



National Association of Federal Credit Unions

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October 10, 2006

Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Dear Mr. Feldman:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association that exclusively represents the interests of our nation's federal credit unions, I am responding to the Federal Deposit Insurance Corporation's (FDIC) request for comment regarding industrial loan corporations (ILCs).

As the FDIC noted in its request for comments, ILCs were first chartered in the early 1900's as small loan companies for industrial workers. ILCs are state-chartered banks supervised by their chartering states and the FDIC, which is their primary federal regulator. ILCs were first insured on January 1, 1934. As of March 31, 2006, 61 insured ILCs operating from California, Colorado, Hawaii, Indiana, Minnesota, Nevada, and Utah reported total assets approximating \$155 billion. In response to recent controversy surrounding applications by corporations for approval for ILC deposit insurance, including one by Walmart, on July 28, 2006, the FDIC imposed a six-month moratorium on ILC deposit insurance applications and change in control notices.

The request for comment includes a variety of topics, including the current legal and business framework of ILCs and the possible benefits, risks, and supervisory issues associated with ILCs.

NAFCU believes that ILCs need to be appropriately regulated in order to ensure the safety of the banking system in this country. NAFCU also firmly believes that regardless of potential benefits of the ILC structure, credit unions provide the best option for consumers to safeguard their savings, receive affordable credit, and benefit from other credit union programs such as financial education.

Like many financial institutions, credit unions have felt the pressure of increased regulatory burdens in recent years. Should ILCs not be regulated to the same degree, credit unions could be placed at an unfair disadvantage.

Mr. Robert E. Feldman

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NAFCU would like to thank you for this opportunity to share its views on ILCs. Should you have any questions or require additional information please call me or Carrie Hunt, NAFCU's Senior Counsel and Director of Regulatory Affairs, at (703) 522-4770 or (800) 336-4644 ext. 234.

Sincerely,

A handwritten signature in cursive script, reading "Fred R. Becker, Jr.", positioned to the left of a vertical red line.

Fred R. Becker, Jr.
President/CEO

FRB/crh