



March 2, 2010

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

RE: Comments to ANPR for Corporate Credit Unions, 12 C.F.R. Part 704

Dear Ms. Rupp,

I have reviewed the extensive proposed changes to Corporate Credit Union Regulation and like many, I have several concerns. I am the CEO of a \$31 million community credit union serving 4,300 members in Albany County Wyoming, Carbon County Wyoming and Jackson County Colorado. I appreciate the opportunity to respond to the proposed changes to Part 704.

Laramie Plains Community FCU and the communities we serve are in very rural areas. Our geographic area, our size and our philosophy are several of the reason why I feel that having a robust, innovative and financially stable Corporate Credit Union system is imperative not only to the health of the credit union movement but also the health and future sustainability of small credit unions like Laramie Plains Community FCU.

Corporate Credit Unions play a vital role in our operations. Without the services provided to us by our Corporate Credit Union, SunCorp FCU, we would be forced to seek these services from banks or others outside the credit union system. Our small size will be a large disadvantage to us in this arena as we seek services at the lowest possible cost without economies of scale. As we pay more for these services, our ROA and capital position will be placed under greater strain. This will reduce our ability to compete in our market and further weaken our financial position. We would be forced to pass our increased costs on to our members. They, in turn, will seek lower cost institutions. These actions will completely undermine the intention of the Federal Credit Union Act, which was to make credit available and to promote savings and thrift. The increased operational costs will increase loan rates, lower dividend rates and increase fees



charged to NPCU members. This will make credit less available and more expensive while at the same time discouraging thrift due to higher costs. Any type of proposed legislation must enhance the intentions and philosophies of credit unions, not discourage them. The regulation should:

1. Ensure the ability of corporate credit unions to provide the core products of payment services, liquidity and investments to member credit unions in a way that does not place undue cost burdens on NPCU's.
2. Require member credit unions to have contributed member capital at the corporate to receive services. The amount of capital each NPCU has at the corporate must be determined in a way that is fair to all NPCU's based on size, or number of services or some other metric that evenly distributes risk relative to the size of the NPCU.
3. Provide board positions of corporate credit unions only to representatives from member credit unions.
4. Create ALM procedures and liquidity management procedures much like those in the proposed regulation.
5. Require risk-weighted capital that is appropriate for the individual corporate that balances risk to capital in a way that will provide adequate return for the corporate to remain profitable while at the same time ensuring no undue or negligent risk is taken.
6. Ensure that executive compensation is not based on ROA but rather on overall performance, making sure that rewards for additional risk do not exist.
7. Use longer range future and historical models to gage risk and return in order to find the appropriate levels of diversification of investments.
8. Allow for greater dialogue and interpretation of the models by those most qualified to do so.
9. Allow for flexibility in modeling to encompass best and worst case scenarios, understanding that the reality rarely is either.
10. Allow corporate credit unions access to secondary capital. This coupled with the requirement of NPCU contributed capital will ensure member credit union control while at the same time reducing the contributed capital burden of NPCU's.
11. Some restrictions on CUSO investments relative to the risk the CUSO poses to the corporate.
12. Provide for the long-term health and growth of the corporate system by managing risk and providing for flexibility in this rapidly changing economic environment.



The new regulation should not include:

1. Restrictions to field of membership. This further reduces competition and will lead to increased costs to NPCU's.
2. Executive compensation disclosure. As I already stated, there must not be a reward for risk, however, full disclosure of executive compensation only creates animosity where perhaps none would have existed. It will create a talent vacuum as executives exit corporates to work in a business where their compensation is not public knowledge. Executive compensation should not be disclosed but rather, evaluated by the regulator at the time of examination.
3. Restrict Board of Director positions to individuals with the qualifications to serve and not on title.
4. Member deposit limitations or rules for early certificate redemptions. This will only make larger credit unions exit the corporate system and place more burdens on smaller credit unions.
5. Capital requirements based on a business model shown to be flawed and which is derived from an industry with authorities not granted to corporate credit unions.
6. Modeling and testing not justified by an individual corporate's holdings.
7. Full restriction of investments in CUSO's that will serve to limit innovation and again place additional responsibility with NPCU's that may not have the resources to innovate.
8. Any barriers which create an environment contrary to Chairman Matz's statement "... the future of the corporate system will depend on the needs and support of the natural person credit unions they serve."

Before final passage of any regulation as it relates to Part 704, the following information must be made publicly available and give all stakeholders additional time to comment.

1. Complete details with concise and clear impact analysis on NCUA's strategy to handle legacy assets. Both securities and CUSO investments that clearly details the accounting treatment for unrealized and actual gains or losses. Any actions that deal with these assets must be carefully considered and must not turn unrealized losses into actual losses by inundating an already depressed market with these distressed instruments.
2. New business models must be made available for evaluation that:
 - a. Do not rely too heavily on the Private Student Loan ABS as presented starting on page 99. This investment choice is inappropriate for corporate credit unions to



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be as heavily weighted in as the current model shows due to the small par value, illiquid nature and high credit risk choices in a very small market.

- b. Account for the cost of capital. New capital must be generated and retained through properly managed risk.
3. Information on the thought process behind the conservatorship of US Central and WesCorp. Only through transparency of our regulators can anyone within in the credit union industry be assured of the basis for the decision and that such action was not only warranted but imperative to health of the industry. This type of transparency also gives everyone the principles upon which these decisions are made and will allow for greater mitigation of the need for any future actions.

Every credit union executive I have spoken with regarding these issues has many concerns. As such, I feel that before the changes are released in final form, NCUA should engage an industry task force, made up of credit union professionals from broad ranging asset classes, leading economic, capital markets and accounting experts, senior NCUA staff and NCUA Board Members. This task force could be used to evaluate the circumstances that led to the current situation and to draft a new proposal that addresses the areas in a way that will provide for the viability and sustainability of the corporate credit union system.

I appreciate your consideration of my thoughts and comments.

Thank you,

Tyler Valentine
President/CEO
Laramie Plains Community FCU