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Submitted electronically on Federal eRulemaking Portal  
Re: RIN 3133-AE73

August 4, 2017

Dear Mr. Poliquin:

On behalf of the credit unions in the state of Iowa, I appreciate the opportunity to comment on the National Credit Union Administration's (NCUA) proposal concerning the Bylaws; Bank Conversions and Mergers; and Voluntary Mergers of Federally Insured Credit Unions. The Iowa Credit Union League (ICUL) represents the interests of nearly 100 credit unions and over one million credit union members. ICUL appreciates NCUA's efforts to ensure transparency and the continued safety and soundness of the industry throughout the merger process. However, ICUL strongly encourages NCUA to limit any changes in the merger process to federally chartered credit unions. ICUL also requests that provisions in the proposal related to disclosures and member-to-member communications be more narrowly tailored or removed.

### **LIMIT THE FINAL RULE TO FEDERAL CREDIT UNIONS**

It is important to the success of Iowa state chartered credit unions and preserving the charter established by the State of Iowa that the authority to regulate the merger process remain with the Iowa Division of Credit Unions. As the primary examination authority, the state regulator is more experienced and familiar with the unique circumstances involved in each voluntary merger. NCUA as the insurance provider should not supersede the regulatory authority of the state.

Additionally, provisions contained in NCUA's proposal directly conflict with existing state law and the Iowa Administrative Rules. For example, Iowa Administrative Rules Chapter 12 requires a credit union to provide the notice of balloting to members before a voluntary merger at least 20 days but not more than 30 days prior to the close of balloting. The proposed rule has a different time frame. Adopting new merger rules for Iowa state chartered credit unions would cause confusion and make it impractical for credit unions to remain in compliance without further Iowa code and Administrative Rule changes.

Just as NCUA's current voluntary merger rules do not apply to state chartered credit unions, ICUL requests that any new amendments also do not apply to federally insured state chartered credit unions.

## **REMOVE OVERLY BURDENSOME PROVISIONS**

ICUL requests that NCUA remove the changes in the rule that will be overly burdensome for credit unions to implement and will be costly to the members. Specifically, ICUL requests that the requirement to report 24 months of board minutes not be part of the standard application process but reserved for those mergers with safety and soundness concerns. Additionally, ICUL requests the financial disclosure requirements be narrowly tailored to material changes of the CEO/Senior Manager's compensation as a result of the merger and the member-to-member communication requirements be removed.

Any financial merger disclosure requirements for federal credit unions should include both a standard of a material change in financial compensation and be limited to the CEO. Requiring all changes in financial compensation for the CEO and the next four highest paid employees will often include the entire staff of the merging credit union. Disclosing any nominal changes in compensation, including those benefits that all employees of the surviving credit union receive, is overly burdensome.

Just as the financial disclosure requirements are too broad so are the member-to-member communication provisions. Credit union members already have the ability to communicate with each other at annual meetings, credit union gatherings and through other platforms such as social media. Credit union members continue to have the ability to communicate directly with the Board of Directors that they elected. These avenues of communication are more productive outlets as it encourages sincere dialogue and provides the credit union greater ability to ensure ongoing communications are accurate and not abusive. Under the proposal the credit union would not have the authority to limit abusive communication between members without involving the regional director. The additional cost to the credit union as well as the timing requirements are impractical for a credit union to meet and could lead to members receiving inaccurate information.

ICUL believes the proposed changes concerning overly broad financial disclosures and member-to-member communication diminishes the role and the fiduciary responsibility of the Board of Directors at merging credit unions. The Board is elected by the membership and expected to consider the totality of the information, financial arrangements, and impact to members before approving or denying any merger proposal. It is also important for Iowa law to control governance issues of state chartered credit unions. Therefore, ICUL requests that NCUA limit any changes made to the voluntary merger process to federally chartered credit unions and not substitute its rules for those of Iowa lawmakers and regulators.

Sincerely,



Patrick S. Jury  
CEO/President  
Iowa Credit Union League