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Credit Union

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March 4, 2010

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

Dear Ms. Rupp:

Our credit union was deeply affected by the corporate credit union failures in early 2009. We lost almost 500,000 dollars in capital that we had invested, which is no small amount for an institution our size.

I preface this comment letter with the above statement to also tell you that, despite our past loss, we are willing to recapitalize First Carolina Corporate Credit Union if the Proposed Rule for Corporate Credit Unions (12 CFR Part 704) is amended. The proposed rule, in its current form, does not provide for sufficient earnings for our corporate, or any other, for that matter.

It is my belief that the corporate credit union crisis was a product of mismanaged credit risk from sub-prime mortgage bonds and excessive investment sector concentration risk. The proposed rule addresses the above concerns but also goes too far and tackles ALM issues that did not cause this crisis.

I would request that the Board amend the proposed rule to allow for the corporate credit unions to conduct term borrowing when it is done for its own or its members' liquidity purposes. I would also ask the Board to look at the 2-year weighted average life (WAL) of a corporate credit union's investment portfolio. This is much too restrictive as it is written. It is likely that a 3-year WAL will provide the additional flexibility needed and provide for an acceptable level of spread.

We are confident that the NCUA will amend this rule to provide the corporate credit unions with the tools necessary to manage their spreads to a reasonable profit so that they can continue to provide credit unions with the services that they have used for so many years.

Sincerely,

Paul Hughes
President

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