



Serving Credit Unions in California and Nevada



July 25, 2005

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

Re: Comment Letter on Proposed Rule 713, Fidelity Bonds

Dear Ms. Rupp:

The California and Nevada Credit Union Leagues are pleased to comment on the National Credit Union Administration (NCUA) Board's proposal seeking amendments to its fidelity bond rule. Together, the California and Nevada represent the largest state trade association for credit unions in the United States, serving 500 member credit unions in California and Nevada with 8.8 million members.

The California Credit and Nevada Credit Union Leagues support the NCUA proposed amendment which would increase the maximum allowable deductible and change the minimum required coverage. Since the last maximum deductible increase occurred in 1981 and the maximum coverage of \$5 million has not changed since 1977, the Leagues believe that the significant growth in asset size that has been experienced by many credit unions, coupled with inflation support an increase in the deductible and the amount of maximum coverage, respectively.

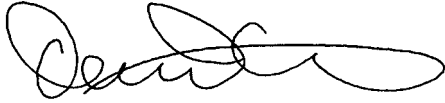
The Leagues firmly believe that the increase in required bond coverage of \$9 million (the maximum) for credit unions with assets in excess of \$500 million, and minimum bond coverage of at least \$250,000 will help manage or the total assets for credit unions with less than \$4 million in assets will help manage risks at both ends of the spectrum. The Leagues believe that this increase is especially necessary in an era where we are seeing increasingly sophisticated fraud crimes designed specifically to attack credit unions and other financial institutions.

Lastly, the Leagues support the removal of the listing in the rule of approved bond forms and carriers in favor of providing the list exclusively on the NCUA website, and rescinding NCUA approval of Blanket Bond Standard Form 23, which has not changed since 1950 and is no longer used.

In closing, the California and Nevada Credit Union Leagues applaud the NCUA's continuing efforts to facilitate the growth and safety of credit unions through conscientious rulemaking.

Thank you for the opportunity to express our views on the proposal.

Sincerely,

A handwritten signature in black ink, appearing to read "David Chatfield". The signature is fluid and cursive, with a large initial "D" and a long, sweeping underline.

David Chatfield
President/CEO
California and Nevada Credit Union Leagues