cooperative **Farm Credit System is the nation's oldest and largest financial cooperative. They provide about 80 percent of the money farmer cooperatives borrow each year. They have about \$11 billion in outstanding loans to farmer and rural utility cooperatives and water and waste disposal systems.***

Farmer Cooperatives

*In the agricultural sector, USDA's Cooperative Services' survey of farmer cooperatives for calendar year 1995 reported 4,006 cooperatives in operation. Of these associations, 2,074 primarily marketed farm products; 1,458 handled primarily farm production supplies; and 474 provided services related to marketing or purchasing activities.*

*Another important cooperative activity in rural areas is furnishing electric power. Nearly 1,000 rural electric cooperatives operate more than half of the electrical lines in America, providing electricity to more than 25 million people in 46 States. Sixty of these are called generation and transmission cooperatives (G&Ts) because they generate and transmit electricity to meet the power needs of the other cooperatives that distribute electricity to the people. Telecommunications services to rural areas are also provided by cooperatives. Telephone cooperatives serve 1.2 million people in 31 States. The National Rural Telecommunications Cooperative, owned by almost 800 rural electric and telephone systems, makes satellite television available to rural areas not served by cable companies. Cooperatives may be the on-ramp for rural residents wishing to travel the information highway.*

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Regarding rural related FFA Associations and 4-H Associations, they are similar to the scouting groups proposed for automatic approval, but with an even stronger bond, in my opinion, as these groups are comprised of both active youth members and alumni associations supporting the youth groups, linking membership activities with future agricultural professions.

Secretary Poliquin, as I hope I made clear, electric cooperatives and scouting groups are very much in need of automatic approval. However, if the NCUA makes the case that these groups are sufficient for automatic approval, which I believe is correct, then there can be no objections to also Farmer Cooperatives, Farm Credit Associations, FFA Associations, and 4-H Associations being categorized the same, as there are no fundamental or material differences in association. These agricultural related associations, just because they are lesser known and not used by urban-America, should not be excluded from the associational benefits for credit union services as more urban associations with common bonds enjoy. More importantly, most of the members of these agricultural related associations are located in extremely underserved areas, with no access to credit union services, in some of the nation's poorest counties. Per the mission of credit unions as expressed by Congress, adding these associational groups will allow credit unions greater ability in serving the credit and savings needs of consumers, especially persons of modest means.

Please add these member associations to the proposed common bond requirements rule for automatic approval:

- Farmer Cooperatives
- Farm Credit Associations
- FFA Associations
- 4-H Associations

Sincerely,

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