From: Pam Woodard
To: _Regulatory Comments
Cc: Rod Taylor
Subject: Rod Taylor Comments on Part 704 Corporate Credit Unions
Date: Tuesday, March 09, 2010 5:00:05 PM

The NCUA has explained that the future of Corporate credit unions will depend upon the willingness of natural person credit unions to participate in and re-capitalize the network. We take our losses of membership capital very seriously but at the same time we recognize that the corporate credit union network, through its full range of loans, investments, deposits, and other services at very reasonable prices, has been a big part of our success. We are afraid that absent the CCU network we would be subject to competitive pressure from banks if they controlled this critical part of our business. CCU's have been a big part of the strength of the movement as a whole.

One concern with the proposed rules has to do with the absence of a plan for the resolution of the so called "legacy assets". It is difficult to understand the risk of recapitalization without a clear understanding of how these assets would be resolved and how their resolution would affect future invested capital.

In terms of the regulations, certainly some adjustment to the regulations is necessary but parts of the proposed rule, such as the NEV requirements and the WAL requirements, would seem to be so limiting as to essentially eliminate the corporate's ability to expose themselves to anything beyond very short term assets and funding sources at favorable rates.

It would seem that this would have the effect of forcing NPCU's elsewhere for investments and borrowings. It would also put pressure to seek higher yield at the NPCU level where it could not be monitored as easily and where the expertise may not be available to understand the added risk. Ultimately this could place more risk on the insurance fund than that posed by the corporates.

It also seems that this loss of yield from longer term asset and liability matching would ultimately cause an increase in fees for other services such as payment services. We have enjoyed a long relationship with our corporate and have been very pleased with these services. Part of the favorable pricing of these services is a result of investment yield from these longer term activities which would be eliminated.

In essence we feel that the intention to reduce risk and make the recapitalization decision easier for natural person credit unions is correct. However, if the rules are too restrictive they will eliminate the ability of the network to attract business or new capital investment. This ultimately impacts natural person credit unions' ability to be a competitive alternative for financial services long-term.

In summary,

We believe the Corporate Credit Union Network is a crucial part of the movement's past and future.

We believe that it is difficult to make a recapitalization decision without a resolution of the

Legacy Assets question.

We feel that the proposed rules are so restrictive as to threaten the competitive viability of the corporate network which also impacts the NPCU's recapitalization decisions.

Sincerely,

Rod Taylor

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