



ACCU  
Adams County  
CREDIT UNION

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

December 20, 2010

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

Ms. Rupp:

Adams County Credit Union is a natural person credit union whose membership is largely dependent on agricultural production in the state of Indiana with roughly 1000 member owners. Our credit union has approximately \$11.2M in deposit accounts and \$8.6M of outstanding loans. As evidenced by the above numbers our credit union is very small; however it has very strong ties to our member-owners who view our institution as a local lender with local decision making meeting their unique needs. These unique needs are especially apparent with the large portion of our membership which is of the Old Order Amish faith. In the past our credit union was insured by NCUA, however given NCUA's view of agricultural lending (witnessed first-hand as a former state examiner) it was necessary for us to convert to private share insurance as a way of meeting our member-owner's needs. I appreciate this opportunity to comment on the proposed amendments to 12 C.F.R. section 704.21.

It is our 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 see no purpose for your proposed Amendments as they pertain to non-FICUs.

**Corporate credit unions are supposedly "backed by the full faith and credit of the United States Government," not its owners or customers.** The FCCUSGP 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 unions ....and 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 TCCUSGP, or the federal government.

**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. Since the TCCUSGP 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 TCCUSGP.....truly “taxation without representation.”**

**Losses incurred through your agency are not the legal obligation of non-FICUs. The losses sustained by the conserved corporate credit union system are no different than any other losses sustained by NCUSIF. Your agency has worked for years to make sure depositors at privately insured credit unions understand 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 losses?**

**We strongly believe NCUA lacks authority for rulemaking of this nature and that your agency is attempting to 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 TCCUSGP. Please observe Section 217(d) of the Helping Families Save Their Homes Act of 2009 which is responsible for creating the TCCUSGP.**

#### **The Limitation of membership to one corporate credit union.**

The proposed change to Part 701.5 is designed to limit all natural person credit unions to membership in one corporate. This new proposal does not accomplish the purpose of eliminating what the proposal calls “unhealthy competition”. This proposal will be costly to natural person credit unions. The proposal would limit a natural person credit union’s ability to diversify concentration risk. This proposal would have an adverse impact that will encourage natural person credit unions to obtain channels of service with vendors outside the corporate network which would be exceedingly difficult for credit unions or our size.

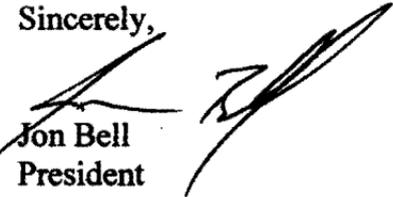
**We encourage NCUA to develop new Amendments that will provide unity within the credit union system and delete the entire section that attempts to illegally fee non-federally insured credit union organizations for losses incurred by NCUA.**

The Adams County Credit Union has relied in the past on services from the corporate credit union system in many ways. This reliance was fully supported by the state regulatory agency under which our credit union is chartered. In addition, as a former examiner with the aforementioned regulatory agency I personally have heard from both state examiners and NCUA field examiners that credit unions of our size should rely strongly on the corporate system due to a lack of staffing and expertise, and that the corporate system was the safest available business partner due to NCUA oversight.

In short, the proposed regulatory changes would substantially limit the continued viability of the Adams County Credit Union due to the "voluntary" contributions and the limiting of membership to only one corporate. This lack of viability seems counter-intuitive when one considers that our credit union had never had a loss prior to 2009; has had for 10 plus years net worth ratios in excess of 17%; has for 10 plus years had an ROAA in excess of .75 % (with the exception of '09 & '10 due to corporate write-downs); has had historically low delinquency and almost non-existent charge-offs.

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 successful corporate credit union.

Sincerely,



Jon Bell  
President