



To: The National Credit Union Administration Board of Directors
From: Paul R. Obermeyer, President AAA Federal Credit Union
South Bend, Indiana
Subject: Proposed Rule 12 CFR Parts 704 New Corporate Credit Union Rule
Date: February 26, 2010
Fax To: 703-518-6319

Concerns and Objections to the Proposed Regulation:

Recapitalization

- Losses booked by Natural Person Credit Union will not make it easy to convince board members of NPCUs to put more money at risk. Please do not assume members will agree to recapitalize Corporates.
- Single Risk Capital Accounts with 5 year terms will also make recapitalization a tough sale.
- Capital Requirements and retained earning requirements will greatly impact the cost of services and reduction to dividends paid to members
- Period of time is too short for capital requirements to be met.
- **Legacy Assets need to be addressed prior to recapitalization.**
- Longer time span and reduced expectations for corporates, a plan without reasonable expectations of success is designed to fail.

Corporate Services to their Members

- Borrowing Authority is too restrictive difficult to build capital.
- Weighted Average Life of Corporates limited to 2 years is too restrictive.
- Limiting the deposit to 10% of the corporates assets is counterproductive to the corporate and their members. Why such a restriction if a viable ALM model is used and followed?

Corporate Governance

- Six years is too short 9 to 12 years (typically 3 or 4 terms) would be more appropriate...this adds stability and provides for learning and experience.
- Providing the membership with the Salary Data of the CEO and other officers of the corporation is should not be required. Board participation, NCUA examination and volunteer representation with the term requirements should be sufficient.
- Do not limit the indemnification of senior management and board members as this will negatively impact the quality of leadership on both levels.

657