

August 2, 2017

Mr. Gerard Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Dear Mr. Poliquin,

On behalf of United Federal Credit Union, I am writing to you regarding the National Credit Union Administration's proposed rule on "Bylaws; Bank Conversions and Mergers; and Voluntary Mergers of Federally Insured Credit Unions." The credit union industry has long embraced a culture of transparency and openness that has resulted in careful and deliberate planning in advance of any decision to initiate a merger. Voluntary mergers are not entered into lightly, but are the result of much research, work and desire on both sides of the transaction.

United Federal Credit Union's own history is an example of how voluntary mergers are deliberate and well-planned decisions that are not taken lightly. United Federal Credit Union is the result of a successful merger that was meticulously assessed for the compatibility of the two credit unions. Due diligence took place over a several year period. During that time, both boards of directors gave full consideration to the impact the merger would have on service, culture, and management, all while considering the concerns of members of both credit unions. United's experience is just one example that there are not any problematic trends in credit union mergers related to inaccurate or incomplete disclosure.

Furthermore, NCUA already exercises its discretionary authority to demand more expansive disclosure of merger-related financial arrangements, as well as require credit unions to provide additional time for members to consider the merger before a vote is called. Under current 12 CFR § 708b.105(b), NCUA has the authority to approve a merger proposal "subject to any other specific requirement as it may prescribe to fulfill the intended purpose of the proposed merger." This tailored language better achieves the purpose of promoting accurate disclosure in merger transactions without imposing harmful presumptions regarding minor increases in compensation or benefits that are unrelated to a merger.

Finally, NCUA should commit itself to a deregulatory rulemaking agenda. However, the proposed merger rule only adds to regulatory costs. For example, establishing and monitoring an email exchange to support member-to-member communications would constitute regulatory burden by imposing operational expenses. In addition, the proposed rule would burden credit unions by requiring a comprehensive evaluation of all compensation received by covered persons during the new 24-month look back period. To avoid inconsistency with NCUA's deregulatory policy, NCUA should revoke the proposed rule.

Thank you very much for the opportunity to comment on this proposed regulation. While United Federal Credit Union strongly values transparent and meaningful discussion regarding merger transactions, the proposed rule would add significant burdens aimed at resolving presumed or hypothetical problems that may or may not be widespread. NCUA should withdraw the proposed rule and instead use its discretionary authority to address the narrow circumstances where enhanced transparency and communication could be necessary. If I can be a source of any further information on this comment letter, please do not hesitate to contact me at denekas@sbcglobal.net or by phone at (269) 985-3215.

Sincerely,

A handwritten signature in cursive script that reads "Heather Denekas". The signature is written in black ink and is positioned above the printed name and title.

Heather Denekas

Board Member United Federal Credit Union