

March 8, 2010

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

Dear Ms Rupp,

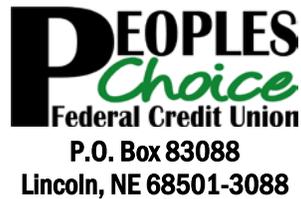
My name is Son Nguyen and I am the Branch Manager for Peoples Choice Federal Credit Union in Lincoln Nebraska. After reviewing the Proposed Regulation, I would like this opportunity to visit with you on some important issues regarding the proposed Regulation 704.

The proposed NCUA Regulation 704 will result in price increases our credit union will have to pay to SunCorp, lower the dividend rates we receive, that in turn will be passed on to our members. Along with the new capital requirements of Regulation 704, we do not believe credit unions will support this business model and as a result, corporate credit unions will cease to exist and credit unions will be forced to find new providers for settlement services, likely from our competitors in the for-profit banking industry.

The Asset Liability Management ("ALM") area of the proposed regulation states that a corporate credit union must have a "sufficient amount of cash to support payment systems" yet "sufficient" is not defined in the proposed Regulation 704. An additional area of concern in this area is the requirement that the borrowing limit will be changed from the *greater* of ten times capital or 50% of capital and shares to the *lesser* of the same accounts. If rapid changes in the market occur as we have experienced in the not to distant past, this funding constraint could not only impact the corporate network, but also have an impact on natural person credit unions who are seeking liquidity from their corporate credit union.

Another area of concern in the ALM portion of proposed Regulation 704 is the limit that borrowing would be restricted to 30 days. This short time frame is very limiting and would be inefficient in certain market conditions. In reviewing an overview of areas addressed by proposed Regulation 704, only one percent was devoted to liquidity issues even though it impacts a critical amount of a corporate and natural person credit union day-to-day viability.

Based upon our services utilized and current account balances, our credit union pays approximately \$25,000 per year in processing charges and spreads on deposits on our



accounts at SunCorp Corporate FCU. In order to meet the new 4% requirement included proposed Regulation 704, it is estimated our credit union would either receive less income and or pay higher fees in the range of \$6,000 to \$12,000 per year to meet the new requirements. As a \$60 Million credit union, this reduction of income or increase in expenses can and does make a difference in our bottom line and overall ROA. In addition to the measurable dollar impact of the proposed regulation, natural person credit unions like ours will likely be required to hire additional staff and incur higher personnel costs to support some of those services previously provided by SunCorp if it ceases to exist.

SunCorp also provides us with no-cost staff training and timely information on many topics including proposed regulations such as NCUA Regulation 704, BSA and OFAC compliance, ACH compliance and audit review, funds transfer security, sessions providing economic updates and investment strategies, check conversions, branch capture options, in addition to other training needed for us to meet our regulatory requirements in addition to serving our members. Without SunCorp, we would have to look elsewhere in the financial services market place for this type of training and assume the cost of this needed training.

I recognize that some changes are necessary with the existing NCUA Regulation 704 and I support these efforts, but on the other hand, I believe there are some inherently significant errors and questions raised by NCUA's modeling techniques used in the proposed regulation.

Thank you very much for your time, consideration and giving me the opportunity to respond to proposed regulation.

Sincerely,

Son Nguyen
Branch Manager

CC. The Honorable Ben Nelson, U.S. Senator
The Honorable Mike Johanns, U.S. Senator
The Honorable Jeff Fortenberry
Board of Directors, Peoples Choice Federal Credit Union

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