

From: [Richard Rein](#)
To: [Regulatory Comments](#)
Subject: Heritage Credit Union Comments on Part 704 Corporate Credit Unions
Date: Monday, March 08, 2010 5:26:23 PM

National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Re: NCUA Proposed Regulation 704

To Whom It May Concern

On behalf of the Board of Directors, the management and staff, and, especially, the nearly 2,300 members of Heritage Credit Union, we appreciate being given the opportunity to comment on proposed Corporate Credit Union Regulation, Part 704.

We understand the sincerity and concern with which this regulation was crafted and appreciate that there is an effort to provide closer and more effective oversight of corporate credit union operations and investment activity. At the same time, we have well founded concerns about how this regulation, in total, would affect our ability to continue providing competitive products and services to our members. If competitively priced investment options and other valuable needed services now provided by corporate credit unions are no longer available to us because they are limited by regulations in their ability to continue providing them, we are faced with having to obtain them in other venues most likely at higher costs that will have to be passed on to our members.

As we understand the current proposal, corporate credit unions would be severely restricted by investment valuations, asset valuations and depositor concentration limitations. The net effect of these and other restrictions in the proposal would effectively eliminate corporate credit unions from being a viable source for liquidity and other valuable services we now obtain from them. While the proposed regulation would most definitely ensure a more safe and sound corporate structure, we and other natural person credit unions would be driven to banks and commercial entities for necessary liquidity and services. It is questionable that those needs would be offered competitively to small and moderately sized credit unions. It seems to us that reasonable safe and sound operations objectives can and should be accomplished with less restrictive regulatory burden.

We at Heritage Credit Union readily admit we do not possess the level of expertise necessary to make specific recommendations to remedy our significant concerns; however, we're hopeful that NCUA will recognize a significant threat to natural person credit union survival definitely exists in the absence of valuable corporate products and services now provided.

We appreciate NCUA and its valuable service to the credit union industry as well as providing us the opportunity to comment on this proposed regulation.

Sincerely,



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