

August 3, 2017

Via: Electronic Mail

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

Dear Mr. Poliquin:

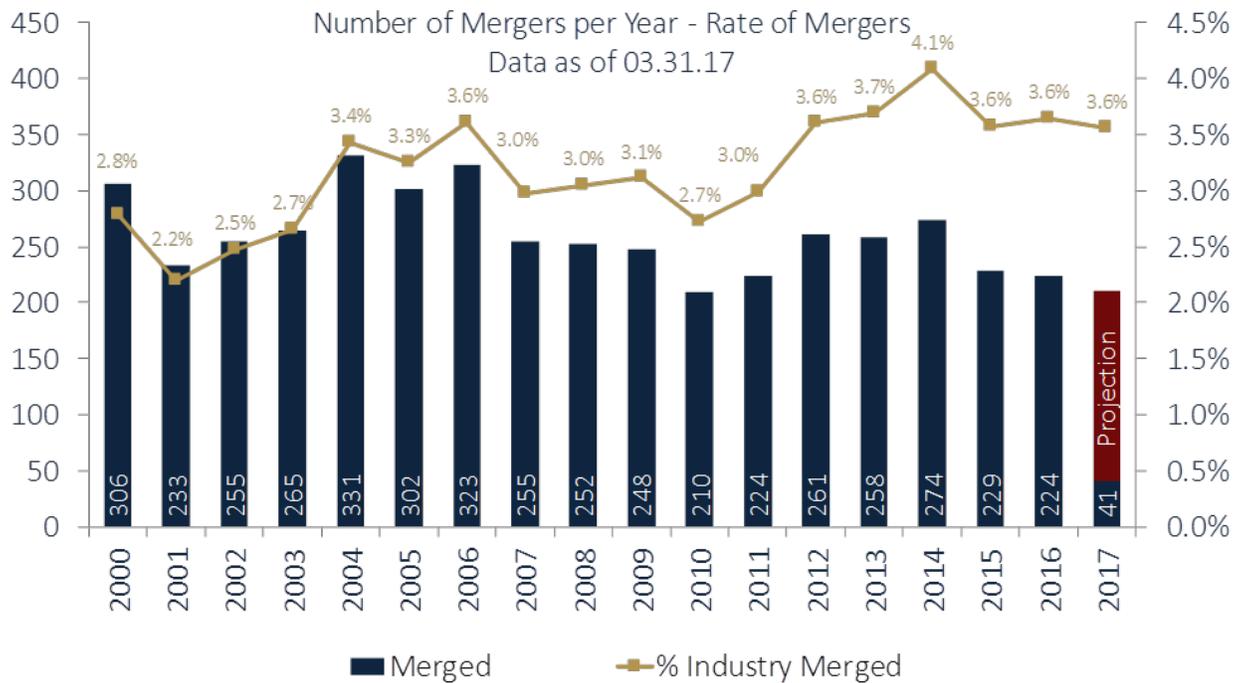
Re: Proposed Rules: Bylaws; bank conversions and mergers; and voluntary mergers of federally insured credit unions (12 CFR Parts 701, 708a, and 708b) (the Proposal)

In the above proposal a 60 day period for comments was provided. This formal period ends on August 8, 2017.

This is to request the board extend the time for comments for at least another 30 days, or longer.

The reasons for this are as follows:

1. There is substantial industry impact from this rule. As shown below, mergers average 200-250 per year. If every merger was to a different credit union, this would mean 400-500 credit unions would be directly involved in the rule each year.



2. We believe the issue is extremely important because of the irreplaceable value of the credit union charter. Today a charter ended via merger is difficult if not impossible to start again. New charters involve years of effort and NCUA is increasingly requiring up front capital commitments. Therefore, the decision to end a charter after three of four generations of

member and volunteer effort should be carefully considered. Once a merger is done, it cannot be undone.

3. Informed comment requires some research about current practices and recent trends. We believe that the data regarding the status of merging credit unions, their growth rates, earnings and other trends are an important part of the decisions regarding appropriate disclosures. To complete this research of the last five years' merger results, using June 30, 2017 call report data will entail another 30-60 days.
4. On May 24, 2017, a member of Cornerstone FCU requested the "full merger file" with Belco Community CU. As of this date the request is still outstanding. We believe this information will help inform comments about how NCUA's regulatory role could be improved.
5. There have been several noteworthy examples where mergers are the dominate theme of a credit union's business strategy. On July 18, we emailed a FOIA request to analyze the recent impact of this approach by two credit unions. The documents requested have been previously provided in earlier FOIA requests. On August 1, (14 days later) NCUA acknowledged the request and said the agency required "additional time to consult among multiple NCUA components with substantial subject matter interest. Therefore, they are unable to fulfill this request in the normal processing time, even though these documents have been released in other FOIA requests. We believe this factual material is vital to understanding the basis for the rule and how it can be modified to address key issues outlined in the request for comments.

Thank you for this consideration.

Sincerely,

Charles W. Filson, Chairman

Callahan & Associates, Inc.

cc. Chairman Mark McWatters

Board member Rick Metsger