



Educational
CREDIT UNION

March 4, 2010

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

RE: Comments on Proposed Regulation 12 CFR Part 704

Dear Ms. Rupp:

We appreciate very much the opportunity to provide comments and information to the NCUA Board regarding the proposed revisions to the regulations that govern corporate credit unions. While the proposed regulation is directed at the Corporate Credit Union Network, this regulation will also affect nearly every natural person credit union as well.

Educational Credit Union is \$130 million in assets and located in Topeka, Kansas. We are long time members of Kansas Corporate Credit Union, and rely heavily on them as a strategic partner that provides at least 20 products and services to our credit union and/or directly to our members. Because we rely so heavily on Kansas Corporate, some of the proposed revisions may have a significant impact to us, and also to our members. If we are forced to seek alternatives to present products or services, it may in turn result in higher costs and the potential for providers to come from outside of the credit union system, where they would have far less interest or concern in our success.

The board and management of Educational Credit Union believe that the corporate system plays a very important role for credit unions, and that significant changes in the new corporate regulation should be very carefully weighed and considered. Kansas Corporate has done an excellent job in the past of responding to the needs and desires of credit unions, either by developing solutions in-house or by utilizing strategic partnerships as appropriate. We fear that major changes or limitations placed on corporate credit unions could erode this successful service and performance that we've benefitted from in the past.

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In reference to a few of the specific changes and components in the proposed regulation, we believe the following:

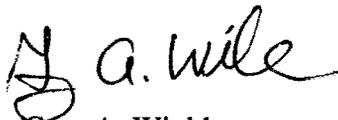
1. We are concerned that the capital levels required in the regulation may be too strict to obtain, especially in the current economic and interest rate climate. Most of the corporate credit unions now have little or no remaining capital, and they can essentially only build reserves through net income generated primarily by investments, not loans. The capital requirements would likely be much more attainable with slight extensions in the time frames required to meet the leverage ratio and retained earnings requirements.
2. Our credit union also believes that the proposed term limits in the new regulation should be extended, or removed entirely. We experimented with term limits on our own board of directors, and have since removed the requirement from our board policies after finding that turnover occurred naturally and frequently enough to generate sufficient "new blood" without forcing the issue. In addition, a corporate credit union has a significantly different operating structure than a natural person credit union, and longer terms on the board may provide additional knowledge, guidance and leadership that should certainly be advantageous.
3. Our board and management are disappointed that the proposed new regulation doesn't provide any mechanism for replenishment of member contributed capital. However likely this may or may not be, NCUA should include in the regulation the requirement for return of capital back to existing capital holders if actual losses on investments are less than projected and a corporate credit union meets all regulatory capital requirements.

We appreciate the opportunity to comment on the proposed regulation, primarily because Educational Credit Union views Kansas Corporate Credit Union as a strategic business partner. Corporate credit unions have made great strides in reducing dependence by credit unions on their everyday bank competitors down the street, and we want to make sure that overreaching regulation doesn't force them right back into the same situation. And, with the current upheaval in the financial marketplace, it might be nearly impossible for credit unions to replace many of the services now provided by their corporate credit union, resulting in significant harm to many credit unions.

In summary, we believe that NCUA has put a great deal of diligence and thought into the more than 250 page document. It is a strong regulation in its current form, and with just a few minor changes can be an even better document as corporate credit unions serve the industry into the future.

Thank you again for the opportunity to provide comment on the proposed revisions to regulation 704.

Sincerely,



Greg A. Winkler
President/CEO