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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

Dear Ms. Rupp:

This comment letter represents the official position of the Board of Directors and the Chief Executive Officer of Antioch Community Federal Credit Union in regards to the proposed Regulation 12 C.F.R. Part 704. Antioch Community Federal Credit Union is a community-chartered federally insured credit union located in Northern California serving 1931 members with \$26 million in assets.

We appreciate the opportunity to comment on the NCUA Board of Directors proposed changes. We are in agreement that changes to the existing regulations are a necessity to improve and strengthen the corporate credit union system. However, we are concerned with the impact of the current proposed regulations on the corporate credit unions that will directly affect natural person credit unions, especially those of Shapiro size who depend on the corporate credit unions to provide a variety of services at low to moderate costs.

Currently, Antioch Community Federal Credit Union utilizes our corporate credit union for the following services:

- Payment processing
- Share draft processing
- Electronic transaction processing and settlement
- Wire transfers
- Liquidity (line of credit)
- Investments
- Education and training

If the proposed regulations are finalized in their current state, it is our belief there will likely be a serious disruption to the services provided to us which directly affects our membership. Our corporate credit union plays a vital role in the day-to-day operation at Antioch Community Federal Credit Union. The impact to our credit union could prove extremely costly especially if we are forced to seek service providers from outside the credit union industry.

Our concerns on selected portions of the proposed regulations are as follows:

Time Period for Capital Ratio Attainment

Requiring the corporates to attain the risk based capital ratio within one year from the effective date of the regulation would prove extremely detrimental to the natural person credit unions, especially those members of WesCorp, as we are still struggling to recover from the 100% loss of both PIC and MCA in 2009. We do expect to recapitalize our corporate credit union, however depositing additional uninsured funds at a time when issues remain unsolved in regards to the existing legacy assets is something our Board as well as myself are not willing to do. We ask you to reconsider this issue and allow the corporates a minimum of three years from the effective date of the regulation to attain their risk based capital ratio.

Concentration Limits

The regulation as proposed would severely limit the access corporate credit unions have to the federal funds market. This will negatively affect the rates corporates could pay on overnight funds. Currently, Antioch Community Federal Credit Union realizes a great benefit from our corporate in having the ability to keep short-term funds earning competitive rates.

Corporate Credit Union Service Organization

As a Shapiro sized credit union (under \$42 million in assets), we are challenged to be able to maintain a staff with the expertise needed for compliance, technology, lending and every facet needed to offer a full service financial institution to our membership. Therefore we must rely on peers and colleagues as well as services offered through CUSO's. Allowing corporate credit unions to partner with CUSO's not only increases the value of the expertise in that CUSO, it also allows for reduced pricing to natural person credit unions. We do agree some restrictions on CUSO investments relative to the risk the CUSO poses to the corporate is necessary, however allowing NCUA full access to the books, records, operations and software on all CUSO's would make it extremely difficult for the corporate to find qualified CUSO partners. Again, this could be very detrimental to the natural person credit unions including but not limited to increased costs to our members and/or elimination of services to our members.

Consolidation of Corporate Credit Unions

We believe gaining economies of scale is important to keeping costs down especially relating to the payment systems and other services; however, we feel modest consolidation of the corporate credit unions could prove beneficial to the entire credit union system.

In conclusion, we appreciate the NCUA's efforts to establish a regulatory framework to ensure the safety and soundness of the corporate credit unions in turn limiting/eliminating any future risks/losses to the natural person credit unions. We feel it is very important for the NCUA to recognize the tremendous value our corporate credit unions have added to the credit union industry over the years. We feel the proposed regulations, in their current state, will create serious issues to the corporate credit unions, which will directly affect the natural person credit unions.

We appreciate the opportunity to respond to the proposed regulations. Thank you for your consideration of our opinions and views.

Sincerely,



Anna S. Tellez
President/ CEO
Antioch Community Federal Credit Union