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NATIONAL CREDIT UNION ADMINISTRATION
Washington, D.C. 20456

Office of General Counsel

GC/JT:sg
SSIC 6010
89-1111

December 21, 1989

Richard T. Ishida, Esq.
Goodsill Anderson Quinn & Stifel
P.O. Box 2639
Kailua-Kona, Hawaii 96745

Re: Kona Community Federal Credit Union (Your
October 27, 1989, Letter to Chairman Jepsen)

Dear Mr. Ishida:

You have requested that the National Credit Union Administration Board ("Board") reconsider its October 17, 1989, decision to amend Kona Community Federal Credit Union's ("Kona's") field of membership by eliminating the portion of Kona's field of membership which is also in the field of membership of Kamuela Community Federal Credit Union ("Kamuela"). The Board's decision was implemented by an amendment to Section 5 of Kona's charter prepared by NCUA's Region VI Office. The amendment was effective October 17, 1989.

Your letter expressed some confusion regarding the amendment to Kona's charter. As has since been explained to you, the Regional Office initially prepared the amendment on the incorrect form. This has now been resolved.

You questioned the authority of the Board to make its determination, as well as the fact that representatives of Kona were not permitted to personally appear before the Board to present their case.

The Board's decision was based on the administrative record. Both Kona and Kamuela were provided with the opportunity to

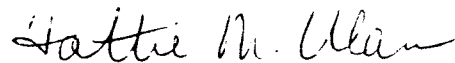
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present documentation to the Board for consideration. The revised amendment sent to Kona sets forth the basis for the Board's decision. It is the practice of the Board to have presentations made by NCUA staff rather than by third parties.

Kona does not have any further administrative appeal rights before the Board. Any further appeal Kona may choose to pursue must be in the appropriate court.

Sincerely,



HATTIE M. ULAN
Associate General Counsel

cc: Chairman Jepsen
Regional Director, Region VI (Pacific)