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**Subject:** Comments on Part 704 Corporate Credit Unions  
**Date:** Monday, March 08, 2010 8:06:37 PM

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Date: 03/08/2010

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

Subject: Comments on Part 704 Corporate Credit Unions

Dear Ms. Rupp:

On behalf of Inland Valley FCU, I appreciate the opportunity to comment on NCUA's proposed amendments to Part 704, which would make major revisions regarding corporate credit union capital, investments, asset-liability management, governance, and credit union service organization (CUSO) activities.

I am writing this letter today in regard to the proposed NCUA Regulation 12 CFR Part 704. Inland Valley FCU currently uses Wescorp for numerous transaction and settlement services. Operationally they have allowed us to function as if we were much larger than our \$40 million in assets. The economies of scale achieved through Wescorp have allowed us to provide our members with enhanced services at fair prices.

The proposed regulation as it is currently composed threatens this relationship. I am concerned that corporate credit unions will not be able to create and apply a sustainable business model given the proposed restraints. I ask that you consider the following changes:

- ? Remove penalty for early withdrawals on corporate certificates [704.8(c)]
- ? Revise Net Economic Value (NEV) sensitivity analyses to allow WesCorp to earn sufficient income and retained earnings [704.8(d), (e) & (f)]
- ? Extend weighted average asset life expectations to accommodate both short and long term needs [704.8(h)]
- ? Adjust concentration limits sufficient to allow WesCorp to invest short term liquidity at reasonable rates [704.6(c) & (d)]
- ? Require only truly senior executives and directors to disclose compensation [704.19]
- ? Expand overall limits on business generated from individual credit unions to allow WesCorp to provide reasonably priced short-term liquidity [704.8(k)]
- ? Ensure that WesCorp can find qualified CUSO partners without having the regulations impede that objective [704.11]
- ? Have an independent third party review the retained earnings growth model identified in section [III.D]

One area not addressed is the treatment of legacy assets. Therefore, before any final rule is enacted, I ask that the NCUA reveal its intention regarding these assets. Ideally, corporate credit unions will be given a chance to operate from a clean slate and thus have the ability to provide the services to natural person credit unions as

was once intended.

Reviewing the areas I identified as well as many others identified in the numerous comment letters will help ensure that the final rule enables the corporate credit union system to properly support the natural person credit union system. I am worried that if the current rule is adopted as written, a viable business model that meets all the required tests and achieves the retained earnings milestones is not feasible. Thus credit unions will be forced to obtain services from alternate providers with less competition – an environment that typically leads to increased prices and ultimately less value to millions of credit union members.

Thank your for your consideration to this critical matter.

Sincerely,

Tracy Arroyo