

July 28, 2017

Gerard Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3425

Re: Comments on Proposed Voluntary Merger Rules (12 CFR Parts 701, 708a, and 708b)

Dear Mr. Poliquin,

Credit unions are in a consolidating industry. The number of credit unions are rapidly declining through mergers and there is little evidence that new credit unions are being formed. Credit Unions with assets less than \$100 million are in jeopardy and their only means for survival may be to merge with a larger credit union. The proposed new rules on voluntary merger are necessary to ensure that member-owners are properly notified, informed and have an opportunity to ask questions before they cast their vote.

Although I support greater transparency to members in the merger process, including any merger-related financial arrangements, disclosing confidential compensation information of covered persons may be a violation of their financial privacy. The notice should only disclose to members that covered persons have received a compensation package that was acceptable to the Board of Directors. It is the elected Board's fiduciary responsibility to decide if any compensation package for covered persons is appropriate and make the decision to either approve or deny it. In addition, once the Board sends their certification to NCUA for review, I would expect NCUA to thoroughly review the compensation package and evaluate whether it conforms to the NCUA rules and regulations.

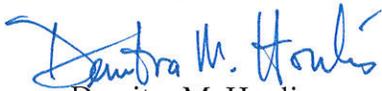
The proposal has included that a FCU would be required to inform members that if they wish to provide their opinions about the proposed merger with other members, they can submit their opinions in writing to the merging credit unions within 30 days. First, this would be a tremendous burden to for a merging credit union, especially if it's a small credit union with limited resources. Second, this requirement would just create member confusion and distrust. Lastly, the rule does not clearly specify the forum that a member informational exchange should take place in, i.e. social media.

The proposed rule would require both the merging and continuing credit to submit board minutes to the NCUA that references the merger during the 24 months preceding date of the approval of the merger plans by the respective Boards. This is an onerous requirement and perhaps can be shortened to 12 months.

In addition, the proposed rule should also apply to federally insured, state-chartered credit unions.

Although I support the main objectives of this proposal, making the merger process more complicated and restrictive on the merging and continuing credit union may ultimately prevent credit unions from seeking a viable merger partner. Voluntary mergers are always more preferable because allowing a credit union to fail should not be an acceptable option to NCUA.

Sincerely,



Demitra M. Houlis
Chief Administrative Officer
Peach State Federal Credit Union