AurGroup FINANCIAL CREDIT UNION

May 24, 2005

Proposed Rule for FDICIA Disclosures, Matter No. R411014
Federal Trade Commission/ Office of the Secretary
Room H-159 (Annex A)
600 Pennsylvania Avenue, N.W.
Washington, D.C. 20580

Secretary:

I am writing in opposition to your agency's proposed rule governing consumer disclosure requirements for privately insured credit unions.

AurGroup Financial Credit Union, a state-chartered credit union in the state of Ohio in good standing, is the product of a merger between Hambuco Federal Credit Union (federally chartered, federally insured) and Mutual Benefit Credit Union (state chartered, privately insured), which was officially recognized by the Ohio Department of Financial Institutions on January 1, 2002. Hambuco Federal Credit Union voted to merge, change charters, and change insurance with one vote approved in advance by the National Credit Union Administration. As President/CEO of Hambuco Federal Credit Union, as well as the continuing credit union, AurGroup Financial Credit Union, I can tell you that we went above and beyond in disclosing the fact that our member's share/deposit account were not federally insured leading up to and including the voting process. In accordance with FDICIA, we continue to inform our members of the fact that their share/deposit accounts are not federally insured.

In the upcoming years, it is our hope that other credit unions will merge into our credit union; some at the request of regulatory authorities and/or deposit insurers, and some of these merged credit unions will probably be federally insured. While we will always attempt to secure new signature cards that included the acknowledgment of disclosure established under FDICIA following each merger, it is unreasonable to expect member response will be 100%. For instance, due to our mobile, transient society, members move and the mail may actually miss them during this transition. It is not uncommon to have member statement of current members come back with a bad address. Accordingly, to refuse receipt of a merged member's deposit simply because we lacked a signed acknowledgment of disclosure, even though we comply with the other FDICIA disclosure requirements, is counterproductive to the purpose of the merger and damaging to the affected member's personal financial affairs. For example, many members have their financial affairs transacted electronically, and by refusing their deposit account, we cannot process their electronic transaction (payroll, loan payment, etc.) properly, which could ultimately affect their credit score.



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Furthermore, NCUA's regulations (Rule 708b), governing mergers of federally insured credit unions into privately insured credit unions, already provide for full and multiple disclosures to the consumer regarding his/her loss of federal share insurance if the merger is approved by NCUA, the membership and the state credit union regulatory authority. In fact, NCUA requires every member be given the chance to vote by mail or in person on such merger proposition, and that a majority of at least 20% of the membership of the merging credit union vote to approve the proposition for the merger. Even more convincing is the fact that after the merger is approved by all of these parties, the members of the federally insured credit union are also given time to withdraw their funds if they wish, and without any penalties. This seems to be more than adequate notice of the absence of federal share insurance in a merger situation.

Accordingly, we oppose Section 320.5 and request that it be amended to exclude the required signed acknowledgments from new members gained through merging with a federally insured credit union.

Thank you for considering this concern.

Respectfully submitted,

Timothy G. Boellner, CPA
President/CEO



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