



March 5, 2010

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

Re: Comments on Proposed Regulation 12 CFR Part 704

Dear Ms. Rupp:

The Maryland & District of Columbia Credit Union Association (MDDCCUA) appreciates this opportunity to comment on the Agency's proposed guidance on its Corporate Credit Union Rule, 12 C.F.R. Part 704. MDDCCUA is a regional trade association serving the needs of over 180 credit unions in Maryland and Washington, D.C., which serve more than 2 million members.

While we believe that essential elements of this proposal are necessary in scope to stabilize the Corporate Credit Union system, the impact will precipitate significant hardships on natural person credit unions that rely on corporate credit unions and have fewer options for service based on scale and cost of operations, thus making the proposal untenable for those credit unions. The proposal is generally inadequate in protecting the assets and services of natural person credit unions. Smaller credit unions in particular, rely on supporting financial services, including forward and return check collection, share draft processing, bill payer services and ACH processing, to name a few.

We urge members of the board to consider other alternatives to these regulations that could promote safety and soundness of corporate credit unions while also affording natural person credit unions with the wholesale priced depository services that allow them to be competitive.

Corporate Governance, § 704.14

The definitions used to prescribe corporate credit unions' board composition are substantially limited and flawed.

In particular, many credit unions may not have the specific position descriptions that are in line with the proposed regulation, but an individual may otherwise have advanced credentials that could contribute to a corporate's success. Of note, this provision would exclude degreed professionals such as attorneys, certified public accountants and others who don't hold the prerequisite credit union title, and whose contributions have proven essential to credit union success.

We strongly recommend that the Board consider language that would permit these individuals to serve.

Disclosure of Executive and Director Compensation, § 704.19

A recent survey of our affiliate credit unions confirms that 77% oppose the public disclosure of salaries for any corporate credit union official. We are further concerned that the board's actions may ultimately bind and inure this same requirement to natural person credit unions.

Permissible Investments

Provisions included within the proposal regarding derivatives are too limited. Corporate credit unions should be able to offer derivatives to help natural person credit unions hedge their risks.

Proposed §704.3 Corporate Credit Union Capital

Area natural person credit unions are driven by their boards to protect member assets to such extent that they most likely will be *unwilling* to continue to place funds in a corporate that will be at risk. The proposed capital restructuring will additionally cause each of the affected corporate to attempt to solicit more of these deposits and their ability to eventually do so is unpredictable. Corporates will be further mandated to substantially change their business model with respect to pricing of depository products and services. These eventual re-pricings will cause natural person credit unions to seek alternatives to the very services that they rely on.

We would also respectfully request that following the publication of these final rules that the Board provide a minimum of 90 days to comply with any final regulations given the hardships that will immediately be mandated.

We appreciate the opportunity to provide our area credit union's input on this matter. Should you need further information concerning the content of this letter, please contact B. Kirk Fox, SVP Regulatory Affairs at 800-492-4206, Extension 301.

Very truly yours,

A handwritten signature in black ink, appearing to read "Michael V. Beall". The signature is written in a cursive, flowing style.

Michael V. Beall, Esq.
President/CEO