



GC/JT:sg
3600


NATIONAL CREDIT UNION ADMINISTRATION
Washington, D.C. 20456

March 14, 1988

Office of General Counsel

Mr. John R. Hale
President
National Association of State Credit Union Supervisors
1600 Wilson Boulevard
Suite 905
Arlington, Virginia 22209

Re: NCUA Compliance With Executive Order 12612 on
Federalism (Your February 11, 1988, Letter)

Dear  Mr. Hale:

NCUA is, in our view, fully complying with Executive Order 12612 ("Federalism"). Following the October 26, 1987 issuance of this Order, NCUA reviewed the state preemption provisions contained in NCUA's Rules and Regulations and determined they were in compliance with the Executive Order.

Your idea that NCUA include a section in the preamble to its regulations which specifically addresses the impact a regulation will have on federally-insured state-chartered credit unions (FISCU's) is a good one. We intend to include in the preamble to each regulation a section describing the effect on FISCU's. If we believe there is no effect, the section will state that fact and explain our reasoning. If there is an effect, the section will address the considerations set forth in Executive Order 12612. The content of the section will conform with the requirements of Section 6 of the Executive Order regarding the preparation of a Federalism Assessment.

In preparing opinions and drafting regulations, NCUA, as mandated by the Executive Order, has been considering the effect of its actions on state interests with the goal of minimizing Federal preemption of state laws. In a recent opinion (copy enclosed), the issue was whether NCUA's Rules and Regulations had preempted a New York State banking law. In light of Executive Order 12612, NCUA abstained from issuing an opinion until the matter had been initially acted upon by the State of New York.

FCJA - Vol. V K

Mr. John R. Hale
March 14, 1988
Page Two

Also, the NCUA Board recently issued a proposed rule regarding indemnification of Federal credit union officials and employees. In accordance with Executive Order 12612, NCUA has not proposed substantive indemnification provisions; it has proposed giving Federal credit unions the choice of following the indemnification provisions of the applicable state law or of the Model Business Corporation Act.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Fenner', written in a cursive style.

ROBERT M. FENNER
General Counsel

JT:sg

Enclosure