J.C. Higgins, Manager
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Telephone 336-723-0619
August 3, 2009

Ms. Mary Rupp
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Re: Response to Proposed Rule for Corporate Credit Unions (12CFR Part 704)

Dear Ms. Rupp:

The Winston-Salem Firemen's Credit Union appreciates the opportunity to comment on the proposed changes to NCUA Regulation 704. I certainly recognize that changes have to be made to reduce risk taking that resulted in our current situation. This proposed regulation imposes limitations that make it virtually impossible for a viable corporate to be maintained. As a small credit union, our corporate is an invaluable part of our operations. I offer the following comments to improve the ability of corporates to survive and thrive while reducing the risks of recent events happening again.

Part 1. The plan to let corporate credit unions use monies that were recovered from loss projections as a recovery to them and not passed on to capital holders is quite unfair. Any recoveries should be made available to capital holders on a "pro-rata" basis. This extinguishment of capital with recoveries to a corporate is simply not fair.

Part 2. The 30 day borrowing term limits corporate ability to manage term loan requests from members, placing the corporate at an interest rate risk unnecessarily. A corporate should not be prohibited from meeting its own member's liquidity purposes through longer term limits to limit the corporate interest rate risk.

Part 5. The board of directors of a corporate that exceeds minimum capital ratio requirements should NOT be prohibited to redeem or call PCC. The proposed requirement for pre-approval of such action is micro-management by NCUA.

Part 6. It would seem that this proposal only benefits corporate credit unions. If there is a loss the NPCU absorbs the loss, if early redemption results in a gain, the corporate is allowed to keep the gain. This is grossly unfair to NPCU when there is no loss to the corporate.

Part 7. I always get worried when a capital ratio, which is determined by a proven mathematical computation, can be downgraded because of subjective interpretation. NCUA should not subjectively determine minimum capital which could place a corporate under PCA. How are

NPCU supposed to evaluate the stability of a corporate when accepted capital standards aren't accepted and can be arbitrarily changed?

Part 8. This is an interesting limitation. It will be quite difficult to assemble enough quality institutions to handle a large portfolio. It would limit funds in quality institutions and increase deposits in lower rated ones. I think the ratio should be increased to 100-200% of capital to be in line with repurchase limits.

Part 9. In my experience with new board of directors in our credit union, a six year term limit is too short. Regardless of a director's background, the learning curve, particularly in a corporate environment, could take some time. It may be two to three years before a corporate director becomes comfortable in his knowledge base to truly contribute. I would recommend that the term limit be set at 12 years.

I recognize that the recent problems in the corporate system resulted from competition, loose regulations, and a lack of oversight. I agree that we cannot allow these actions to continue. However, the current regulation is so limiting that it will impede corporate credit unions to operate. I urge you to consider my comments to make changes in the regulation. Our credit union needs our corporate to maximize our ability to serve our members in cost effectively.

If you have any questions, please contact me at (336) 723-0619 or jc@wsfiremenscu.com.

Thank you,

J.C. Higgins
Manager