From:	Bob Peterson
To:	_Regulatory Comments
Subject:	Bob Peterson Comments on Part 704 Corporate Credit Unions
Date:	Tuesday, March 09, 2010 10:31:51 AM

March 9, 2010

For the NCUA:

I write to express deep concern about the proposed sweeping changes in the corporate credit union structure. I represent a relatively small credit union where we work tirelessly to maintain a strong financial position while serving our members' financial needs. The corporate structure has always provided necessary support for those activities, but we believe that support to be now seriously threatened by these proposed changes.

Our specific concerns are as follows:

- The loss of key services like cash management and liquidity provisioning would be very hurtful for us. We suspect that with the proposed changes, the expenses associated with those services will become onerous, limiting our ability to provide new or expanded services, and threatening our ability to continue providing existing services to our members. In the worst case, we could become dependent on banking institutions to acquire key services, thereby creating or perpetuating inherent conflicts of interest and competitive disadvantage.

- If recapitalization of the corporates system is required, our financial position will be damaged once again. This would prompt us to consider leaving the corporate network and search for support elsewhere. That would entail working with entities that probably do not understand our needs as well as our corporate does, and that situation would be challenge us from and operational perspective. We perceive that use of alternative service resources would probably be more expensive for smaller credit unions, thereby weakening the credit union system as a whole.

- Recapitalizing the corporate is a prudent undertaking, but the timeframes being suggested are fundamentally impractical. It would decimate scores of credit unions that no longer have the capital to contribute to their corporates. The solution is in extending the recapitalization effort over a longer period of time – perhaps 7-10 years. This would enable recapitalization while ensuring the survival of smaller institutions or at least providing time to pursue alternative courses. Our board would almost certainly opt for using other forms of operational and financial support.

- The provision for a 300 bp shock test in Part 704 is patently unrealistic. It implies an environmental change that is highly improbable, but in its use is hurtful to the financial welfare of the corporates. We believe a shock of 100 bp is much more realistic and would allow more latitude in how the corporate credit unions plan and execute financial strategies.

- The specter of early withdrawal penalties in our corporate is already causing us to look outside the corporate system for longer-term investment alternatives. With increasing pressure on our lending operation, investments are much more critical to us, and we will need to consider all alternatives to maximize our performance in that area. Early withdrawal penalties will very possibly drive us from our current providers to others that can provide us with more flexibility (liquidity) in our portfolio management.

We consider these proposed changes to be crucial to the credit union system as a whole, not just to the corporate structure. We should not try to fix corporate by jeopardizing the other components of a still-workable network/system. The current proposals will have that effect.

Sincerely,

Bob Peterson,CEO
One Source FCU

Bob Peterson, CCUE, CFSP
President & CEO
One Source FCU
Direct: 915-791-4601
