

24

September 27, 2005

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

SEP27'05 PM 3:37 BOARD

Re: Request for Comments on Proposed Rule Part 741.8

Dear Ms. Rupp:

The commentary related to the current practices for non-conforming assets under Rule 741.3 (a)(2) are at best misleading and at worst belie the long-standing attitude that the dual chartering has no merit as demonstrated some NCUA officials.

NCUA takes the position that certain non-confirming investments raise "safety and soundness" concerns. If there are demonstrated safety and soundness concerns, you will have my support in resolving them directly and candidly, without the broad preemption of state law that is getting to be so common place. If the mindset of NCUA had prevailed over the last 30 years and no dual chartering system had existed to provide alternative development opportunities, it is my opinion that credit unions would not have developed to become what they are today. In the areas of share draft processing, credit card processing and mortgage lending dual chartering was a positive influence. NCUA acknowledges that they are aware of only four transactions that would be covered by the rule within two years. Even if all four became problems, problems with conforming investment management are likely be a much heavier burden for the agency, so one wonders about the need for the rule.

Further the discussion states that the rule differs form Generally Accepted Accounting Principles (GAAP). GAAP is not a regulatory standard and should not be confused with Regulatory Accounting Practices (RAP). While the rule requiring special reserves may not effectively accomplish the purposes of NCUA, the establishment of special reserve accounts is provided for within GAAP and therefore cannot differ from GAAP.

I would encourage the NCUA Board to consider carefully any further preemption of state authority and to consult with the state agencies about risks to the fund.

Sincerely,



Robert W. Rogers  
President and CEO  
EECU  
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