CONNECTION
CREDIT UNION

March 8, 2010

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

RE: Comments on Part 704 Corporate Credit Unions

I have worked for Connection Credit Union for the past 28 years and we have always found the services we receive from our Corporate Credit Unions to be of tremendous value. We are a $22 million dollar credit union, and rely heavily on our Corporate, for our liquidity needs, investment options and all our payment services. I do not believe that the for-profit banks care about providing these services to credit unions unless the dollars they expect to receive are significant. As proven over and over again, banks are driven by a totally different philosophy than credit unions.

Credit Unions formed Corporates to meet our financial needs as an alternative to for-profit banking entities, which were charging high fees, paying lower rates, and using those profits to eliminate the Credit Union competition. Credit Union's still need Corporates today as our member-owned, not for profit aggregator to gain economies of scale related to investment, liquidity, and payment systems needs.

One of my fears is that the new restrictions won't allow the Corporates to generate sufficient interest margin to meet their capital requirements. Yes, you can eliminate interest rate risk, but without it you have no margins. I want to invest through my Corporate because their staff has more expertise finding appropriate investments and will give me a fairer price than if I had to go elsewhere. Too much limitation will force the natural person credit union to seek allowable investments at banks and brokerages; many of whom are having survival issues as well. I don't want to have to be forced out of the credit union network and have to work with financial institutions that lobby against credit unions. I agree that the new requirements need to be stricter than in the past but they also need to allow for the Corporates to have a "smart" amount risk.

I don't have specific suggestions on how to best make the corporate network stronger. I have read many of the communications from my credit union colleagues, the state leagues, CUNA, and the corporates themselves and found many good ideas and suggestions. I do want NCUA to know that I am deeply concerned that the proposed changes seem to create an environment that is not sustainable. I don't believe it's possible to basically eliminate interest rate risk, and

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liquidity risk, as well as greatly reducing credit risk, and continue to maintain a healthy and productive financial institution.

I recognize this is not an easy task and do appreciate the NCUA's efforts to find a viable solution. I remain hopeful that the credit union community can continue to work with NCUA to develop prudent regulation to address any weaknesses in the credit union system while allowing flexibility for corporate credit unions to continue as ongoing concerns.

I believe the credit union movement desires a corporate system that will serve our liquidity needs, payment services and investment services well into the future. In order to do that, the proposed rule needs to provide a reasonable operating environment where well managed corporate credit unions can be successful.

I commend NCUA for putting out this comprehensive proposal and I appreciate the opportunity to provide comments.

Sincerely,

Tracy D. Olson

Tracy D. Olson
President/CEO

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