

Kaiperm Diablo Federal Credit Union

U. S. MAIL: P.O. Box 4928 • Walnut Creek, CA 94596-0928
(LOCATION: 1600 South Main Street • Walnut Creek, CA 94596)
(925) 295 • 5626

21 January 2010

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

Re: Proposed Regulation 12 CFR Part 704

~~Our Credit Union staff has been studying aspects of the proposed regulation trying to foresee the impact on our credit union. We understand the proposals stem from efforts to control the large corporate credit unions and avoid a repeat of problems of the last months. What happens in corporate credit unions, of course, will affect small credit unions such as ours. I also feel it would have been helpful for the staff of Wescorp to assist us in evaluating this proposed regulation.~~

Many of the proposals need additional study. Parts of the proposed rule, if enacted, may require us to seek service providers from outside the credit union system, highly likely increasing cost to our credit union.

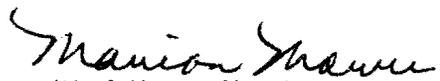
Concerns include investment concentration limits excluding Federal Funds in the definition of deposits, and a 10% limit on assets from one credit union. One of the benefits of our Wescorp account is the ability to keep short-term funds earning in behalf of our members at a competitive rate. You might consider borrowings with a maturity of 30 days or less, from either the Federal Reserve Bank, a Federal Home Loan Bank, a Repurchase Agreement counterpart or a Federal Funds counterpart, in excess of 10% of the corporate credit union's moving daily average net assets, by eliminating the "or other entity" part of the proposed regulation. Alternatively, consider allowing a higher borrowing limit of as much as 20% of the corporate's moving daily average net assets from these entities.

Credit union service organizations (CUSO's) have been of great value to credit unions when they can band together to meet a common need and reduce costs. With Wescorp as a partner in some of these CUSO's the cost is further reduced with expertise provided by Wescorp. I think the section requiring a CUSO to open all details to NCUA review needs to be more specific, such as perhaps to an evaluation of the financial stability.

Please review the NEV sensitivity analysis. Wescorp, or any corporate, must have sufficient latitude to exercise credit and interest rate risk to create income for reserves to meet the guidelines you're proposing.. Just as natural person credit unions control losses through good management, Wescorp can do the same.

I believe that we all want a strong credit union system and strong corporate credit unions must be an integral part of this system.

Cordially,


(Mrs) Marion Morris
CEO/President