

January 21, 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

Dear Ms. Rupp:

I am a long-time member of and volunteer at Kaiperm Diablo Federal Credit Union. The whole financial system has been challenged over the last couple of years, and I do understand the desire to prevent a reoccurrence. Any measures enacted to control the corporate credit unions will, of course, affect the natural person credit unions. We have been members of Western Corporate Federal Credit Union for many years, and believe that credit unions need a corporate for payment processing and short-term liquidity and investment.

Although we've never taken advantage of it, we should earn a premium on a certificate redemption that's liquidated early. This is standard practice in the money industry. It also would enable the corporate to eliminate a high-rate deposit in a time of falling rates.

There's a provision in the proposed regulation that a corporate may be brought under Prompt Corrective Action (PCA) if it doesn't meet all of NCUA's required capital levels in the time period prescribed. Is there consideration for being within a percentage of the levels - or approaching the levels? None of us knows what challenges we'll be faced in the next two years. Additionally, the corporates, as any business, must have power to take some risk (controlled) on investments to maximize earnings. What better way than using good judgment to increase returns and meet the reserve requirements. Acceptable levels of credit and interest rate risk will improve the bottom line and be helpful to member credit unions.

It is well known that bankers wish to limit services that credit unions provide their members. We are not interested in dealing with banks for our payment processing and investment needs. That would be giving them funds to control us! Their aim is profit. Wescorp can provide us these needed services, earn reserves and pay us, their member credit unions with any surplus earnings.

I urge you to review the proposed regulation with a mind to keeping the corporate credit unions a strong, viable part of the credit union system.

Sincerely,


Board Member
Kaiperm Diablo Federal Credit Union
PO Box 4928
Walnut Creek 94596