

August 7, 2017

Mr. Gerald Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314
Submitted via email to: regcomments@ncua.gov

Re: Comment on NCUA Proposed Rule (Bank Conversions and Mergers: and Voluntary Mergers of Federally Insured Credit Unions)

Dear Mr. Poliquin:

We appreciate the opportunity to comment on this proposed rule. Our letter represents Belle River Community Credit Union's opposition to the proposed rule for voluntary credit union mergers. Belle River Community Credit Union is located in Richmond Michigan, serving approximately 2200 members, with 21 million in assets.

Senior management and "volunteer" Boards from small credit unions work tirelessly, most with smaller scale compensation, to provide for the financial well-being of their members. The truth of the matter is that the constant regulation paired with the inability for succession of retiring CEO's is causing the consolidation and "voluntary" mergers in the industry, not greed for golden parachutes. It is a very difficult decision for the Board and management to finally throw in the towel due to limited resources and unrelenting regulation and begin the process of seeking a merger partner. The vast majority of credit unions' Boards and management look to the best interests of its' members in providing more services, a similar philosophy and convenience; while keeping in mind possible retention of the staff that has worked in assisting their credit union to succeed through the years.

I have been in the credit union industry for over 30 years and have assisted many small credit unions that are just trying to survive through the sea of regulation as well as other operational issues. Unfortunately several of these credit unions were unable to continue and sought out merger partners. I have sat in membership merger meetings with some of these credit unions and found that members were primarily focused on fees for services, location and what would happen to the staff.

We do not see any reason for the NCUA to impose more burdensome regulations during an already difficult process. More disclosures to members, outlining compensation and benefits of the smaller credit union management and or staff would certainly cause confusion to the members. The “merger-related financial arrangement disclosure” providing members with personal financial information for credit union employees is a violation of their privacy. This is not public information and members should not have the right to it. Most small credit union salaries and benefits are not par with most mid to large asset sized credit unions and the scale disclosed to members will be skewed dramatically. Percentages for senior management as the current rule stands should be sufficient.

The member to member communication is ill-advised. This forum could create misplaced opinions concerning the merger amongst members. Potentially that communication may be based on misguided feelings and not fact thereby creating more issues for the credit union. The elected officials of the credit union represent the members and have the knowledge and experience to make these decisions.

In addition, NCUA continues to reiterate throughout its’ proposal that “some or several” credit unions’ senior management have benefited from mergers into another credit union thereby prompting the changes to the existing merger rule. In the last three years of the 716 mergers how many credit unions have you found to get egregious amounts of compensation for it’s management for merging? Is it three, is it ten? On the other hand NCUA states in the proposal that many credit unions make good faith efforts to comply with the requirements of part 708b. The proposal on its’ surface appears that the NCUA is overreacting to a couple of complaints.

While we understand that NCUA is concerned about transparency; we find that the current rule is sufficient and NCUA ultimately has final authority to approve.

Thank you for the opportunity to voice our concerns on this important issue.

Sincerely,

Vicki McIntosh
CEO
Belle River Community Credit Union