From: Elaine Hungerpiller
To: _Regulatory Comments
Subject: Elaine Hungerpiller"s Comments on Part 704 Corporate CreditUnions
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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 holders.

2. Liquidity - 30 day maximum borrowing term

The 30 day limit would not allow a corporate credit union to match a term loan request from a member credit union and would negatively impact its interest rate risk. The borrowing term to meet the needs of a corporate or its members should not be limited.

3. 2 Year Weighted Average Life 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 seasonal cash flows into account.

4. Spread Widening Test

The spread widening test should not include securities that do not carry a credit risk.

5. Callability of Perpetual Contributed Capital

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

Corporates should be able to share market gains related to the early redemptions of term certificates with its members as long as the corporate can or would experience a market gain on the sale of its offsetting asset.

7. Sole Discretion of OCCU Director to Require Higher Capital

Member Credit Unions need to be able to evaluate the condition of their corporate. 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 dozen institutions. It would be more practical to allow them to deposit 100 - 200% of capital, but put strict requirements on the financial institutions creditworthiness.

9. Director Term Limits

We are much more concerned with the qualifications of the directors than we are with two three year terms versus three 3 year terms. If the terms are to be limited to two three year terms, the timing of the terms should begin with the changes made to the Regulation.

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 rules.

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