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March 2, 2010

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

Dear Ms. Rupp

RE: Proposed Changes to 12 CFR Part 704

I would like to thank NCUA for allowing us the opportunity to comment on the proposed regulatory changes for Corporate Credit Unions. For many of us in the world of natural person credit unions, the specific changes being proposed are very difficult to comprehend, especially since the greater majority of us are not familiar with Part 704 of the Regulation. What is not difficult to comprehend is that NCUA is making it extremely difficult for Corporates to re-establish financial stability, which in the end will negatively impact each and every credit union that heavily rely on their Corporates. I do understand that change is needed to prevent a similar occurrence in the future, but it is my firm belief that the changes proposed by NCUA are too restrictive in nature and will not allow Corporates adequate time and flexibility to achieve NCUA's proposed capital requirements.

While the intent of the proposed ruling has merit, its limitations on the weighted-average lives of corporate balance sheets, the new tests to measure NEV, and the constraints being placed on cash flow mismatches make it nearly impossible for them to attain sufficient spread to start building capital. As the CEO of a natural person credit union, how can I convince myself and my Board that re-capitalizing our Corporate is a sound move when I see the regulator making it so difficult for the Corporate to succeed? My suggestion is that NCUA work with the Corporates to relax some of these limitations by allowing Corporates a more reasonable amount of time to achieve NCUA's capital requirements, and by relaxing stress tests on NEV to allow them more flexibility to achieve adequate spread. Would any of the new measurements that NCUA is proposing have identified the huge amount of credit risk on Corporate balance sheets back in 2007? Please consider the comments of our Corporate, which I fully endorse.

> **We recommend that the time period for achieving the Leverage Ratio be moved to three years to provide an adequate time period to build retained earnings and restructure the balance to adapt to the new regulation.**

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We recommend that the Proposed Rule be amended to a more realistic 100 bps credit spread widening test and a 35% NEV volatility tolerance limit. The tests also include Agency investments which would have no concentration limits in the proposed rule so we recommend no inclusion for credit spread widening tests. There is a significant difference between Agency issued debt and other securities. These securities trade in a very large and liquid market and therefore we recommend using a lower limited shock test of 50% for GSE debt and to scale back the test to the weighted average life of the instrument.

Another area that I feel needs to be re-visited is the proposed limit on indemnification coverage for Boards and Management. This will make it very difficult to attract qualified individuals to serve on the Board or to accept management positions for fear that they will be absorbing way too much personal risk. At a time when qualified individuals are needed the most, this proposal will drive them away. My recommendation is that Corporates be allowed to continue to provide the necessary coverage for directors and management in the same fashion that they currently do.

In addition I do not believe that a six-year term limit for directors will benefit the Corporate or its members. It is my understanding that the Board of our Corporate will turn over in its entirety in less than five years under the new ruling and several of them are relatively new. In light of the difficult times facing Corporates over the next few years, this is not the time to be losing experienced directors just at the point when they are starting to be most effective. A nine or twelve year limit is much more preferable to maintain a degree of experience.

The bottom line is that the Corporate system provides us with the necessary tools to conduct our daily operations. Of paramount importance are the settlement services upon which we all rely for the movement of members' funds. For those credit unions that have excess liquidity, they provide us an outlet to place those funds. For those credit unions that have liquidity needs, they provide us an important source of funding.

As a member of Tricorp FCU, which is the only Corporate that we use and know, I can say without hesitation that they continue to meet our needs and I am sure they will continue to do so in the future if allowed. They have a strong management team and an equally strong Board of Directors elected by us as members, and even more important, all known to us. Please do not let the actions of a few disrupt a system that for all intents and purposes is working well. The unintended consequences for the entire credit union system may be far more costly than working with the Corporates to turn things around.

Again, thank you for allowing us the opportunity to comment.

Sincerely,

Normand R. Dubreuil

Normand R. Dubreuil, CCUE, CCE
President/CEO