

From: [Billy Byrd](#)
To: [Regulatory Comments](#)
Subject: Corporate Comments
Date: Tuesday, March 09, 2010 3:35:09 PM

Comments on Proposed Regulation 704

1. Extinguishment of Capital - Any recoveries received on bonds that were written down and impacted capital owners should be returned to the capital owners.
2. Liquidity - 30 day maximum borrowing term - A 30 days limit would negatively impact a corporate credit unions ability to meet member demands for borrowing.
3. 2-year Weighted Average Life (WAL) portfolio limit - A three year WAL limit for the corporate portfolio would allow more flexibility in managing its target range of two years. It is logical to base the calculation methodology on 12-month average assets. This would take a seasonal cash flows into account.
4. Spread widening test - 3 month mismatch target - The spread widening test should not include securities that do not carry a credit risk.
5. Callability of Perpetual Contributed Capital (PCC) - If a corporate credit union exceeds the minimum capital ratio requirements, the board of directors should have the authority to redeem/call PCC at its discretion.
6. Term Certificate redemptions - The corporate should have the ability to share market gains with its members from the early redemption of a term certificate.
7. Sole discretion of OCCU director to require higher capital - The NCUA should not be able to subjectively determine alternative minimum capital standards.
8. Single obligor limit for overnight/fed funds transactions - It would not make sense to require corporate credit unions to have funds split between several institutions. It would be much more practical to allow them to deposit 100-200% of capital but put strict requirements on the financial institution's creditworthiness.
9. Director term limits - We are much more concerned with the qualifications of the directors than we are with two 3-year terms versus three 3-year terms.
10. Effective phase-in timeline for entire new regulatory guidelines - There needs to be a reasonable amount of time given to allow for compliance with any new rule.

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