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January 13, 2011

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

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

Dear Ms. Rupp:

On behalf of the management and Board of the Chemco Federal Credit Union, I would like take this opportunity to express our appreciation to the NCUA Board for allowing us to comment on the proposed amendments to the newly adopted Regulation 704, which is directed at the nation's corporate credit unions. But ultimately, this proposed regulation will affect a large number of natural person credit unions.

Chemco Federal Credit Union is 18 million in assets, has 3,000 members, and serves multi Seg Group membership. We are currently members of the Kentucky Corporate FCU.

I believe there are some major limitations in the proposed amendments that cause a number of concerns.

Here are my primary concerns:

701.5 Membership limited to one corporate credit union

There are several inequities in this proposed amendment. For those credit unions having multiple corporate credit union relationships, they will be allowed to maintain those memberships. However, if a credit union only has a relationship with one corporate today, they will not be allowed to open an additional account to another corporate credit union. This amendment may have been beneficial prior to the losses experienced in the corporate credit unions, prior to the increased competition amongst corporate 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. I understand that many corporate credit unions' 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 union exceed this 15% of assets limitation, they would be forced to remove the deposit and place it outside of the corporate credit union. Would it not make more sense to allow the credit union to find a home for those deposits inside the credit union

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movement? The rule allows for a credit union which currently has multiple corporate relationships to retain them. But if a credit union does not have a relationship with another corporate they would be unable to pursue one. This proposal should be removed.

704.21 Equitable distribution of corporate credit union stabilization express

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 Credit Unions (FICU) are being assessed premiums for these expenses. The Non-FICU members of the corporate credit Union being targeted include privately insured credit unions, credit union owned CUSOs, credit union owned associations (Leagues and League Service Corporations). I understand the inclusion of the privately insured credit unions but take exception to the inclusion of credit union CUSO's 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 corporate and credit unions at a time when we can least afford it. We ask that the NCUA research other means to enforce this amendment.

704.22 Enterprise risk management

This amendment adds the new Enterprise risk management committee, of which at least one member is required to be and independent risk management expert. While it is unclear of the costs of hiring this independent "expert," it is safe to assume the fees of this individual will be expensive. My corporate did not build the infrastructure and develop the products offered credit unions in house. By contrast, their business model has always utilized relationships and partnerships in lieu of building the infrastructure and with it the risks involved. We feel this requirement should be limited to those larger corporate credit unions, similar to those with $1 billion in assets, as already referred to in this amendment.

The above areas comprise my major concerns with your proposed amendments, and I hope that my comment on this is sufficient to prompt you to reconsider these proposals in the ways I have indicated. I hope that my comments, along with those of my fellow credit union leaders, will assist you in making that happen.

Sincerely yours,

Sharon Y. Board

Sharon Y. Board, CEO