



June 30, 2014

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

**RE: Comments on Notice of Proposed Rulemaking Regarding Associational Common Bond**

VIA ELECTRONIC MAIL: [www.regulations.gov](http://www.regulations.gov)

Dear Mr. Poliquin,

The Michigan Credit Union League (MCUL), the statewide trade association representing 98% of the credit unions located in Michigan and their 4.5 million members, appreciates the opportunity to comment on the National Credit Union Administration's (NCUA) proposal to amend the associational common bond provisions of the chartering and field of membership rules.

The NCUA proposes to amend the associational common bond requirements by establishing a threshold requirement that an association not be formed primarily for the purpose of expanding credit union membership. The NCUA believes that some federal credit unions (FCU) are forming associations, not in compliance with their existing bylaws, for the primary purpose of facilitating credit union membership. As part of this revision, the NCUA is proposing that the association operate as an organization independent from the requesting FCU, for at least one year prior to the request to add the group to the FCU's field of membership, provided the totality of circumstances test for the associational common bond requirements is satisfied. While the MCUL doesn't directly oppose this revision, the requirement for the association to be in existence for over a year appears to be arbitrary. The MCUL also questions the need to have both the totality of circumstances test, which includes the newly proposed association purpose and corporate separateness components, as well as the specific and arbitrary timeframe requirement. The MCUL strongly encourages the NCUA to reconsider the need for both requirements, and if a timeframe is deemed necessary, to consider a reduction in time.

The MCUL supports the NCUA's proposal to automatically approve certain associations, such as religious organizations and labor unions into a FCU's field of membership, provided they meet service area and other related requirements. The MCUL also supports the proposed automatic approval of alumni associations.

The MCUL has significant concerns about the NCUA's proposed review of associations within FCUs' existing fields of membership, and the potential for the NCUA to require credit unions to remove an association from their field of membership. With so many regulations

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threatening the existence and vitality of credit unions, and increasing merger trends reducing available credit union options for consumers, the NCUA should recognize the potential impact on the credit union of losing an existing and viable membership option, and the impact on the communities and groups the FCU serves, in terms of financial services access and options. Further, the MCUL encourages alternatives for allowing an FCU to cure non-compliance and continue to expand their membership and provide avenues for growth. The MCUL strongly supports the NCUA's proposal to grandfather existing members in these situations and encourages the NCUA to grandfather previously approved associations as well.

The MCUL is keenly aware that limited opportunities for expanding field of membership have been a primary motivating factor for some Michigan credit unions to transition from a federal to state charter. While providing an automatic approval component for some associations certainly helps ease some expansion and provide some regulatory relief, the MCUL believes the NCUA should be more innovative and progressive in allowing for multiple and combined field of membership types, and especially in the case of credit union mergers. As the credit union industry evolves, the laws and regulations that govern our institutions should provide for and encourage growth and the development of opportunities to further serve their communities.

Sincerely,

A handwritten signature in black ink, appearing to be 'K. Ross', written in a cursive style.

Ken Ross  
Executive Vice President & Chief Operating Officer