



November 21, 2008

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

RE: Accuracy of Advertising and Notice of Insured Status

Dear Ms. Rupp:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association that exclusively represents the interests of our nation's federal credit unions (FCUs), I am responding to the request for comments by the National Credit Union Administration (NCUA) regarding its Notice of Proposed Rulemaking (Proposed Rule) to amend its shared branch signage requirements.

NAFCU strongly supports the proposed rule. First, the use of the revised second sign decreases the regulatory burden on FCUs that participate in share branch networks with non-federally insured credit unions. These FCUs would no longer have to continuously monitor and update their signs as their shared branch network membership changes. Second, expressly prohibiting nonfederally insured credit unions from displaying the official NCUA sign would be a prudent decision as it would prevent any undue confusion as to federal insurance of deposits at those institutions. This prohibition would also effectively address any dilution of the official sign at FCUs that is caused by the display of the sign at non-federally insured credit unions.

The Revised Second Sign

Current NCUA regulations require federally insured credit unions that are part of shared branch network that includes non-federally insured credit unions to display two signs. The first sign is the official NCUA sign. The second sign lists the federally insured shared branch network members (second sign). Both signs must be displayed at FCU branches that are part of a shared branch network. The proposed rule would replace the requirement that the second sign lists all the shared branch network members with a requirement that the sign states the credit union participates in a shared branch network and accepts deposits for members of other credit unions, not all of which are federally insured.

NAFCU strongly supports this aspect of the proposed rule. We believe the proposed rule would decrease the regulatory burden on FCUs with shared branch arrangements with non-federally insured credit unions. Under the proposed rule, the cost on FCUs to continuously update the

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second sign would be eliminated. Further, NCUA provides FCUs the option of either purchasing the proposed second sign from NCUA or producing their own. Because these measures would reduce operating costs and eliminate unnecessary regulations, we commend NCUA and strongly support these agency actions.

We note that any temporary confusion that the proposed rule might cause to credit union members and FCUs is greatly outweighed by the benefits it brings. First, the revised second sign brings attention to the fact FCU deposits are federally insured. Second, any discussion with members will allow FCUs to explain how member deposits are temporarily insured up to \$250,000 under the recently passed Emergency Economic Stabilization Act of 2008. We believe, whether intentionally or not, the proposed rule would result in positive attention to deposits at federally insured credit unions.

Prohibiting Non-Federally Insured Credit Unions from Displaying NCUA's Official Sign

The proposed rule would also prohibit nonfederally insured credit unions from displaying the official NCUA sign. NAFCU strongly supports this aspect of the proposed rule.

NAFCU believes that prohibiting nonfederally insured credit unions from displaying the official NCUA is appropriate. Displaying a federal government agency's official sign would give the average consumer reason to believe that deposits at the institution are federally insured. This is even more likely now because of the attention that federal insurance has received in the mainstream media in recent months. We believe that misleading consumers to believe that their deposits are federally insured while the opposite is actually true is unjustifiable.

Further, we are of the opinion that display of the official sign at non-federally insured credit unions would dilute the value the sign has when displayed at FCU branches. Expressly prohibiting non-federally insured credit unions from displaying the sign, coupled with enforcement measures, would be an effective way to address the dilution caused. Accordingly, NAFCU commends NCUA on its action and supports NCUA's decision in this matter.

NAFCU appreciates this opportunity to share its comments on this proposed rule. Should you have any questions or require additional information please call me at (703) 522-4770 or (800) 336-4644 ext. 268.

Sincerely,



Tessema Tefferi
Associate Director of Regulatory Affairs
TT/jb