March 5, 2010

Delivered via email: regcomments@ncua.gov

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

RE: Proposed Regulation 12CFR Part 704

Dear Ms. Rupp:

Horizons North Credit Union is a credit union located in Northglenn, Colorado, a northern suburb of Denver. We are $67 million in assets with over 8,200 members. Our main field of membership is the 40,000 student Adams 12 Five Star School district. Our credit union is a member and owner of SunCorp Corporate Credit Union.

I appreciate the opportunity to comment on this proposed regulatory change. The economic crisis that has hit our country is one of the worst in our history. It has had extremely negative financial consequences on virtually every citizen, business, and institution nationally. Corporate credit unions were particularly affected in a negative way. What were once termed conservative investments turned into devalued instruments essentially overnight. Since these corporates were owned by natural-person credit unions ("NPCU"), the impact filtered down to them as well. The entire movement was rocked hard by these developments.

I applaud the NCUA for stepping forward and taking steps to prevent events from deteriorating further. The step of guaranteeing NPCU deposits at corporates was particularly helpful, allowing these credit unions to concentrate on the other challenges. Now the stated goals of NCUA with these proposed changes are laudable as well. I believe the NCUA is working hard to preserve the credit union movement and individual credit unions.

However, while I believe that the intentions are good, the proposal put forth is not. Corporate credit unions are essential to the day-to-day operations of the vast majority of NPCU, particularly small to mid-size credit unions. But the business model that has been offered in these Reg 704 changes is unworkable and not viable for the long-term or even the short-term sustainability, let alone success of these organizations.

Many letters have been written by more qualified financial minds that better details the flaws of this plan that I can write. But let me offer the following general bullet points of the problems with the current proposals.

- NCUA cannot say “never again” as it does not influence markets to prevent a global systemic capital markets failure.
- Proposed capital investments don’t allow for potential returns; risk cannot be eliminated but can be managed.
- The business model proposed is fatally flawed. There are major modeling and assumption errors contained therein. While risk has been reduced substantially, there is still a need for major capital injections by NPCU. These capital injections will not be attractive to credit unions due to very limited returns on those investments.
- The net interest income model is seriously flawed because of the choice of inappropriate investment choices, particularly Private Student Loan ABS.
- The regulation ignores the vitally important issue of legacy assets.
- The deposit mix assumption of 30% overnight and 70% term is not workable.

I believe that the proposed regulation was composed with the best of intentions. However, I believe that it is practically unworkable in the current market. My suggestion would be that this plan be scrapped and a new, workable plan is created that will allow corporate credit unions to survive this current economic downturn and thrive in the long term.

Thank you again for opportunity to respond to this proposal. I believe with the intelligent minds in the NCUA and the corporate credit unions themselves, a superior plan can be produced and implemented to the benefit of the entire credit union movement.

Sincerely,

Bradley H. Harvey

Bradley H. Harvey, President/CEO
Horizons North Credit Union

CC: Horizons North Credit Union Board and Management

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