MISSOURI CREDIT UNION ASSOCIATION

May 24, 2010

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

RE: Comments on Proposed Rule on Part 742, Regulatory Flexibility Program

Dear Ms Rupp:

On behalf of Missouri's credit unions, thank you for the opportunity to comment on the proposed changes to the rule regarding National Credit Union Administration (NCUA) regulation, Part 742, Regulatory Flexibility Program.

It is understood that in the current economic climate NCUA has expressed greater concern over investments, business loans, and fixed assets of federal credit unions. However, we feel that the current rule provides NCUA with the flexibility through the examination process to address these concerns through their power to revoke the RegFlex status for substantial and documented safety and soundness findings. Our view is that well-managed and well-capitalized credit unions should continue to be provided the relief from the increased regulatory burdens inhibiting their ability to have a progressive operating environment that positions them competitively in the financial services marketplace.

Fixed Assets

We believe that qualified credit unions should be able to seek an exemption of the 5% limit based upon a sound business plan that outlines their growth and community outreach strategies. It is proven that consumers choose to do their financial transactions within a 3-mile radius of where they live or work, depending on their preference. Inhibiting the ability of well-managed and well-capitalized credit unions to implement sound growth strategies supported by a sound business plan is counter to expanding the awareness and presence of credit unions and providing convenience for their members and potential members.

Investment Authority & Stress Testing of Securities

We certainly understand the NCUA concerns in regard to the investment authority practiced by credit unions in a post-meltdown recessionary economy; however, we believe that an alternative to eliminating this authority is modifying the delegation of such authority to a lesser percentage of net worth, such as 80%. We also believe that investment advice from *qualified* investment advisors is even more critical in the current economic and rate environment. Therefore, we suggest that to address this concern that specific criteria and qualification guidance for advisors be established by NCUA that will address NCUA concerns and give the Agency comfort with allowing credit unions this authority. We support that stress testing of

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securities held by credit unions, and believe that those credit unions holding sophisticated securities should have the internal expertise to evaluate rate and liquidity risk. If the credit union is well-managed and well-capitalized, their knowledge and expertise should be evident. The NCUA has the authority to revoke their RegFlex status should their practices provoke significant safety and soundness concerns in this area.

<u>Member Business Lending Borrower Guarantee and Personal Liability</u>
Our concern over rescinding this exemption relates to the disincentive this would present to potential borrowers and the competitive disadvantage that this would present to credit unions when increased business lending represents the greatest opportunity for growth in the current economic and political environment. Regulations already require credit unions to have adequate business lending expertise. In addition, credit union portfolios and ratios are being carefully monitored in the regulatory examination process. Restraints and additional requirements should only be imposed on those credit unions that warrant such action based upon NCUA examination documenting their business lending portfolio analysis and performance.

<u>Closing Comments:</u>
In closing, we believe the current rule allows adequate flexibility and want to reiterate that it is critical that any rule modifications be crafted with consideration of the comments above in order to ensure well-managed and well-capitalized credit unions are not over burdened with regulatory restraints and can remain competitive within a crowded financial services marketplace. We encourage NCUA to exercise its authority to maintain safety and soundness while creating an operating environment that promotes growth and prosperity.

Sincerely,

Roshara J. Holub

Roshara J. Holub
President/CEO