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March 8, 2010

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

Re: Proposed Regulation 12 C.F.R Part 704

This comment letter is written on behalf of the CEO and Board of Directors of Delta Schools Federal Credit Union a federally chartered and insured credit union with 28 million in assets and serving 3650 members of our local educational community and their families. We appreciate the opportunity to give our official comments regarding the proposed ammendments to Part 704. While we believe there are significant changes that need to be made to the corporate system, we do have several concerns. We have full confidence the NCUA will not overreact to our current economic conditions but will utilize this opportunity to take the appropriate action that is needed to finalize a regulation that will support the well-being of the corporate system as well as natural person credit unions.

Currently Delta Schools FCU utilizes Wescorp our corporate for a variety of services:

- Payment processing
- Wire Transfers
- Settlements
- Liquidity
- Investments (when the rates were competitive)
- Education & Market Updates

While the proposed chages are designed to fix the apparent problems in the corporate system, the changes as proposed will have a direct effect on natural person credit unions (NPCUs) in particular what in California we refer to as Shapiro size (under 42 million). With the current changes Shapiro credit unions who utilize the services of our corporates daily and rely on their expertise, will be forced to find other vendors to provide the services they currently receive from Wescorp. The cost, time, energy and resources needed to complete the due diligence required to find a new business partner, not to mention the expertise for these services. We believe will cause a significant disruption in service to our membership. Not to mention it will force credit unions to do more business with the industry that is always trying to destroy our movement (Banking).



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Proposed Changes Which Could Be Detrimental to DSFCU and all NPCUs

Time Period for Capital Ratio Attainment

The one year requirement to attain the risk based capital ratio from the effective date of the regulation at a time when there is significant unresolved issues regarding the legacy assets is unreasonable. Speaking with my board and other credit union executives who as with us lost a 100% of their MCS, PCS and PIC with Wescorp are not ready to invest uninsured funds to recapitalize corporate system while these issues remain unresolved. We would ask that you reconsider the timeline and change the recapitalization to three years from the effective date of the regulation.

Concentration Limits

The regulation as written does not specifically exclude Federal Funds transaction from the sector concentration limits. As a result, corporates would severely limit access to the federal funds market. This would directly affect the corporates ability to offer competitive rates to NPCUs thus directly affecting our credit unions income it receives from our daily accounts.

Corporate Credit Union Service Organization

As a Shapiro size credit union with limited staff we rely on our league association, peers, Wescorp and CUSO's to provide the expertise needed to provide our members with the products and services they demand. Many credit unions are now forming CUSO's and collaborating to continue to offer current and innovative products. Without the ability for the corporates to participate with their expertise it will put a further strain on the credit union industry to stay competitive in todays and tomorrows market place. We do agree that some changes and restrictions are needed, but we have concerns that allowing NCUA full access to the CUSO's operations would make very difficult for our corporate Wescorp to find qualified partners. This could restrict the success of the credit union industry s collaberative business practices moving forward.

Consolidation of Corporate Credit Unions

Delta Schools FCU is in favor of the corporate system being consolidated. We do believe that there is no need for a secondary tier such as US Central. We belive that consolidating based on regional location and services provided would be beneficial to the industry.



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Conclusion

In the current verision of this proposed regulation there are serious issues that need to be addressed before a final regulation can be put into place. As currently written this new regulation will force most of my peers to seek alternative solutions to the corporate system. This will in turn do more to cause negative earnings and continue to expedite the consolidation of NPCUs while impacting the insurance fund. We at Delta Schools Federal Credit Union appreciate the opportunity the Board has given us to comment on this propasal. We urge the Board to seriously consider our requests as well as our peers when making their final decision on this regulation. This regulation will change forever how our industry utilizes the corporate sytem. We are confident the Board will make responsible decisions while finalizing this proposal.

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A handwritten signature in black ink, appearing to read "Robert H. Greaff", written over the word "Sincerley,".

Robert H. Greaff
Chief Executive Officer
Delta Schools FCU