

Whitewater Regional Federal Credit Union

2508 Western Avenue Suite B
Connersville, Indiana 47331

Phone (765)827-1317
Fax (765)825-4073

March 1, 2010

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

Re: Proposed Revisions to Rule 704

Dear Ms. Rupp:

Whitewater Regional Federal Credit Union is a \$5.3 million credit union with 3 full time employees and 1 part time employee.

A credit union of our size is heavily reliant upon corporate credit union services. We use our Corporate for a variety of services such as ACH, share draft processing, wire transfers and check collection. We are also provided with share certificate investment opportunities and an easy to access, affordable line of credit. Without these cost effective services available to us, we would not be able to offer our members the services that they look for in their primary financial institution as we don't have the resources to fund these operations in house. I urge NCUA to take into account the need for the corporate structure to provide these services to small credit unions.

From our vantage point, the requirements and timing for recapitalization within the proposed regulation seem unreasonable. Whitewater Regional Federal Credit Union has lost \$37,216.39 of our membership shares at Members United Corporate Federal Credit Union. We anticipate losing the remainder of our shares in 2010 for a total write off of \$53,000. We have not given our 3 year notice to Members United as of yet, but we have begun the process of moving our services to another corporate, one that has not had a negative impact on their members. We are working through the timing of giving our notice and we are joining our new corporate as an Associate Member. At this time, we do not want any more capital at risk. In going through the process of changing corporates, my board and I have had discussions about recapitalizing the corporate system. In the current environment, we don't feel comfortable putting any more of our members' money at risk and we would be even more reluctant to do so with a 5 year term. With a shorter term (1 to 2 years), our credit union might be more apt to consider recapitalization.

With the time frame in the proposal being relatively short for recapitalization, and members being reluctant to recapitalize, many corporates will struggle to meet the requirements in the recapitalization period. What happens if they fail to reach the requirement? Will we all be looking for services at a bank? Within the corporate

Whitewater Regional

Federal Credit Union

2508 Western Avenue Suite B
Connersville, Indiana 47331

Phone (765)827-1317
Fax (765)825-4073

structure, at least we can place some weight on references from other credit unions when deciding where to go. If banks or other non credit union entities are our only option, due diligence becomes an even greater issue. Being a credit union of our size, I then have to wonder who will be responsible for my day to day, month to month activities while I am researching banks and other processing options. With looming regulatory changes added in, we would have to consider hiring another person which we are not currently in a position to do.

I also have concerns about proposed term limits and the ability to have non credit union's serve as board members. With a six year term limit, board members are not given enough time to fully understand the operation of a corporate credit union. With respect to service on the board, board members need to be natural person credit union senior management in order to fully understand and appreciate service to their members. This is the credit union movement and it would be a detriment to have non credit union individuals serving the board.

.

Sincerely,

Renee Zumkeller
Manager
Whitewater Regional Federal Credit Union