



March 8, 2010

Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428
Fax: 703-518-6319

Dear Members of the Board:

RE: Comments on the Proposed Revisions to Part 704

I would like to comment on behalf of myself and the Board of Directors of Holy Rosary Credit Union on the proposed revisions to Part 704. We are concerned that some of the guidelines set forth in the proposed revisions will have a negative impact on the entire credit union movement. Following are some general thoughts and observations we would like to share with you.

We are told by experts in the field that your model for building capital is based on faulty assumptions. Your desire to increase capital at the rate you are proposing is impossible, especially with today's economy and regulatory changes. While we will be working to add funds to the National Share Insurance Fund, you are also requesting the recapitalization of corporates. The credit union movement is strong because we have cared about people above profit. We can only rebuild so fast without doing a disservice to and alienating those we serve by demanding too high of earnings.

There have been comments from leadership of NCUA that there are "too many corporates." The inference is that we need to consolidate corporate operations. It seems to us that it was the big corporates that had the biggest problems. Our Missouri Corporate Credit Union tells me that efficiency studies show that they operate as efficiently as some of the larger corporates. Our concern is that the next drive will be to eliminate natural person credit unions because you believe there are too many and some are too small.

The strength of the credit union movement is in the common bond. We have done mighty things because we cooperated and worked together. We have been able to change lives because of people joining forces within their common bonds. Please don't decide for the credit unions of Missouri, or other states, that they don't need their common bond credit union.

We are at a crossroads in the credit union movement. We know we need to have a safe and sound share insurance fund and structure for corporates. However, if this model is based too much on theoretical risk analysis, potentially flawed mathematical calculations from persons who have never worked in a credit union, and basic fear, then it could fatally harm the movement. If our forerunners had conducted business in this fashion, the credit union movement would not exist today.

This summer Congress over-regulated with portions of the Credit Card Act. We do not believe that NCUA should follow the same path. All the regulation in the world won't solve any problems we face, especially if those regulations are flawed, overly complex and restrictive. (Please see the longer letters of some of our peers for more details on the errors in the proposed revisions.)



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Let us all use our highest character and best selves to build strong corporates and strong credit unions. We encourage you to move out with positive faith in the basic cooperative tenants of the credit union movement and the ability of people to build strong organizations instead of overreacting in regulatory fear. Please allow positive reconstruction by not over regulating and placing unrealistic demands which go against the basic philosophies of the credit union movement.

Sincerely,

Carole Wight, President
Holy Rosary Credit Union