



December 14, 2010

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

Re: Notice of Proposed Rulemaking for Part 704 – Corporate Credit Unions

Dear Ms. Rupp:

On behalf of Fiscal Credit Union, a privately insured credit union (ASI), and our 15,000 members I am writing in opposition to the proposed “Amendments” to the final corporate rules adopted in September 2010.

The proposed amendments appear not to comply with federal law. The timing seems inopportune in that this creates divisiveness within the credit union community at a time when everyone needs to be working together to find solutions for our shared problems. I suspect many privately insured credit unions would not voluntarily comply but rather will find alternative service providers, thus further weakening the health, and the spirit of collaboration and cooperation within the credit union community.

Section 217(d) of the Helping Families Save Their Homes Act of 2009 clearly defines the Act specifically in terms of federally insured credit unions, “...**If the Stabilization Fund might not have sufficient funds to make the repayment, the Board shall assess each federally insured credit union a special premium...**” No where in the Act does it refer to assessing privately insured credit unions. NCUA clearly lacks the authority to pursue this action.

Furthermore, federal law requires privately insured credit unions to conspicuously disclose that they are “not backed by the full faith and credit of the US government.” It appears illogical that a credit union not backed or insured by a government agency would have to pay for losses by such entities;

Furthermore, non-federally insured credit unions have no contractual or statutory obligation to pay such assessments to NCUA;

Furthermore, losses sustained by the TCCUSF are no different than any other losses sustained by the National Credit Union Share Insurance Fund, which are statutorily not the responsibility of non-federally insured credit unions;

Furthermore, how can a non-federally insured credit union be expelled when it has met its required capital contribution(s) to a corporate credit union and has otherwise honored its obligations under its membership agreement with such a corporate credit union?

Furthermore, the NCUA has no official authority to force a corporate credit union to call for a special meeting for the purpose of expelling a member. **There is potential personal financial risk to individual volunteer board members of a corporate credit union by forcing them to do what the NCUA cannot do under the law if such action is later found to violate state or federal law.**

From the perspective of Fiscal Credit Union this proposed amendment to the Act is divisive and not helpful for credit unions. **At a time when the credit union community needs to come together to find solutions to the many challenges facing the industry today this proposal is ill advised and inappropriate.**

Privately insured credit unions have been just as negatively affected by problems in the corporate system as federally insured credit unions. Fiscal Credit Union suffered a loss of several hundreds of thousands of dollars from writing-off our WesCorp FCU capital deposit. In addition Fiscal Credit Union has also been assessed a special premium in 2010 by our insurer, ASI, in a similar manner as NCUSIF insured credit unions, and have been put on notice another special assessment will likely be required in 2011 as well for the purpose of maintaining a strong private insurance fund.

Given the realities of the current economic environment Fiscal Credit Union would likely not participate in any future solution for the corporate system if this proposed amendment were to be implemented.

Thank you for consideration of these comments.

Sincerely,



Michael Gomez, CEO
Fiscal Credit Union