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FEB28'08 PM 2:29 BOARD

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February 25, 2008

Ms. Mary Rupp
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428

Re: Proposed Rule – Mergers, Conversion from Credit Union Charter, and Account Insurance Termination

Dear Ms. Rupp and Members of the NCUA Board:

I am writing on behalf of the Board of Directors and management team of Visions Federal Credit Union which is headquartered in Endicott, New York and serves 120,000 members in southern New York and northern Pennsylvania.

In light of the wave of conversions (completed and failed) to Mutual Savings Banks, the Nationwide Bank Merger, and the hostile takeover attempt of Continental FCU, I understand the concern of the NCUA on the issues brought up in the notice of proposed rulemaking. Many of the suggested changes however, do not seem necessary since 708 A has already been strengthened to improve the information available to the members.

My responses to your specific questions and proposes rule changes are below:

Conversion to a Financial Institution Other than a MSB

In the matter of conversion to a Mutual Savings Bank, current regulations require notice to the members 90, 60, and 30 days before the date of the member vote. The members must then vote to approve the change. We agree that these same rules as well as any other conversion rules (except for conversion to state chartered credit union) should apply for conversion into a financial institution other than an MSB such as a stock issuing bank.

Issues

Management's Duties - There already are regulations and significant case law that has already determined that credit union Directors have a fiduciary responsibility to their members as quoted in the next section of the proposed rule, and Directors are prohibited from enriching themselves as well as warned to avoid conflicts of interest. Disclosing *if* a Director member may benefit by a conversion to a Mutual or Stock Bank is already regulated by section 708A in the mandatory disclosures. It is not clear what other regulations are necessary.

Fiduciary Duty

A uniform "Standard of Care" should only be developed if it is determined that this regulation would supersede all state laws concerning Board conduct, otherwise a new regulation would only add to credit union's regulatory burden. If developed it should be very specific since it is also probable that this "Standard of Care" will be used by examiners to judge the actions of Board Members on all matters at the credit union – not just insurance, mergers and conversions. The risk that such a rule may be enforced inconsistently and subjectively must be mitigated in the rulemaking.

Insider Enrichment

It is unfair to try to exclude members who have recently joined the credit union from voting or sharing in ownership at future conversion of a credit union. It would probably be ineffective als since the insiders may know a year in advance that a conversion may take place. It may be fairer for the agency to spot check the lists of new voters where they suspect abuse to ensure the new members qualified for membership. One exception would be out of area consultants advising the credit union to convert, than benefiting because they joined the credit union. They should be prohibited from joining the credit union if at all possible since some abuse apparentl has occurred in this area. The disclosure in 708a (iii) already states that directors and staff cannot receive any compensation or stock options that are not disclosed.

Member Right to Equity

I do not believe that equity adjustments are needed between two merging credit unions. On occasion, the additional capital from the credit union being merged is needed for severance packages, paying out contracts, marketing expenses, or other planned investments to make what was a less viable credit union more viable when merged with another. If the credit unions agree that this is a term of the merger that should be their mutual decision – not a regulatory requirement.

If NCUA decides to make equity adjustments mandatory., it may cause credit unions that want/need to merge to become less attractive merger candidates, eventually threatening the insurance fund when NCUA is forced to do an emergency merger for those experiencing financial difficulty.

Communications to Members: Improper or Misleading Communications to Members

Although the examples of misleading communications presented are understandably not prope disclosures, 708a already requires the converting credit union to send copies of all communications to the NCUA Regional Director. Further, in order for the conversion vote to be approved, the Regional director issues a determination that the "methods and procedures " are approved or disapproved.

It is my opinion that the Regional Director already has the authority to stop a charter conversion process if misleading communications are sent and therefore no new regulations are needed.

ember Voting

NCUA wishes to legislate what amount of difference is needed to allow a member tc
count that is reasonable. Some examples from state election law reviewed show a s
of 1% to 1% of the total vote difference if a number is needed. The ability to re-oper
ection or ballot for what the regulator thinks may be irregularities should not be allow
r very detailed circumstances to avoid an examiner applying inconsistent, arbitrary u
ower.

nally, I have no objection to prohibiting management from obtaining voting tallies or l
embers who have not voted, or prohibiting employees from completing ballots or har
llots. I do believe it is appropriate for employees to encourage members to vote in o
ercise their democratic privilege of being a credit union member.

conclusion, after close examination of your proposed rule changes, it seems that ma
owers you seek have already been granted in Part 708a and 708b.

hank you for the chance to comment on these important rule changes.

ncerely,

ank E. Berrish
esident/ CEO

: Fred Becker, President
NAFCU

Dan Mica, President
CUNA