



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

December 10, 2010

Re: Comment Letter: Proposed Section 12 C.F.R. 704.21

Ms. Rupp:

I represent a cooperative credit union located in north central Indiana with nearly 45,000 member owners who have in excess of \$710 million in deposit accounts and \$600 million of outstanding loans. By our member's choice, the share accounts held at Beacon Credit Union are insured by American Share Insurance which is not backed by the full faith and credit of the United States Government. To comply with FDICIA regulations, signs throughout our 20 branch locations are conspicuously posted to disclose your agency's lack of responsibility should our credit union fail. As a reminder, most of our documents include the following: "This institution is not federally insured, and if the institution fails, the Federal Government does not guarantee that depositors will get back their money."

It is my understanding NCUA developed and adopted proposed amendments to rules to provide for natural person credit unions to organize and form corporate credit unions that could continue to provide fair and dependable payment and correspondent services, settlement accounts, and other essential services required to serve member-owners. Given the past corporate membership losses expensed by many credit unions nationwide, the formation of a new corporate credit union, operating with little to no risk, will be a difficult endeavor. If in fact your agency truly desires to provide for a credit union owned corporate to produce the necessary wholesale processing functions, we do not see any purpose for your proposed Amendments as they pertain to non-FICUs.

We strongly believe NCUA lacks authority for rulemaking of this nature and that your agency is attempting to grossly broaden its powers beyond what it is already afforded under federal law. Federal law clearly instructs the NCUA to charge only federally insured credit unions for any assessment due the TCCUSF. Please observe Section 217(d) of the Helping Families Save Their Homes Act of 2009 which is responsible for creating the TCCUSF.

The losses sustained by the conserved corporate credit union system are no different than any other losses sustained by NCUSIF. **Those losses incurred through your agency are not the legal obligation of credit unions, and other non-FICUs that chose not to purchase share insurance coverage from your federal agency.** Your agency has worked for years to make sure our membership recognizes that their deposits are not

insured by the United States Government. Why does NCUA now come to a relatively few non-FICUs to assist in covering your losses?

Corporate credit unions are supposedly “backed by the full faith and credit of the United States Government,” not its owners or customers. The TCCUSF was created by Congress to mitigate the burden on federally insured credit unions and only federally insured credit unions. The NCUA proposed Amendments and its Corporate Stabilization Program appear to refute the general purpose statements and now attempts to affirm that all institutions are actually “backed by the full faith and capital” of the federally insured credit unionsand now apparently, credit union leagues, CUNA, CUSOs, and non-federally insured credit unions who supported the Corporate Credit Union System. Non-FICUs receive no direct benefit from the NCUA, the TCCUSF, or the federal government.

Since the TCCUSF was created by federal law and is a government entity, the NCUA is in effect proposing to tax non-FICUs by requiring a “voluntary contribution” to be paid to the TCCUSF.....truly “taxation without representation.” **Non-FICU’s are not bound by contract with the NCUA, or required under their respective state statutes, to pay for federal share insurance losses; accordingly, NCUA has no regulatory or contractual authority over non-FICUs.**

Beacon Credit Union has consistently utilized many services and maintained a large percentage of its invested capital and overnight funds at a single corporate credit union over the past 28 years, including the period when the liquidation of legacy assets would have generated increased losses to the Corporate and NCUSIF. We continue to believe all credit unions and their related organizations deserve to own and operate a corporate credit union that will provide quality services at reasonable costs. **We encourage NCUA to develop new Amendments that will provide unity within the credit union system and delete the entire section that attempts to illegally fee non-federally insured credit union organizations for losses incurred by NCUA which originated prior to 2010.**

Thank you for considering my comments relating to the proposed amendments to the final corporate rules that would adversely affect privately insured credit unions and the formation of a soundly organized corporate credit union.

Sincerely,



Bruce Ingraham, President