



February 25, 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 writing to you regarding the proposed changes to regulation 704 which looks to address a number of concerns with the corporate credit union system. While it is necessary to make some changes to our current system, I am concerned that there may be some unintended, adverse effects to Credit Unions as it is proposed. This proposed regulation changes the way corporates function, but it will affect natural person Credit Unions as well. Our credit union, like many others, utilize our corporate, Tricorp for a number of very important services. Tricorp is very important to our daily operational needs, providing us with overnight investments, settlement, and acts as a liquidity resource through their various borrowing and investment options.

I have some concerns with the regulation as currently proposed. I believe that there are some serious limitations that would be placed on our corporate, Tricorp, that would impair their long term viability. If the proposed regulation is not amended, I fear that my credit union will be forced into the undesirable position of having to seek an alternative solution outside of the corporate network. This solution, I believe, would be much more complex and time consuming for us as well as more costly and less reliable. Obviously, higher cost to us ultimately means higher costs to our members. Currently we have one point of contact and that is Tricorp and we have enjoyed a great working relationship with their staff members who have provided us with excellent service over the years.

Below are listed some of my concerns:

NEV sensitivity Analysis

I am concerned that the proposed regulation will limit a corporate in such a way as they would not be able to generate enough interest margin to build the retained earnings to meet the proposed capital requirements. I can see where this proposal would lead to increased fees being charged to our credit union and the level of service that we currently receive from Tricorp would be diminished due to drastic cost cutting. The regulation

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needs to allow Tricorp to make sufficient income from their balance sheet while exercising an acceptable level of credit and interest rate risk. Excessive risk was a big part of what caused our current crisis, but now we should be careful to not have excessive regulation lead to the failure of our corporate system.

Prompt Corrective Action

Our corporate, Tricorp has seen 32 years of retained earnings lost to cover the losses at US Central and my credit union has lost nearly \$250,000 due to the depletion of capital at Tricorp. Tricorp needs to be given a reasonable period of time to rebuild its retained earnings. They continue to operate in a very conservative manner. We support the extended time period to meet the risk weighted capital requirements of three years.

Weighted average asset life

Tricorp provides us with liquidity for both short and long term. Limitations placed on asset maturities or average life limitations may severely impact our ability as a credit union to obtain term liquidity from our corporate. We will be forced to look elsewhere for our liquidity needs and I certainly prefer not to have to do business with banks if at all possible.

Elimination of the provision in the regulation for a wholesale corporate

While it has been very difficult to accept the additional costs associated with US Central's investment portfolio, we do not want to see the very valuable automated payment system discontinued, leaving us to have to turn to the banking system for this service. The corporate credit union automated payment system provides us with a safe, efficient and cost effective way to conduct our daily business for our members. Without this payment system and the access to various liquidity services, it will be very difficult to replace this in the open market. This would require us searching out many new vendors, conducting the necessary due diligence and then hoping that the costs and service levels would be comparable to what we had through Tricorp for all these years. Finding a trusted and true partner these days can be a difficult to impossible chore. Whether or not US Central has to be reorganized or these services can be provided through a CUSO, the very important and valuable functions must be preserved.

The above areas highlight my major concerns with the proposed rule. We support more stringent regulations, but we also ask that a reasonable amount of time be allowed for corporates to recover as we strongly support a credit union owned option. I am hopeful that my comments, along with those of my fellow credit union leaders, are sufficient enough to have you reconsider some of your proposed regulation. What is of utmost importance to Oxford Federal Credit Union is that we are able to continue conducting

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business with our trusted business partner, Tricorp, in an efficient, safe and cost effective way so that we can deliver the level of service that our members have come to expect.

Sincerely,

A handwritten signature in black ink, appearing to read "Matthew J. Kaubris".

Matthew J. Kaubris
Oxford Federal Credit Union
President/CEO