



June 22, 2025

The Honorable Kyle S. Hauptman
Chairman
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

RE: Bank Conversions and Mergers, Subpart C-Merger of Insured Credit Unions into Banks (Docket NCUA-2026-0982)

Dear Chairman Hauptman:

Thank you for the opportunity to respond to the National Credit Union Administration's (NCUA's) request for comment on regulations governing the merger of insured credit unions into banks. We appreciate this invitation to inform responsible deregulation measures that maintain credit unions' safety, soundness, and resilience.

About Inclusiv

Inclusiv is the leading network of credit unions with a primary mission of promoting community development and financial inclusion. The Inclusiv network represents more than 450 credit unions serving more than 18 million people in predominantly low-income urban, rural, and reservation-based communities across the United States, including Puerto Rico, Guam, and the U.S. Virgin Islands. Inclusiv channels capital to and builds the capacity of community development credit unions dedicated to serving low-income people and disinvested communities that mainstream financial institutions fail to serve.

Inclusiv appreciates the NCUA's commitment to eliminating unduly burdensome and duplicative requirements. However, we are concerned that some proposed changes would remove important provisions that help uphold credit union members' oversight and governing authority, which is central to the credit union model. Accordingly, Inclusiv recommends that the Agency reconsider the following changes:

1. Maintain definition of "clear and conspicuous" in 12 CFR 708a.301.

The Board proposes removing the definition of "clear and conspicuous" from 12 CFR 708a.301 to allow more flexibility in disclosures. However, the existing definition already allows for flexibility, as it only requires bold text in a size greater than 12 point. This basic standard ensures legibility and its removal could create ambiguity. In a previous proposal, the Board also proposed eliminating the definition of "clear and conspicuous" in § 708a.101—therefore preserving the definition in 12 CFR 708a.301 would not be redundant.

2. Replace newspaper notice requirement in 708a.303(b)(1) with an alternative requirement to provide notice to members.

Inclusiv supports the Board’s proposal to remove the requirement to publish a notice in a local newspaper, given the limited presence of newspapers in many areas and declining readership. However, as a complement to this change, we recommend that NCUA require that advanced notice be provided to each member in writing—via paper or electronic means, whichever the member has chosen for receiving standard communications from the credit union. This would ensure that the purpose of 708a.303 is achieved and members are made aware of the opportunity to comment on a potential merger prior to a board vote on such a critical issue.

3. Preserve formatting requirements in 12 CFR 708a.305(e)(2).

We encourage the Board to preserve the formatting requirements in 12 CFR 708a.305(e)(2). These requirements were a specific byproduct of credit union boards that attempted to sell their members’ credit union to banks while obscuring central considerations related to such transactions. The description in (e)(2) was intended, as NCUA noted in its summary related to the proposed rule in 2006, to “simplify the boxed disclosures that a credit union must provide to its members.” Absent such a mandate, a credit union could be inclined to minimize the attention provided to this central disclosure. In a credit union merger election, it is fundamental to ensure that members understand what a vote “for” and “against” mean, including loss of credit union membership/ownership; negatively impacted rates on both loans and savings; and the financial conflict that insiders may have in a sale.

4. Plain language determining factors in 12 CFR 708a.305(f)

The Board proposes to remove the requirement that “communications are written in plain language designed to be understood by ordinary consumers.” While the Board views this text as redundant with the requirement for communications to be “simple and easy to understand,” the key modifier here is “designed to be understood by ordinary consumers.” Inclusiv recommends that the Board maintain the plain language requirements and the “ordinary consumer” comprehension standard, though we agree the “examples of factors to be considered” are not wholly necessary.

Language that is easy for banking experts to understand is a markedly different standard from language that is easy for the average credit union member to understand. For a credit union member to cast an informed vote on a merger, the circumstances and implications of the merger must be communicated in a way that they understand. A credit union merger into a bank effectively turns tax-exempt, not-for-profit dollars dedicated to community needs into private shareholder dollars. Given this transfer of member control and member-owned assets, it is critical to provide plain language disclosures written for an audience of credit union members.

5. Voting guidelines in 12 CFR 708a.312

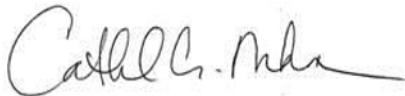
The Board proposes removing § 708a.312, “Voting guidelines,” in its entirety because it is “non-regulatory guidance.” However, like the text referenced in change 5, these guidelines provide useful parameters that encourage a fair and informed voting process. Since it can be in credit union board members’ or management team’s personal interests to merge a credit union into a bank, NCUA has a

responsibility to independently enforce a fair decision-making process that is not biased in the credit union board's or management team's favor. The voting guidelines, while non-binding, establish clearer expectations around what constitutes a fair voting process, such as making incentives independent of members' voting positions, ensuring members are not inadvertently excluded after charter conversions or recordkeeping changes, and scheduling the voting meeting in a convenient location at a time that is suitable to most members' schedules. These are reasonable asks that support a fair voting process. Thus, we encourage publishing this section as separate guidance if the NCUA decides to proceed with its removal.

Finally, we have some concerns about the NCUA advancing these changes under a single-member board structure, given the lack of varied perspectives involved in decision-making and the concentration of authority in one individual. This approach runs counter to the collective governance framework that is central to the credit union model and risks setting a precedent in which a single board member is able to unilaterally implement significant regulatory changes.

Thank you for the opportunity to comment. Inclusiv looks forward to engaging with the NCUA to improve credit union regulatory efficacy and amplify community development credit union impact. For any questions regarding these comments, please contact Alexis Iwanisziw, SVP Policy & Communications, Inclusiv (aiwanisziw@inclusiv.org).

Sincerely,

A handwritten signature in black ink, appearing to read "Cathleen A. Mahon". The signature is fluid and cursive, with a long horizontal stroke at the end.

Cathleen A. Mahon
CEO/President, Inclusiv