IDADIV Credit Union
1822 North Midland Boulevard · P.O. Box 500 · Nampa, Idaho 83653-0500
(208) 467-6583 · 1-800-882-6583 · Fax (208) 466-0049

March 1, 2010

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

Re: Comments on Advanced Notice of Proposed Rulemaking for Part 704

Dear Ms. Rupp:

Idadiv Credit Union is a 48 million full service community credit union in Nampa, Idaho and we have utilized two corporate credit unions (Wescorp and Southwest). We use the corporates for share draft processing, ach services, cash services, image deposit processing, overnight investments, certificate and SimpliCD investments, lines of credit, and merchant processing.

With reviewing the proposed regulations I question whether any corporate can generate the needed income to meet your reserve requirements. By limiting the weighted average life of a corporates investment portfolio alone, will create an environment where credit unions will have to look outside of the corporate for investments and liquidity. Investments activities are a core element of a corporate credit union and they should be able to make investments that are appropriate for their business model. Better management of the concentration and risk should be required but not subjected to unreasonable limits. The additional NEV testing should have more flexibility according to the complexity of the investment portfolio. Perhaps capital requirements should increase as the investment risks increase. Third-party rating agencies should not be primary to the decision for making an investment.

It will be prudent to require increased capital in order to improve overall security. The amount of capital should be relevant to the risk in the portfolio. As we go forward the burden of funding additional capital deposits to a corporate may not be cost effective given that we have already written off capital for the two corporates we worked with, and that future pricing will need to change to meet your reserve requirements. The source of the capital should not be the focus; instead the funds that meet the definition of capital and the capital ratio achieved are vital. Credit unions will need the flexibility to withdraw or change to another corporate credit union that meets their needs without having to wait 3 – 5 years to withdraw a capital deposit. The proposed extinguishment of capital should be removed. Any unrealized losses should be recorded and only after there are realized losses should the capital be taken.

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I also question the term limits proposed. Due to the complexities of being a CCU director, I believe it takes at least a year or more to get up to speed. Any large turnover on the board would then have a detrimental impact for the CCU. The threat of risking a director's personal wealth should be limited to an illegal act by the director. Directors should be from the professional staff of a credit union.

The overall understanding of the details for the proposed rules and their ramifications may not be fully understood. The experts don't have all the answers either. I would encourage NCUA to take action but not to over react. As a natural person credit union there are limited resources to correct unintended consequences of change and therefore recommend leaving any drastic changes to a system that has otherwise been working for another time. If the proposed changes are made by NCUA, I fear that the services we use at our corporates will be available at a better value from the open market.

Thank you for this opportunity to respond to the proposed regulation.

Sincerely,

Denay Moles

Denay Moles
President/CEO

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