



**NORTH CAROLINA
CREDIT UNION LEAGUE**

Committed to helping credit unions succeed

March 9, 2010

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

RE: Proposed Rule for Corporate Credit Unions (12 CFR 704)

Dear Ms. Rupp:

On behalf of the North Carolina Credit Union League (NCCUL), I am writing in response to the NCUA's recently issued proposed amendments for Corporate Credit Unions and value the opportunity to comment. The proposed amendments would make major revisions regarding corporate credit union capital, investments, asset-liability management, governance and credit union service organization activities.

By way of background, the NCCUL supports 95 North Carolina credit unions which provide financial services to nearly 3.1 million members and hold more than \$30 billion in assets. Their corporate, First Carolina Corporate Credit Union (FCCCU), is a \$1.7 billion corporate credit union owned by and serving the needs of their 175 member credit unions primarily located in North and South Carolina.

While our member credit unions are best placed to comment on how the newly promulgated amendments will affect their business both financially and operationally, the NCCUL intends to simply communicate overall concerns related to a new corporate stabilization plan.

NCCUL is supportive of a regulatory environment that does not allow excessive risk-taking or the potential for the events of the last two years to be repeated. It is evident by the scope and breadth of this proposal that NCUA sees the need for drastic changes to bolster the viability of the corporate credit union system. However, the corporate system must be afforded some flexibility in its ability to control risk.

As amended, Part 704 essentially eliminates all risk a corporate could manage in providing products and services to its members. Should the rules go into effect in their current state, there are serious concerns that our member credit unions will face lower yields on FCCCU deposits, limited loan products, increased costs from fees associated with payment systems, potential changes in product offerings and fewer competitive investing options, in both short and longer term deposits alternatives.

Most of the increased costs would be borne by the small and medium-sized credit unions as they lack the economies of scale to command the attention of outside providers and could suffer in terms of cost and lack of service if FCCCU is no longer a choice. What is clearly evident is that these proposed regulations could force our member credit unions to seek investment and payment system options from bankers, Wall Street firms and other profit-seeking entities.

North Carolina's member credit unions, both large and small, understand the necessity to make changes to guarantee the stability within the corporate system. Nonetheless, the viability of the corporate system to serve natural person credit unions and operate profitably going forward is of dire importance. It is our hope that the final regulation will strike a suitable balance between the development of improved risk management practices and a sustainable and cooperative business model for corporate credit unions.

Thank you for your consideration.

Respectfully Submitted,

A handwritten signature in black ink that reads "Lauren D. Whaley". The signature is written in a cursive, flowing style.

Lauren D. Whaley
Director of Legislative and Regulatory Affairs
North Carolina Credit Union League
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Raleigh, NC 27603