Educational Community CREDIT UNION

March 8, 2010

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

Subject: Steve Wassing-Comments on Part 704 Corporate Credit Unions

Dear Ms. Rupp:

Educational Community Credit Union (ECCU) is a small credit union ($40 M in Assets) and we depend heavily on Missouri Corporate Credit Union (MCCU) and ONLY ON MCCU for all our member transaction clearings and most of our short-term investment services. Without MCCU we will be forced to depend more heavily on banks and brokerage houses for these services because I have no desire to support a marginal corporate. I much prefer the current service level from my corporate. That being said it appears that NCUA would be trading controllable risk (all corporates are currently under NCUA's review) for non-controllable risk (Banks-FDIC, Brokerage-SEC).

The NCUA Board has drafted significant regulations to control risk at the nation's corporate credit unions. MCCU has responded with more knowledge and detail than I am capable of doing. After reading their summary, I gladly signed on to their nine page response. Please take it as a valid review of the pluses and minuses of your proposed regulation. It is truly sad that they must defend themselves for doing the right things for the past 30 plus years to control risk. They relied on US Central Federal Credit Union's (USC) financial soundness and expertise which was based largely on knowing how heavily it was audited by third party firms, and monitored/regulated by NCUA (full-time NCUA examiner on site). I now doubt your ability to react as quickly and independently as the marketplace requires. Controlling some risk can be a good thing, controlling all risk I believe will be fatal to all corporate credit unions and eventually damage all natural person credit unions.

> In The Wall Street Journal article of March 8, 2010, Battle Inside Fed Rages Over Bank Regulation, the "Fed is said to be redefining its role" and I would say that most likely other Federal Regulator (NCUA) will follow suite. The article went on to state: "Though partly a turf war, the fight over-and within-the Fed is much more than that. It is part of a broad battle over how America's financial system should be regulated, still unresolved 18 months after it stood at the brink…The effort will influence how financial firms interact with the public, who decides how much risk they can take and ultimately how profitable they are. At stake, beyond that, are the Fed's effectiveness in guiding the economy toward low unemployment and low inflation, and America's ability to avoid financial crises in the

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future...Before 2008, regulators and Wall Street had convinced themselves that a quarter-century of financial innovation had made the system safer by dispersing risk; responsibility was best left in the hands of banks' risk managers rather than regulators. Today, a new mind-set prevails in many quarters, including the Fed. It now is guiding commercial banks on everything from how to pay employees to how to adjust for risks in areas like commercial real estate and constructions loans...We have been conducting intensive self-examination of our regulatory and supervisory responsibilities and have been actively implementing improvements, Mr. Bernanke said last month, in a plea to lawmakers to preserve the Fed's powers."

I am sure your intentions are to control only the bad risk in the marketplace. Therefore, I foresee USC being overregulated and unable to compete now and in the future. The loss of the corporate network will accomplish two things rather quickly:

- Make the NCUSIF Fund temporarily stronger because of less risk
- Make all credit unions (mostly big credit union's) less profitable because of less risk, thereby reducing capital growth
- Reduced capital growth will hamper future member and savings growth
- That will lead to the NCUSIF Fund being more vulnerable to credit union failures as smaller credit unions are merged with larger credit unions until only the larger credit unions are left. At that point their failure would jeopardize the fund.

I have dealt with MCCU for the past 30 years and I remember what it was like before MCCU was organized to serve credit unions. It was a patch work of various banks providing this or that, but never a tailored service that was both member friendly and staff efficient. MCCU has been exceptionally helpful and accurate over the years and that has allowed ECCU to operate with consistent member service and improved staff efficiency. Furthermore, as the products my members demand continue to evolve, the expense of providing those products maybe prohibitive. We heavily utilize our league and our corporate to help produce these products at minimum cost.

Please remember that the corporates were not in and of themselves the problem. It was a much larger system failure. It was not a bicycle wreck (representing individual credit union) or a car wreck (representing corporates) or a bus wreck (representing banks) that caused the losses and almost brought down the nations financial systems. It was a 3000 mile elevated road that stretched from coast-to-coast road that all financial institutions were traveling at the time that collapsed. We need to learn from our mistakes and begin rebuilding. It is just going to take time to grow back the member confidence and much needed reserves that have been lost.

I hope and pray that my comments, along with those of other credit unions will assist you in improving the current system. My ultimate hope is that the new regulations will provide for a safe and democratic solution for all parties.

Sincerely,

Steve Wansing

Steve Wansing
ECCU President

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