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Alpine CREDIT UNION

February 24, 2010

Ms. Mary Rupp
Secretary of the Board
National Credit Union Administration
1175 Duke Street
Alexandria, VA 22314-3428

Ms. Rupp:

Alpine Credit Union is a Utah, State Chartered credit union serving the employees, families, and students of Alpine School District and citizens of Utah County. I have served as president of Alpine Credit Union for 30 years. I also have been employed with two other Utah credit unions. My total employment exceeds 36 years.

Some 25 years ago, Alpine Credit Union processed transactions with a local community bank. Pricing, service, and relationships were great until our local community bank was purchased by a national bank. The new national chain bank came to us with new pricing and fee schedules. Item pricing and fees were to be much higher than in the past. Without any negotiations, we were approached with a "take it or leave it" attitude. We were somewhat offended with their offer and attitudes. We searched for an alternative to our crisis. We contacted other Utah credit unions, and we were placed in contact with management of Rocky Mountain Corporate Credit Union (known today as SunCorp Corporate Credit Union). We soon realized that the corporate could provide us with all of our processing needs and much more. Pricing and fees would be less than we had paid in the past. Training, regulatory compliance, cash management, and on going daily support were but a few of the many benefits available with membership at the corporate.

Today, Alpine Credit Union is larger, more sophisticated financially, and is able to hire and retain quality employees to address the economic challenges we face. This was not true two decades ago. Many credit unions still do not have the means to compete in our economy without Corporates. They simply do not have the ability nor staff to set up and manage the many financial models required of credit unions. Regardless of size, we all directly benefit from the many services and products provided by our Corporates. Corporates provide unique services and products unavailable anywhere else in our industry. Without them, we as credit unions would be forced to look for these services in the for-profit arena. Size often dictates the ability of a credit union to negotiate competitive pricing and contracts. Current proposed legislation would force Corporates to increase retained earnings. The impact would be felt with higher fees and lower returns on investments. Smaller credits would be hurt the most who have limited choices of financial service providers.

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We trust the Board will use great caution as they consider any part of the regulation that would place unfair and unrealistic requirements concerning retained earnings for the corporates. If corporates reduce the amount paid on investments and increase fees in an attempt to build retained earnings, natural persons credit unions may be forced to look outside the corporate network as they seek higher yields.

The proposed new regulation 704 is over 250 pages in length. Not only is it long, but is very complicated to comprehend. Passage of this legislation, as presented, will have long-term negative consequences for the Corporates. The proposed Regulation 704 assumes it can prevent global systemic capital market failure in the future. We do not believe any legislation is capable of this. Regulation 704 also assumes that capital investments and ownership are too risky. We suggest that risk can be managed, but not eliminated.

It appears that we as natural persons credit unions will be required to convert any remaining Membership Capital Shares to a permanent capital account. This capital would be a requirement to receive services. The impairment of PIC and MSC deposits in 2009 has been very severe. These deposits were made in good faith to assist and strengthen our corporates. We do not agree with the impairments nor do we support the actions taken. The impairment of investments and deposits based on current economic conditions was pre-mature and in our opinion not founded on generally accepted accounting procedures. We feel that the extinguishment of natural persons credit union capital in advance of the actual investment cash losses should be abandoned. If this practice is to continue, what assurance would we have that future corporate deposits would be protected from similar actions? What will be the incentive to place additional funds in our corporates, only to risk impairment of these funds at some future date? We are, and have been, powerless in protecting our deposits today. Given current regulatory thinking, we question how future deposits would be protected.

We oppose a term limit for elected volunteers serving as a member of a corporate Board of Directors. Board members are elected by their peers. These individuals are well educated and come with many years of credit union experience. Should the Regulation contain a term limit, it should be increased above the stated six-year term.

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In addition, we would oppose disclosure of executive compensation. We have struggled to understand how this would add to safe and soundness issues facing the corporates. NCUA should not have the authority under Regulation 704 to impose this on the corporates. There are many factors involved in establishing executive compensation. It differs from corporate to corporate. Competent elected members of each Board of Directors have this responsibility. Executive compensation should be maintained as a private matter.

Corporates play an extremely vital role in the management and stability of our credit unions. We trust NCUA and all elected officials will allow them to continue to fulfill this role without undue regulatory oversight.

Sincerely,

Jay L. Stokes
President

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