Heart of Louisiana
CREDIT UNION

March 3, 2010

National Credit Union Administration Board
1775 Duke Street
Alexandria, VA 22314-3428

Dear Board Members,

On behalf of the management and Board of Heart of Louisiana Federal Credit Union, thank you for the opportunity to provide you with our perspective on the proposed corporate credit union Regulation 704.

The effects of the economic crisis, corporate stabilization, capital depletion and the dramatic increase in the velocity of regulations have placed an almost crippling effect on the credit union industry and in particular on credit unions under $100 million.

As a $73 million credit union, our foremost concern with this proposed rule is that there is a provision included to protect capital replenishment from depletion due to legacy assets. Simply stated, without such a provision we may not be willing to risk a continuing relationship with our corporate credit union.

We recognize that there are many other credit unions that will be faced with making this decision and a mass exodus from the corporate system may cause a larger problem in the end. But the uncertainty of what the final cost to natural person credit unions will be and the responsibility we are charged with of protecting our members' best interest would necessitate consideration of leaving the corporate system.

Another major concern is the fact that the corporate credit unions would be prevented from restoring the natural person credit union capital that has been depleted if the realized losses of the legacy assets are ultimately less than the projected losses.

In summary, we are making two requests;

1. Protect natural person credit union replenishment of capital against legacy assets.
2. Allow the corporate credit unions to restore natural person credit union capital on realized legacy asset losses that are less than projected.

We appreciate the NCUA board's dedication to our industry and the tremendous burden you carry in balancing the best interest of natural person credit unions, corporate credit unions and the industry as a whole.

1200

Post Office Box 4030 ■ Pineville, Louisiana 71361-4030 ■ 318-473-4562 ■ 800-264-4562 ■ Fax 318-449-5519
www.heartcu.org

We encourage you to keep paramount in your minds when finalizing this rule, the ultimate price of corporate stabilization has been and will be paid by our members. These are real people like Mr. Milo Brosette, a member of our credit union since 1955. A member that did not enjoy the new credit union branch, new products and year end bonus dividend planned for him in 2009, because of events outside of his control.

Mr. Brosette may be able to understand his credit union having to reimburse the insurance fund due to some credit union failures. And he might be able to wrap his mind around his credit union's capital in the corporate being taken to pay for some bad investments made by the corporate credit unions.

But how do you explain to this sweet old gentleman from Cajun country that his credit union is continuing to send money to the corporate credit union with no guarantees that it will not be taken to pay for those same bad investments. And how do you explain that those bad investments- well if it turns out that they are not as big as we thought, we don't get any of the money back.

We have 13,167 Milo Brosettes.

Sincerely,

Cynthia Beauregard
CEO, Heart of Louisiana Federal Credit Union