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David J. Wright, CEO
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Ms. Mary Rupp, Secretary
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

Dear Ms. Rupp

The following will serve as comments from my credit union regarding Part 704 for Corporate Federal Credit Unions.

I have been with my Credit Union for 34 years. Never, in those 34 years, has there been a time when credit unions were in as much peril as they are today. The losses already incurred as a result of the collapse of the mortgage markets trickling down to my income statement dwarf any losses that I can remember. And just thinking about the potential losses sends shivers up and down my spine. The losses incurred and the potential losses threaten to change the credit union landscape forever. There will be many credit unions and most corporates that will not survive this economic downturn.

I sat on the Board of Directors of South Dakota Corporate Federal Credit Union and even served as chairman of the board for one term. Our Credit Union was the very first credit union in South Dakota to deposit our capital shares in the Corporate. It was painful beyond belief for me to tell my Board of Directors that we had to charge off our capital shares in Members United Corporate FCU.

NCUA has proposed many sweeping changes to the Corporate system. There is no doubt in my mind that there needs to be a massive overhaul of the Corporate System. To the extent possible, rules and regulations should be put in place that will virtually eliminate the possibility of this or any similar disaster happening again.

How did we get to this point? I believe it is vitally important to understand this or as they say we will be destined to have it happen again. I believe there are several main factors that contributed to credit unions arriving at the place they are today.

First. Corporate Credit Unions thought they had to get big. They thought they had to offer every service imaginable to their members. Many of the services they offered were already being provided by other sectors of the credit union industry. They thought they had to pay the highest rates on investments and they took unsustainable risks in the process. They forgot why Corporate Credit Unions were formed in the first place. i.e. they were formed to provide their members with access to check and ACH processing, overnight funding and short term liquidity.

I recently attended a town hall meeting put on by one of my corporates where they told us that they had 24 financial services. Too many services are thinly disguised seminars that are really golf outings. It is time to put the golf clubs away and get back to basics.

I do not support the idea of a single corporate. It gives credit unions no door to exit if they don't like the way their corporate is being run. Further more, locking credit unions into 5 years with their capital also makes it difficult to vote with your feet if you don't like the actions of a corporate. I fully understand the idea behind the 5 year rule, but it really doesn't give credit unions the control that they need to be able to "vote" in a meaningful way.

I have no magic number for the number of Corporates that should exist, but it should be more than 1 and probably less than 25.

Second. Some corporates have operated under the philosophy that they had to return EVERYTHING to their members. This is STUPID. Corporate Credit Unions need to make money. There were those who believed that they were helping the so called "movement" with such strategies. Corporates and credit unions in general need to understand that "not for profit", doesn't mean loosing money. It means that the focus is on providing SUSTAINABLE financial service to the member whether that is a person or a credit union.

We have all heard time and again the phrase "Credit unions: people helping people". Every time I hear that phrase I correct the source with this: "Credit unions; people helping people TO HELP

THEMSELVES". In the case of the Corporates, it should be "Corporate Credit Unions; credit unions helping credit unions to help themselves". There is no free lunch. Corporates and credit unions all need to realize that making money and providing for the long term survivability of the credit union is not bad. It is a good thing and something to be promoted across our industry. I feel that if this had been at least part of our collective thinking over the past 10 years, this crisis, while it might not have been averted, would certainly be less severe than it is today.

I do support NCUA's proposal for the Corporate Board of Directors when it comes to Board members coming from credit unions and not trade organizations.

I do feel that NCUA has to apply some basic tests to the rules that they are proposing to see if they are allowing Corporates to make money. Credit unions for their part are going to have to get used to actually paying for the services they use from their corporates.

I see that some of the comment letters are dozens of pages long. While I suppose I could comment on more of the proposed specifics I believe that many of the subjects that are proposed are really mute at this point in time. I say that because no details have been released on the disposition of the toxic, now legacy assets. (I am sure someone renamed them so they wouldn't sound so bad, but maybe that is part of the problem. Changing the name won't make them go away.) They must be dealt with.

I feel that NCUA has to announce the disposition of the legacy assets and let the ramifications of the disposition settle in. One can only imagine different scenarios on the disposition of those legacy assets today. But until something concrete is decided I feel that the majority of the proposals are really just conjecture. With the disposition of the legacy assets decided I believe that the "fog" will be lifted and allow all concerned to think, decide and dream in a much clearer manner. I am not saying that deciding on a course of action for the legacy assets will instantly make things better, like mother kissing a child with hurt feelings, but I believe that deciding on a course of action will change the possibilities of what can and should be done in the future. These assets and their ultimate disposition could affect credit unions for a decade or more to come.

I believe NCUA should announce their decision on the disposition of the legacy assets and then reopen the comment period and possibly even start the entire process over.

Sincerely

/s/

David J. Wright
Chief Executive Officer

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