

January 25, 2011

FEB01'11 PM 1:39 BA

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:

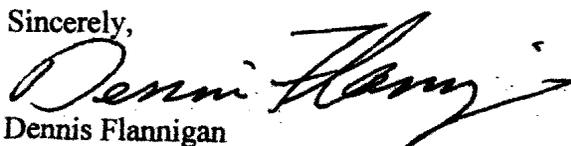
Please accept my brief comments regarding some of the more operationally troublesome proposed corporate credit union regulations offered by the Administration.

The combination of restricting investment of natural person credit unions to one corporate credit union together with limits of deposits and loans from a corporate are excessively limiting to smaller and moderately sized credit unions like ours.

We are now just under \$100,000,000 in assets. We have shrunk \$20 million, and I still have \$8 million in liquidity, most split between two corporates, and support a healthy 86% Loan to Asset ratio. As the proposal stands, in order for me to retain that level of liquidity I will have to invest at least 40+ basis points in one of the corporates vis-a-vis the 20 to 1 deposit ratio. My preference might be to split the investment into two corporates to take advantage of the relative strengths either institution presents. The current proposal forces concentration risk by requiring a larger investment to one institution. We would be forced to remove the liquidity and start spreading it around in \$250,000 certificates, adding unnecessary administration, or move to larger more sophisticated higher risk investments. Of course, there's the option to simply not allow deposits to our credit union which would drive up the Loan to Asset ratio so there is only minimal liquidity. This of course will require tighter liquidity management and the corresponding risk there. It would also require me to limit service to more deposit centered members, and send them to banks or higher risk investments they might not want to do. I do not believe this is the intent of the Administration.

The NCUA has instituted substantial investment controls on the corporates that are more than sufficient to minimize the excessive risk to chase yield, taken in prior periods. My suggestion is to allow investment into more than one corporate and to remove or greatly increase the limits imposed on deposits and loans by a natural person credit union at a corporate.

Sincerely,



Dennis Flannigan
President/CEO
Great Basin FCU