PREMIER Credit Union

In Your Best Interest, Always.

CREDIT UNIONS

March 9, 2010

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

Dear Ms. Rupp:

We appreciate the opportunity to respond to the proposed CCS regulation. The issue is central to the future success of everyone involved in the credit union movement.

RESPONSE TO PROPOSED REGULATION

1. The NCUA proposal to recapitalize CCUs is not a viable option until the matter of the legacy assets is first addressed. We cannot consider making additional investment in any CCU until this millstone is removed. We have lost considerable funds from investments in CCUs and cannot propose additional investment when almost all of the CCUs have a negative net worth when using FMV for all of their investments. Without legacy asset relief, we question whether many of the CCUs can truly be considered "going concerns" for accounting purposes.

2. If we are to invest again in any CCU, we must have the ability to share any increase in value of our shares to the extent of future losses. The down only regulation approach must be changed.

3. When both of the above conditions are met, we would still not invest in a CCU under the current NCUA proposal. We concur with the many responses that clearly indicate that the current proposal would not work. It is very unlikely that any CCU would be able to meet all the conditions in the proposal. We must manage risk and this far exceeds our tolerance level. In discussions with other credit unions, this was a common conclusion.

The NCUA proposal was written with the good intent of protecting the NCUSIF. Reducing investment concentration and interest rate risks while increasing capitalization requirements are steps in the right direction. Other proposals, such as director terms, credentials, and insurance coverage are very questionable and arbitrary.

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REASONS FOR CURRENT SITUATION

The reasons for our CCU industry dilemma are only relevant to the extent needed to avoid repeating the same errors. Many of the causes were external to our industry. What was internal and must not happen again are the following.

1. NCUA did not do a good enough job of monitoring and limiting the risks taken by CCUs.

2. The various industry advocates were too successful in keeping capital requirements low while at the same time getting authorization for additional riskier investment powers for CCUs.

3. CCUs grew in complexity, risk, and size without commensurate growth in capital.

4. Natural person credit unions pressed CCUs to compete against other CCUs to offer returns on investments and lower fees that squeezed the CCUs' returns.

So NCUA, our national and state organizations, the CCUs, and NPCUs all have some culpability. Each sought to do the right thing for its own constituency. There was no malice.

COOPERATIVE MOVEMENT NEW CCU MODEL

The CUNA CCU Task Force said, "the existing corporate business model no longer serves natural person credit unions well and is no longer viable." We concur. The Task Force went on to outline a new model. Members United Corporate FCU's response also reflected the need for a new model. There were many similarities in the two proposals and could serve as a starting point for a new beginning.

We started as a cooperative movement. We must act as one again. The current NCUA proposal should be dropped. All interested parties, NCUA, the national and state organizations, CCUs, and NPCU should come together, not as competitors each seeking to maximize their own particular interest, but as members of a national cooperative movement in crisis to propose a new corporate business model that will serve all elements of our industry. We do not need to rush through a regulatory proposal this year. We need to have an industry answer that will position us to thrive for the next century.

James A. Roche
CEO

Steve J. Stephens
EVP & CFO

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