

# Alabama Credit Union League



Est. 1934

May 9, 2008

The Honorable JoAnn Johnson  
Chairman  
National Credit Union Administration  
1775 Duke Street  
Alexandria, VA 22314

Dear Chairman Johnson:

On behalf of the Alabama Credit Union League, and the credit unions we represent, I am writing to express our concern over the proposals found within the NCUA's Outreach Task Force Report.

Our membership opposes the NCUA moving forward with consideration of the provisions of this report at this time. Due to the recent downward changes in the state of the economy, credit unions are faced with new challenges in serving their members and maintaining a healthy bottom line, as are all financial institutions. We have no doubt that credit unions will weather the storm, but now is not the time to add to the burden being faced by credit unions. In addition to their own internal operational issues related to the current economic conditions, credit unions also face the prospect of changes from other authorities, such as the Treasury Department and Congress. There is enough uncertainty on the horizon already, and the NCUA should not add to it.

We are concerned that these provisions have not been through the normal regulatory rule making process, and significant changes should not be made to the operational and reporting requirements of credit unions without an opportunity for review and comment by those affected. We urge the NCUA to withhold consideration of these provisions, and to offer them for a comment of at least 120 days at a later time, while permanently removing from consideration the provisions regarding the reporting of executive compensation.

In addition to our concern over moving forward with the report as a whole, we also have significant reservations about specific provisions contained in it. We are troubled by the recommendation to require federal credit unions to report senior executive salary and benefit information to members, and urge you to remove this provision from consideration. First, we must question whether the NCUA has the necessary legal authority to create such a requirement.

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We question the need and purpose of requiring the top three executives of a credit union to report their salary and benefit information. While some comparison can be made between the shareholders of a publicly traded company and the members of a credit union, the similarities do not outweigh the differences sufficiently to impose this requirement. The reporting requirements of the Securities and Exchange Commission relative to executive pay at publicly traded companies are based on a complexity of compensation packages, and abuses at some, that simply are not present in credit unions. This appears to be a highly intrusive solution in search of a problem. Such a requirement may easily lead to excessive and unnecessary regulation and micromanagement of executive compensation in credit unions, removing from a credit union's board something that is clearly its responsibility, and creating a disincentive for highly qualified management to be part of the credit union movement.

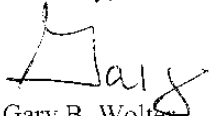
In addition to our concern over the compensation reporting requirements, we are also troubled by the data collection requirements in the Task Force Report. While we understand the need for credit unions to serve all segments of society, the reporting requirements in the report create problems for credit unions without furthering the stated goal. Credit unions are rightfully asking how the NCUA will use this information, and how the NCUA will protect the information once reported. In addition, even the requirement for developing a means for each credit union to obtain its proprietary membership profile data from the NCUA raises significant concerns that examiners will have a ready tool for micromanaging the credit union. While this may not be the intent of the proposal, it would be the result in too many instances. NCUA should take public comments from credit unions and develop safeguards for credit union concerns before moving forward with this proposal.

While the goal of greater transparency and accountability for credit unions may be a laudable goal, how and even when it is achieved is even more important. Were there a crisis of transparency and accountability, a rush to action without public comment, in an uncertain economic environment might be more understandable. However, because this proposal seeks to address issues that are not causing problems within credit unions, we urge the NCUA to reconsider its decision to move forward at this time, forego any consideration of reporting of executive compensation, and wait until economic conditions are more settled before moving forward with the other provisions of the Task Force Report, and then only after careful consideration of comments from credit unions themselves.

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Chairman JoAnn Johnson

Thank you in advance for your consideration of our concerns.

Sincerely,



Gary B. Wolter

President and CEO

Cc: CUNA and Affiliates, Inc.