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Corporate Center
1419 Montour Boulevard
PO Box 159
Danville, PA 17821-9122

August 7, 2017

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

Re: Notice of Proposed Rulemaking on Voluntary Mergers of Federally Insured Credit Unions

Dear Mr. Poliquin:

Thank you for the opportunity to comment on the NCUA's Proposed Rule regarding voluntary mergers of federally insured credit unions. Service 1st Federal Credit Union (Service 1st) is a Pennsylvania credit union with $330 million in assets serving over 27,000 members. We appreciate the opportunity to be heard and our thoughts considered as NCUA moves forward on this important rule.

The proposed rule is unnecessary as the existing rule requires the executive salaries of any Senior Management official to be disclosed if an increase of 15% or over $15,000 in income or benefits is to come to any of those individuals as a part of a voluntary merger. The current rule should be clarified to state that any increase of 15% or $15,000 in salary or benefits should be calculated based on what the position would normally pay at the continuing credit union. Most continuing credit unions are larger and have more resources for salaries and benefits.

Disclosures will become longer and more cumbersome for those who receive them. In the name of transparency, not only is privacy of credit union employees violated with too much over-reaching disclosure - but the likelihood of credit union members reading the disclosures decreases proportionately with their length.

Voluntary mergers are always preferable to involuntary mergers. To wait until a credit union is troubled before allowing an emergency or supervisory merger (which would come under NCUA direction and without any disclosures or member vote of any form involved) rather than allowing the credit union to negotiate a workable and satisfactory set of merger terms between the fiduciaries of two solidly capitalized credit unions, is not acting in the best interests of the credit unions involved. Neither is it in the best interests of their members or the share insurance fund that might have to cover some losses in a troubled credit union involuntary merger.

Credit union mergers over the past twenty years, the overwhelming majority of which have been voluntary and approved by huge margins in member votes without controversy, have resulted in the strongest financial position for the credit union industry as a whole in its history. There is no compelling reason for NCUA to seek to fix a problem that does not exist. The current rules work well.

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In closing, we would like to once again thank you for the opportunity to comment on this proposed regulation which we feel is very important to our credit union and the credit union industry. Please do not hesitate to contact us if we can provide additional information or perspective on this matter.

Respectfully,

Michael Thomas
Chief Financial Officer
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