FORT KNOX FEDERAL
CREDIT UNION

WILLIAM J. RISSEL
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29 December 2010

Ms. 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:

This is our comment letter to referenced proposed rulemaking which is directed at the nation's corporate credit unions.

The proposed regulation will affect our natural person credit union which is currently a member of Kentucky Corporate FCU. There are some major limitations in the proposed rulemaking that cause a number of concerns as follows:

701.5 Membership limited to one corporate credit union

There are several inequities in this proposed amendment. Credit unions that currently have multiple corporate credit union memberships will be allowed to retain them. However, if a credit union only has a relationship with one corporate today, they ***will not*** be allowed to open an additional account at another corporate credit union. We believe this restriction should be removed. This amendment may have been beneficial prior to the losses experienced in the corporate credit unions, prior to the increased competition amongst corporates for credit union deposits and prior to corporate credit unions taking additional risks to pay these rates. With the newly adopted corporate regulation, corporate credit unions are limited in what risks they may take. We understand that many corporate credit union business plans will limit credit union deposits to maintain a lower asset balance to meet the capital requirements of the new regulation. Also, credit union deposits in corporate credit unions are already limited to 15% of the corporate's assets. Should the current deposits of any credit union exceed this limitation, they would be forced to remove the deposit and place it outside of that corporate credit union. It would seem to make more sense to allow the credit union to find a home for those deposits and require that the new home be with another credit union entity.

704.21 Equitable distribution of corporate credit union stabilization expenses

The purpose of this amendment is to provide a means for the equitable sharing of the TCCUSF expenses among all members of corporate credit unions. Currently, only Federally Insured

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Credit Unions (FICU) are being assessed premiums for these expenses. The Non-FICU members of the corporate credit unions being targeted include privately insured credit unions, credit union owned CUSOs and credit union owned associations (Leagues and League Service Corporations). We understand the inclusion of the privately insured credit unions but take exception to the inclusion of credit union CUSOs and associations. In the case of credit union Leagues, the membership consists of credit unions, who are already paying for this expense via premiums. To also charge a premium to the various Leagues, belonging to a corporate credit union, would force these Leagues to raise dues to the same credit unions already paying for expenses via premiums – thus a double charge to the credit unions which can least afford it. The same analogy can be made regarding credit union CUSOs. These CUSOs benefit the same credit unions paying these premiums. A premium charge to these CUSOs could possibly result in increased fees to the credit union owners to recover the expenses charged to the CUSO. To ensure credit unions do not pay for these TCCUSF expenses twice or even three times in the case of a credit belonging to both a League and a CUSO belonging to a corporate, the proposal should exclude credit union owned CUSOs and other credit union associations (i.e. Leagues).

In addition, we take exception to the amount of the responsibilities required of our corporate credit union to ensure this amendment is performed. To require a special meeting to be scheduled by the corporate credit union, and thus requiring credit unions to attend this meeting, creates hardships and increased expenses to corporates and credit unions at a time when we can least afford it. We ask that the NCUA research other means to enforce this amendment.

Thank you for the opportunity to comment on this important proposed rulemaking.

Sincerely,

William J. Rissel
President/CEO

cc:

National Association of Federal Credit Unions
Credit Union National Association
Defense Credit Union Council
Kentucky Credit Union League