

From: [American United FCU - CEO](#)
To: [Regulatory Comments](#)
Subject: 12 CFR Parts 702, 703, 704, 709 and 747 Corporate Credit Unions Proposed Regulations
Date: Friday, March 05, 2010 3:40:13 PM

March 5, 2010

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

Dear Ms. Rupp:

Please accept my following comments relating to NCUA's request for input relating to possible changes in the Corporate Credit Union structure and proposed Rule 704.

I am the CEO of American United Family of Credit Unions, FCU. We are, a \$68 million community credit union, serving members in Salt Lake County, Utah. We are a family of small embedded SEG Credit Unions that have decided to work together for the common good of our members and shared community. We have sacrificed personal gain, pride and agendas to do what Credit Unions were set up to do: Serve Members not Profit from them! Our combined efforts and united ideas have led to significant change in the way we have operated and in the quality of products and services we can offer our members. This notion that "together we are stronger" has shown to be a proven ideology from which one may reach out to another and grow together more rapidly than if they were apart. This ideology has been at the foundation of Credit Unions as well as their relationship with NCUA and Corporate Credit Unions.

My worry in these proposed regulations is that they lack that very notion. Corporate Credit Unions themselves have publically addressed that they have not had the proper say and cooperation in the formation of these rules. Many have addressed direct opposition to the recent actions of NCUA. All of them say that the proposed rules are a doomsday clock for cooperation with Natural Person Credit Unions.

May I suggest that this current rules process cease and that we not over-react through a sense of risk avoidance. Risk management has long been the advice of NCUA to Credit Unions. Please consider that Credit Unions, Leagues, and CU Associations are advising you to follow the same path in your decisions with the Corporate structure. I share the feelings of so many that ask you to "withdraw the proposal and start fresh" in a proposal process in which we work together for stronger Corporates. I personally believe that leaving Corporates in this proposed model will only further weaken the Credit Union movement and create more systemic risk to the insurance fund.

While I have no ownership interest left in my Corporates. I can't help but feel the same connection to them as our members feel towards the Credit Union. Credit Unions need transparency in the disclosure of the expected plans NCUA has in dealing with the subject

assets that has caused the NCUA to change the regulation. I feel that there were many other avenues NCUA could have tried before capital extinguishment. Getting the Credit Union movement assistance from the Treasury in this unprecedented meltdown should have taken precedence over extinguishment of ownership. This great crevasse that has been generated between NCUA and Credit Unions came about through a similar process of overreaction and not communicating. I strongly criticize NCUA for not following every avenue available by the government to work together with Credit Unions in saving our corporate creation and ownership thereof. Credit Unions have paid a severe price in this meltdown where there were opportunities for NCUA to seek government aid or at least follow all options permitted in GAAP to protect its Credit Unions!

Lastly, I do not claim to have all the answers for the impending problems inherited by NCUA's takeover of corporates, but I do know that by working together we will create a stronger corporate network than working apart. Therefore I recommend, as others have before me, that "the NCUA must provide independent and credible proof that the proposed regulations will work, not only from a mathematical and business model standpoint, but that all assumptions related to the modeling be disclosed and tested individually by [any] corporates", Leagues, CU Associations and Credit Unions. Small to medium sized Credit Unions have MUCH more to lose in the future with this proposed regulation and it is my firm opinion that if we do not take the time to get it right, the NCUA will be left owning a weakened system in which no Credit Union will support with capital as we generally feel it has been previously stolen away by some agenda, subvert opportunity, or risk avoidance measure.

Respectfully,

A handwritten signature in black ink, appearing to read 'Phillip T Patten', with a large, stylized flourish at the end.

Phillip T Patten

President/CEO

American United FCU

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