



## MONROE TELCO FEDERAL CREDIT UNION

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March 9, 2010

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

RE: Proposed Corporate Credit Union Regulation 704

Dear Ms. Rugg,

On behalf of the management and Board of Directors of Monroe Telco Federal Credit Union thank you for the opportunity to comment on the proposed corporate credit union Regulation 704.

Monroe Telco Federal Credit union assets are currently \$31,634 million, and we serve 6050 members. We have approximately 75 select employee groups. We are members of Southwest Corporate Federal Credit Union and Louisiana Corporate Credit Union.

The proposed NCUA Regulation Part 704 contains some beneficial changes, but the Regulation also contains several changes which left unchanged in the final rule, will significantly limit the value that corporates will be able to provide and therefore is not in the best interests of the credit union system. It would be in our credit union's best interest to have a corporate credit union that provides some investment alternatives, liquidity assistance and certain clearing/settlement services.

In regards to investments, our credit union would like to invest through our corporate because the corporate staff has the most expertise finding appropriate investments, and the corporate will give a fairer price than the banks or brokerages. We recommend that NCUA require more capital, change the rate shock to 100bps rate shock and increase the NEV volatility limit to 30%. These requirements are stricter than past practice but allows for the Corporates to have a *smart* amount of interest rate risk.

Our credit union utilizes many services through the corporate credit unions. The corporates understand credit unions and it would be very detrimental to our credit union, if we did not receive services from the corporate. This past year our local bank discontinued our vault services and in less than thirty days Southwest Corporate had our credit union set up with vault services. This is the type of exceptional service that we receive from the Corporate credit unions.

There are some good proposals in these regulations in its current state, including: raising the capital requirements for entities with higher investment risks; reducing the use of short-term funding to finance long term assets; and improving the portfolio diversification. These provisions should remain. However, there are also serious issues that must be addressed. Any one of the rules on its own could cause a major change in the operations of our corporate credit unions and threaten the ability of the corporates to offer affordable correspondent services that our credit union depends upon.

We ask that you please consider our comments carefully to ensure a safe and sound Corporate credit union, while providing our credit union with financial services necessary to survive. We would urge you to consider the withdrawal of this proposed version and rewrite the regulation.

Again, thank you for providing us with the opportunity to send comments on the proposed regulation,

Sincerely yours,

A handwritten signature in black ink, appearing to read "Patricia Morris". The signature is written in a cursive, flowing style.

Patricia Morris  
President/CEO