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April 30, 2008

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

Re: ANPR Parts 708a and 708b (Mergers, Conversions and Termination of Insurance)

Dear Ms. Rupp:

The National Association of State Credit Union Supervisors (NASCUS) is the professional association of the state credit union regulatory agencies that charter, regulate and examine the nation's 3,400 state-chartered credit unions. NASCUS filed comments on the National Credit Union Administration's (NCUA) Advanced Notice of Proposed Rulemaking (ANPR) on Parts 708a and 708b on the collective behalf of the state credit union regulatory system. However, we the undersigned state credit union regulators are submitting this letter to underscore our belief that if the agency moves ahead with a formal proposal, NCUA will overstep its statutory authority by attempting to regulate inherent corporate features of state-chartered credit unions. The NCUA Board should understand that our actions as state regulators to sign this letter are indicative of the both the serious nature of the issue and our commitment to preserving state authority in these matters.

The ANPR represents an overly broad application of NCUA's regulatory authority on state-chartered credit unions. We discern no issue of safety and soundness on the operation of non-federally chartered credit unions. Furthermore, beyond the Federal Credit Union Act Section 205 authority for NCUA to regulate in the mutual savings bank conversion process, we see no clear statutory authority for NCUA to overturn accepted precedent of the primacy of state law in corporate governance matters. There is no apparent basis for the NCUA approach which obliterates nearly a century of state originated financial institution law and two centuries of law deferring to the states on such important matters of corporate governance.

State regulators take their obligations seriously and with great care to ensure that state-chartered credit unions are managed in a manner consistent with the state laws, regulations and public policy decisions of state legislatures that give rise to and inform their corporate existence. Many of us share NCUA's stated concerns regarding the transactions covered by the ANPR. However, concern alone is not enough to overcome the many problems with the ANPR. Furthermore, many of these issues are better left to state law and regulation for case-by-case determination. That is not only the more practical regulatory approach, but the more sound legal approach as well.

In conclusion, we urge the NCUA Board to consider the exceptional nature of our co-signed letter in addition to NASCUS' letter on our behalf. There is no authority for application of the ANPR to state-chartered credit unions. The damage to state law and the dual chartering system cannot be overstated. We are committed to preserving state authority on these issues.

Sincerely,

George Reynolds, NASCUS Chairman
Senior Deputy Commissioner
Georgia Department of Banking and Finance

Glenn Latham
Administrator
Alabama Credit Union Administration

Felecia Rotellini
Superintendent of Banks
Arizona Department of Financial Institutions

William Haraf
Commissioner of Financial Institutions
California Department of Financial Institutions

Chris Myklebust
Commissioner
Colorado Division of Financial Services

Howard Pitkin
Commissioner
Connecticut Department of Banking

Linda Charity
Director
Division of Financial Institutions
Florida Office of Financial Regulation

Gavin M. Gee
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Idaho Department of Finance

Judith G. Ripley
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Indiana Department of Financial Institutions

James E. Forney
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John P. Smith
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Cordell Lawrence
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John Ducrest
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Lloyd P. LaFountain, III
Superintendent
Maine Bureau of Financial
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Sarah Bloom Raskin
Commissioner, Financial Regulation
Maryland Department of Labor, Licensing
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Ken Ross
Commissioner
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Sandra Branson
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Thomas M. Hunt
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