



Michigan Bankers Association

May 17, 2011

By Electronic Delivery to: regcomments@ncua.gov

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

Subject: National Credit Union Administration; Net Worth and Equity Ratio; 12 C.F.R. Parts 700, 701, 702, and 741; 76 Federal Register 16345, March 23, 2011

Dear Ms. Rupp:

On behalf of the banking industry in Michigan, I wish to provide these comments, below, in response to the NCUA's proposed rule implementing Section 216(o)(2) of the Federal Credit Union Act which would provide Section 208 assistance to facilitate a least-cost resolution of failing credit unions. This Section 208 assistance would count toward a credit union's net worth requirements when a failing credit union merges with and into a healthy one.

The Michigan Bankers Association joins the comments submitted by the American Bankers Association in its response dated April 29, 2011. We understand the intention is to change the definition of statutory net worth to facilitate the acquisition of a failing credit union by a healthy one.

As such, and like the ABA, the Michigan Bankers Association does not oppose the proposed rule for this purpose.

However, we wish to emphasize the intention of Congress that the authority provided in Section 216(o)(2) should be restricted to facilitate a merger between healthy and failing credit unions. We share the concern that the proposed rule could be used to prop up a failing credit union or to bolster the net worth of credit unions that are not in a failing condition that otherwise seek to merge.

We strongly recommend the NCUA clearly state in that the rule may only be used in situations where a failing credit union is merging with and into a healthy credit union. Additionally, we strongly recommend the NCUA clearly state that this rule will not be used merely to prop up an otherwise failing credit union.

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Finally, we urge the NCUA to modify the 5300 Call Report to include specific notation of Section 208 assistance in net worth calculations and to include the reporting of Section 208 assistance in financial statements for the Share Insurance Fund.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "R. D. Lavolette". The signature is written in a cursive, somewhat stylized font.

Richard D. Lavolette
General Counsel