

April 29, 2008

Ms. Mary Rupp, Board Secretary
National Credit Union Administration
1775 Duke Street
Washington, DC 22314-3428

**RE: Advanced Notice of Proposed Rulemaking to Parts 708a and 708b
Of the NCUA Rules and Regulations**

Dear Ms. Rupp and Members of the NCUA Board:

On behalf of the board and management of Citadel Federal Credit Union, we would like to comment on the proposed changes to Parts 708a and 708b of the NCUA's Rules and Regulations. Citadel FCU, headquartered in Chester County, Pennsylvania, serves 118,000 members in the Greater Philadelphia Community.

Citadel FCU supports the core philosophy of "people helping people." This philosophy is the cornerstone of our mission of "making lives better in our community." Citadel's management and staff make decisions based on the needs of our members and the community we serve. While Citadel has no imminent plan to change charters, we believe that our decision and actions always have been, and will continue to be, in the best interest of our membership.

Credit unions have evolved over the past century to meet the ever-changing increasingly complex needs of its members. Citadel's own evolution is a clear demonstration of proactively meeting members' financial needs. Chartered in 1937 as the credit union for the Lukens Steel employees in Coatesville, Pennsylvania, Citadel FCU remained a single sponsor company credit union until the early 1980's when the steel industry suffered significant decline. Citadel was approved for a charter name change in 1983 to provide credit union services to members within a six-mile radius of the Lukens Steel plant in Coatesville. Citadel FCU changed its name to the Lukens Community Federal Credit Union. As members continued to migrate their residences and employers beyond this six-mile radius, Citadel was approved for a community charter for Chester County, Pennsylvania in 1986. We revised our name to Citadel FCU.

Conversion to a community charter enabled Citadel to continue providing excellent member services to residents and those who worked and worshiped in Chester County, PA. During the 1990s, Citadel reached out to the underserved residents of Lancaster City, an area with a low income population in need of a financial services provider. Citadel continues to serve thousands of households living and working in the City of Lancaster, Pennsylvania. In 2004, the boards of Citadel FCU and Atlantic CU voluntarily agreed to merge, offering the opportunity to combine their shared values and complementary strengths to improve service to current and potential

members. The credit unions' boards complied with the regulatory requirements in existence and sound business judgment and practices, including full disclosure and transparency, in informing the membership of this merger. This combination resulted in a credit union which has the economic scale and expertise to compete in what some have termed the "hyper competitive financial services market in southeastern Pennsylvania." We provide this history as background to indicate that it has been through these changes that Citadel, guided by our volunteer Board of Directors, has been able to grow, providing more valuable services to an increasing number of members.

The issue is whether NCUA should amend sections 708a and 708b of the regulations to further clarify the process for a credit union to change its charter. We believe that in order for Citadel and other credit unions to be able to continue to thrive in the 21st century, credit union boards and management must be open to options that best serve their members. The proposed changes to the NCUA rules and regulations would restrict and perhaps cripple credit unions' viability, potentially impacting the safety and soundness of all credit unions. We respectfully request that NCUA focus on the long term implication of these decisions.

Credit union boards of directors act as the governing body for the credit union. The board is responsible for establishing the strategic direction for the credit union, including the capacity to evaluate and potentially approve a merger and/or charter change if the change would most effectively serve its members. Credit union boards and management pursuing mergers and/or charter changes have a fiduciary responsibility to be open and transparent in the process. Citadel's position is that the NCUA should continue to provide regulatory oversight on an individual case basis if a credit union's choice is to change charters or enter into merger agreements. The NCUA should ensure that credit unions are permitted to continue to serve the changing financial needs of consumers and the credit unions' membership while NCUA ensures the fiscal safety and soundness of the credit union system. Increasing regulatory burdens on credit unions will make us less competitive in the complex financial services marketplace today, further eroding the ability to compete. Our opinion is that NCUA should address changes, particularly providing regulatory relief regarding field of members' constraints, to ensure the long term viability of credit unions.

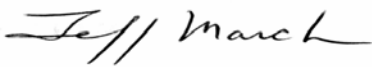
Directors of an organization have a fiduciary responsibility to their shareholders. Members of credit unions are the shareholders. Credit union boards have a responsibility and obligation to always act in the best interest of its members. In order to effectively serve as a credit union director, we agree that it is critically important for each director to understand their role and responsibility as advocates for their members. Boards similar to other companies are elected by the membership/shareholders to serve as the governing and policy making body for the credit union. NCUA indicated that as the regulator, their role is to "ensure flexibility and fairness, propose minimal regulatory burden on credit unions and provide for a safe and sound credit union system." We are fully supportive of transparency in all board decisions. This concept of transparency has and should continue to require credit union board directors to weigh the benefits of all decisions in light of their members, while permitting them the ability to act as the

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governing body for the credit union and operate within safe and sound business practices. We believe current regulations sufficiently address the boards' governance role and responsibilities in all decisions, including potential charter changes, affecting the credit union members.

Thank you for allowing us to comment on whether the NCUA should promulgate new rules and regulations regarding mergers, conversions to another type of financial institution and termination of federal share insurance. As indicated, Citadel FCU is opposed to further NCUA regulations outlined in the Advanced Notice of Proposed Rulemaking.

Sincerely,



Jeff March
Citadel FCU CEO/President



Philippe W. Ouellette, Jr.
Citadel FCU Chair, Board of Directors