January 21, 2010

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

Re: Proposed Regulation 12 CFR Part 704

Dear Ms. Rupp:

I am a proud member of the Board of Directors of Kaiperm Diablo Federal Credit Union. We have discussed at many Board meetings how glad we were to have sufficient reserves to cover the losses of our MCA and PIC funds at Western Corporate Federal Credit Union. We believe that NCUA should have had better monitoring over the corporate credit unions, and feel sure that is the intent of this proposed regulation. We do have concerns that the specifics of the regulation may cause greater problems in a corporate credit union trying to right itself. We're not sure that the worst is over, but we do know that what is needed now are ideas to strengthen the corporates so that natural person credit unions don't lose this important part of the credit union system.

There are relatively short time requirements to meet reserve ratios (in the proposed regulation) now, when the whole economy is just starting to recover from a recession. The Weighted Average Life mismatch maximum at two years; and the NEV tests in the proposed regulation - consider whether these are realistic requirements if we want to have an ongoing corporate system. Can the proposal to view records of a CUSO in which a corporate invests be within some bounds so that the CUSO won't object? Can some of the other proposed percentages be relaxed so that the management team of the corporate is managing credit and interest rate risk.

The whole point of corporate credit unions is to serve the natural person credit unions efficiently. The corporates ARE a system in place to serve natural person credit unions. Do not force them to fail through unrealistic requirements. It will be very costly to find alternatives in commercial banks, once corporate credit unions are not available. If we lose the services of corporate credit unions, and must approach commercial banks for processing/settlement we will be forced to reduce services to our members, or increase fees to cover the banks' costs.

We urge a review the proposed regulation with the thought in mind to retain our corporate credit union system. The proposals themselves may be important, but perhaps more realistic at different percentage levels or time constraints.

Thank you for your consideration.

Sincerely,

Board Member
Kaiperm Diablo Federal Credit Union

LESLIE K CHAN
PO BOX 4928
WALNUT CREEK CA 94596 1928