

February 22, 2010



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

Re: Corporate Credit Union Regulation Comments

Dear NCUA Board Members,

I applaud your work to improve corporate credit unions, but I am gravely concerned that you are rushing to judgment and not taking enough time to get this very important regulation right. Credit unions need corporate credit unions ! I have no problem with there ultimately being fewer corporate credit unions from the process, but the regulation as it currently stands will mean the demise of all corporate credit unions. The regulation is 250+ pages. Here are just a few observations.

Please strongly consider:

- Extend the time to study this issue for at least another six months. It is that important. No harm can come from doing so and you will only end up with good clear decisions and a far superior regulation. You could also implement portions of the regulation in stages.
- Re-capitalization by retail credit unions will be necessary. I will have an extremely hard time convincing myself, much less our board, that we should place more capital at risk in a corporate credit union if we are not going to receive a dividend, and especially with the legacy asset situation not settled. The impact of the legacy assets are not being considered. That issue must be dealt with clearly and fairly.
- I have been a credit union CEO for over 35 years and was a corporate board member for 15 years. I think I understand the need for corporate credit unions and their operations fairly well. I support term limits, and have no real issue with your requirements to qualify for a board seat, but strongly disagree with the six year term limitation. It takes one term just to get familiar with the

- organization, not to mention the complex ALM issues. Please change this section from six years to twelve.
- Also, proposal prevents indemnity in some cases. The language is too broad and exposes volunteer directors and management to unlimited personal risk. That is not a board I would be willing to sit on.
- The suggestion to invest in the Private Student Loan sector and for it to be a major source of revenue is very short sighted. That market is not nearly large enough to satisfy the needs of the corporates. Let's restrict dangerous investments, but do not tell them what to invest in.
- Re-visit the proposed capital and risk metrics. Corporate credit unions will have a very hard time meeting both of those proposals.
- Drop the Average-Life requirement and provide credit for Core Deposits in the Credit Spread Shock Test.
- The regulation puts a huge level of regulatory control with little oversight, no required documentation, and no objective appeal process. NCUA should be required to reassess capital level requirements or the rating changes at corporate credit unions. As currently written, both the reduction of the capital rating and the basis for the reduction are subjective decisions made by NCUA.
- There are a lot more areas of concern, and that is why I ask you again, to extend your time to study this very important issue for the future of all credit unions for another six months.

Thank you for allowing me to express my concerns.

Sincerely,

Bill Winter  
CEO  
St. Cloud Federal Credit Union