

Secretary of the Board
National Credit Union Administration
1775 Duke St.
Alexandria, VA 22314-3428

Date: March 3, 2010

Dear Members of the Board,

I am commenting on behalf of TelComm Credit Union, Springfield, Missouri on the proposed revisions to Part 704.

As President and CEO of TelComm Credit Union I have been gainfully employed within the credit union movement since June 1975 - in credit unions located in Kansas, Florida and Missouri. As a result I have worked closely with each area's respective Corporate Credit Union network (i.e., Kansas Corporate Credit Union, Southeast Corporate Credit Union and Missouri Corporate Credit Union). In fact, all of the credit unions I worked for in those states were solely dependent upon the distinct financial products and services the Corporate Credit Union System provided to those credit unions..... and I cannot imagine operating TelComm Credit Union – at least with any degree of financial success – without the hands-on assistance, expertise and day-to-day services the staff at Missouri Corporate Credit Union provides and this credit union has become dependent upon. Nor would I know where to look relating to an alternative organization that would be able to provide similar, affordable services in which we could partner with to ensure continuity of quality cost-effective service to our membership.

My concerns are as follows:

- 1.) There is a recommendation by NCUA to consolidate Corporate Credit Unions as they relate to the current corporate system into fewer, much larger Corporate's which, from my perspective will likely result in the same dilemma the banking industry is experiencing today, and that is: that most Banks are "too big to fail"which I feel would also be the case if the corporate system consolidates into a few, larger institutions under the control of the NCUA. In doing this, the ability of the corporate system to provide high levels of local service - which our credit union has become dependent upon - will be significantly impaired, again especially for a smaller credit union – with limited resources – such as ours. This credit union wants and has come to expect continuity of products and service from our corporate credit union, and we foresee that capability declining if corporate credit union mergers are allowed which will result in mega-corporates.
- 2.) I also have a concern relating to the new capital requirements being imposed on corporate credit unions and/or the time frame outlined in which this capital requirement must be met. The ability for the corporate credit union system to build capital is solely dependent on the spreads they can maintain in pricing their products to natural person credit unions. In order to build capital at the rate mandated by NCUA, the ability of corporate to pay a reasonable rate of

return to natural person credit unions is limited, thus forcing natural person credit unions to seek these services (i.e., investments) elsewhere. In doing so, the natural person credit union such as TelComm will forego a Franchise Tax deduction – as allowed for Missouri Credit Unions such as ours, and we also take on additional investment risk, aside from the additional staff time, accounting requirements, and the added expense to locate investments outside of the corporate credit union system. Thus, I feel the proposed capital standards are much too stringent for most corporate to meet within the proposed, required time lines. As a result Corporates will need to raise capital fast..... Only way to do that is by: a.) reducing assets (running off deposits by forcing natural person credit unions to take their accounts elsewhere, b.) increasing the fees for natural person credit unions for the day-to-day operations, c.) Paying less on investments, d.) Pay a higher rate on a line-of-credit at Corporate, e.) Limit or cut back on services offered to us, f.) Reduction in staff to reduce expenses – which will prohibit the corporate from providing the service levels we now receive, g.) Finally – a loss of “personal” service to us from the larger corporate that has created (i.e., we don’t know – nor do we care about your credit unions needs – because the new corporate systems focus will be solely profit-motivated).

- 3.) The proposed per-member limit on deposits will be devastating to our credit union. If we failed to accurately calculate our settlement position - and a line of credit loan is generated as a result to cover our settlement deficiency, and at the same time we invested in an overnight CD, my understanding would be this would cause our corporate to violate the proposed per-member limit. The subsequent actions necessary to prevent this event from occurring are cumbersome and not realistic. We rely on our corporate to assist us in this type of scenario and not be pushed into forcing this burden back onto us.
- 4.) The proposed rule limits corporate board eligibility to member CEO’s, CFO’s or COO’s for a maximum six-year period. I feel this time frame is too short. The time it takes to bring the corporate director up-to-speed is much more than a natural person credit union, thus allowing the new director the capability of learning the ropes and grow in knowledge and expertise to enhance their ability to govern the corporate system – which is a large responsibility. Thus, the ability of corporate to find volunteers willing to serve.

These are just a few of the many concerns that I have with the proposed NCUA rule. I realize we now live in a different world after the unprecedented financial events that have occurred over the past couple of years; however I am also very concerned the proposed rules if enacted will inevitably force our credit union to take our business to our local bank. This will result in a loss of revenue for credit unions, additional revenue (at our members’ expense) for the banking industry, and will be a significant negative reflection of the credit union movement as a whole.

Thank you for the opportunity to comment on the proposed rules under consideration of the Corporate Network System.

Sincerely,

Don Ackerman, President/CEO

