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August 14, 2006

Ms. Mary Dunn
SVP & Deputy General Counsel
Credit Union National Association
601 Pennsylvania Ave, NW, Suite 6000 Washinton, D.C. 20004-2601

Re: NCUA Proposed Rule 708a

Mary:

After a thorough review of the propose regulation and the commentary, I would like to commend the NCUA staff and Board on the thoroughness and common sense approach they have taken.

It appears they have attempted to comply with the spirit of the statute. I am not sure I concur, however, with the conclusion that the letter of the law does not require a stricter adherence to the “no more or less restrictive” requirement. Without doing research on the case law in this area, I have no basis for including suggestion in this area. I trust they have done this research and if not CUNA will do so to make sure that the final rule is true to the letter and spirit of the law.

I heartily concur with the provisions that require the disclosure of the potential negative affects conversion may have on members and the potential staff and volunteers may have to personally benefit at the members expense from the conversion. I would suggest the following enhancements of these disclosures.

- §708a.4(c)(1) add to number 2 in the box the following statement. “For most services, fees charged by credit unions on average, are less than those charged by banks.”
- §708a.4(f)(4)(vii) clarify that the use of the terms “improper, Illegal or immoral conduct” is encouraged when supported by actual facts.
- §708a.5(a)(2) require directors to submit the objective, empirical facts upon which he or she is relying to certify that the proposed conversion is in the best interest of the members of the subject credit union and not be allowed to rely on broad generalizations from the banking industry.
- §708a.12 make it clear that information to which the members have access includes the objective, empirical facts that support the board conclusion that conversion is in the best

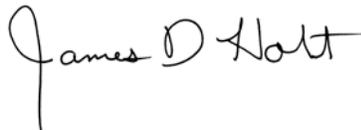
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- interests of the members of the credit union. They should specifically have to address the issues raised in the 2006 Filene Research Institute commissioned study by Professor Wilcox. They should especially address how conversion to a mutual is more beneficial than converting directly to a stock organization and giving each member a prorata share of stock based on their investment in the credit union.
- Perhaps I missed it, but if there is not already a recognition of limitations imposed I the bylaws, there should be a provision that requires the credit union to follow its own bylaws to the degree such bylaws require a higher standard for disclosures or votes required to convert than required by this regulation.

I would like to add my commendation to the proposals requirement to provide an e-forum if the credit union's web site carries information about the conversion. I would also suggest that any criticism of the conversion by a member should be specifically addressed in the Board's justification for conversion.

Other than these suggestions, the proposed regulations seem balanced and fair. Please consider this input when drafting your response to the proposal. I am providing a copy of these to the NCUA Board as well for their consideration.

Sincerely,

A handwritten signature in black ink that reads "James D. Holt". The signature is written in a cursive style with a large initial "J" and "H".

James D. Holt
President/CEO