

February 28, 2011

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

Re: Comments on Proposed Rule 740, Accuracy of Advertising and Notice of Insured Status

VIA ELECTRONIC MAIL: regcomments@ncua.gov

Dear Ms. Rupp,

The Michigan Credit Union League (MCUL) appreciates the opportunity to comment on the NCUA Board's proposed rule regarding the proposed revisions to Part 740. MCUL is a statewide trade association representing 95% of the credit unions located in Michigan. MCUL respectfully requests that the NCUA Board takes the following letter into serious consideration when deliberating the passage of a final rule.

MCUL supports the goals of ensuring consumer awareness of credit unions' insured status, enhanced consumer confidence and NCUA name recognition. However, MCUL has some concerns regarding specific aspects of the proposal that are outlined herein.

Discussion

Radio and Television Advertisements

Currently, radio and television advertisements that do not exceed thirty (30) seconds do not require the official advertising statement under Section 740.5 of NCUA regulations. The proposed rule would remove this exemption.

MCUL agrees that the insured status of credit unions is something that should be advertised whenever possible. However, given that many credit union radio advertisements are typically less than 30 seconds due to costs, the proposed rule would reduce the time currently dedicated to focusing on the actual promotion of the credit union itself, or a particular product or service. This would not be true for television advertisements where the official advertising statement could be accommodated more effectively by copy or a legible reproduction of NCUA's official sign.

Print Advertisements

Under the proposed rule, the official advertisement must be in a size and print that is clearly legible, meaning the font size may be no smaller than the smallest font size used in other portions of the print advertisement intended to convey information to the consumer. We believe

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that while some print advertisements are quite small, it is still feasible to include the official advertising statement in a clearly legible form.

Annual Reports and Other Statements of Condition

The proposed rule would require credit unions to add the official advertising statement in an "annual report" or "other statements of condition." Under the proposed rule, a new definition is proposed in Section 740.1(b) for the term "advertisement." As proposed, it would be used to mean "a commercial message, in any medium, that is designed to attract public attention or patronage to a product or business."

Proposed new section 740.5(a), paints "annual reports" and "other statements of condition" with the same brush as television and radio ads. MCUL does not believe that annual reports or statements of condition are designed nor intended to attract public attention or patronage to a product or business as are other kinds of commercial messages typically found in television and radio ads. They are primarily financial statements of the credit union and should stand alone as a distinct category and not be viewed like a typical television or radio advertisement. While NCUA may still want the insurance statement on these types of information, we believe they should be distinguished in the proposal.

As such, MCUL recommends removing "annual reports" and "statements of conditions" from the proposed sentence in Section 740.5(a) as currently stated, and set them forth in a distinct clause, or new sentence, in Section 740.5(a). Or in the alternative, revise the definition of "advertisement" to still include, but distinguish, these different types of information tools.

Conclusion

MCUL supports the goal of ensuring consumer awareness of credit unions' insured status, and in raising NCUA name recognition. However, MCUL urges NCUA to reconsider the specific aspects of this rule as outlined above.

MCUL appreciates the opportunity to provide comment.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael DeFors", is written over a light gray rectangular background.

Michael DeFors
Vice President of Regulatory Affairs