

March 27, 2008

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

RE: Hoosier Hills Credit Union Comments on Advanced Notice of Proposed Rulemaking—Mergers, Conversions from Credit Union Charter, and Account Insurer Termination

Dear Ms. Rupp:

Hoosier Hills Credit Union appreciates the opportunity to comment on the issues raised in this Advance Notice of Proposed Rulemaking. We believe that it is of the utmost importance that credit union members are adequately protected and understand the risks and rewards associated with mergers and/or conversions. We also believe that limiting the regulatory burden on credit unions so that they are more able to provide affordable service to their members is also important. We believe the current rules, regulations, and processes adequately address both of these objectives. We are therefore not in favor of any additional rules and regulations in any of the following areas.

Credit Union Merger or Conversion into a Financial Institution Other than an MSB

Since this type of transaction is very rare we feel like the case-by-case approach that has been used in the past would be more effective in protecting member interests. The case-by-case approach still requires NCUA review and approval. We feel this approach would still ensure member interests are safeguarded without adding another complex rule to the current regulatory landscape.

Management's Duties: Fiduciary Duties

We believe a new statutory standard of care for directors when making decisions in connection with the transactions discussed in the ANPR is unnecessary. Boards of Directors are charged with acting in the best interest of its members in all decisions they make. State law and case law currently address the standard of care each board must apply in their decision making process. Simply because states may differ in their requirements does not necessarily mean the NCUA should adopt a federal standard. State law has often been relied on in other areas of credit union governance, especially for state-chartered credit unions. This type of issue is better suited for state law in the state

the credit union is located. We do not believe a new federal standard would lead to less confusion because a board would still need to locate the rule and understand it. Assuming they understand the rule currently governing their board a new rule would likely cause more confusion not less. Additionally, a new rule covering the standard of care for only the issues discussed in the ANPR and not for other board decisions could lead to confusion for many credit union boards of directors.

Management's Duties: Insider Enrichment

NCUA has already issued disclosure requirements meant to inform members of the potential for insider enrichment. We believe that in most cases credit union boards are only acting in the best interest of their members and not for personal gain. As a result of this we believe any new rule setting a record date for voting would be an additional, unnecessary burden on credit union's looking at this type of transaction.

Member Right to Equity

Credit Union's should be given the flexibility to decide for themselves what is best for themselves and their members without having an NCUA rule mandating certain concessions be made to the merging credit union. The boards of each credit union should decide if the payment of a dividend is necessary to complete the contemplated transaction. An NCUA imposed dividend requirement may cause some potentially beneficial mergers to fail. This would be an unnecessary intrusion into market forces and member wishes that should ultimately determine the best possible result when a merger is being considered.

Communications to Members: Improper or Misleading Communications to Members

Credit Unions should not be required to add language to materials stating that "NCUA has not endorsed the transaction." While we agree that information provided to members is these transactions, and at all times, should be accurate, we feel this would have the effect of causing members to believe the NCUA considers this transaction to be bad for our members. We also do not support a new rule that would require the research and disclosure of a specific laundry list of items during a merger or conversion. Besides requiring credit unions to complete potentially unnecessary research and possibly increased expense to disclose this information, a regulation could not possibly include everything that might potentially need to be disclosed to members. We believe that there are currently laws and rules that a member could utilize if he/she feels a communication was false or misleading without adding yet another requirement for credit unions who feel a conversion or merger is in their best interest.

Hostile Takeover Scenario

We do not believe that a new rule governing third party merger communications would be any more effective in controlling the "hostile takeover" scenario. There are currently regulations that require any advertising to not be inaccurate or misleading. As stated in this ANPR certain other institutions not regulated by NCUA could still be able to employ this type of tool in certain contexts. Any new regulation would simply add another regulatory burden to credit unions without achieving the desired result.

Member Voting: Right to Request a Recount and Use of Interim Tallies

Current rules and regulations require an independent party to oversee and certify the voting results. This process should adequately protect member interests. Any rule that would prohibit employees from soliciting, handling, or assisting with member votes could result in some members not voting because they may not read the material sent to them or they may just want to drop it off at the credit union instead of mailing the ballot to the election teller. Additionally, allowing one member to request a recount would subject a credit union to increased expense solely because one single member is unhappy with the outcome. Any additional rule regarding voting in these types of transactions would be an unjust burden on credit union's who already must get a third party to oversee the results and certify those results to NCUA.

Thank you again for this opportunity to submit our comments.

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