



January 20, 2010

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

Dear Ms. Rupp:

We appreciate the Board for allowing us to comment on the proposed revisions to part 704 of the rules and regulations governing corporate credit unions. Considering the events of the past two years, we understand why significant revisions need to be made. We do agree with a great majority of the changes, however, we feel that there are a few changes that are not consistent with the goal of rebuilding retained earnings at corporate credit unions. Our comments are limited to those areas.

**704.6(c) Issuer Concentration Limits**

The proposed regulation, as written, applies to all types of investments equally without regard to whether the investments are secured or unsecured. We believe that the extra layer of protection afforded by collateral should warrant higher concentration limits. Consideration should also be given to the fact that high quality obligors are not plentiful and corporate capital is at very low levels, both of which already limit investment options. We recommend that the revision be increased to allow private label asset backed investments to be limited to 100% of capital per obligor. This adjustment would enable greater diversification into quality credit card, auto, and FFELP student loan issuers.

**704.8(c)(1) Cash Flow Mismatch Sensitivity Analysis**

The recent market dislocation has taught us that substantial credit spread widening can occur, but a 300 basis point widening is highly unusual and only really occurred in the private label markets. Therefore, we would like to recommend that a more reasonable 50 basis point widening be used for all assets and liabilities that are guaranteed by the U.S. Government or its agencies.

The limit of 15 percent decline in NEV is unattainable considering a 300 basis points spread widening and should either be greatly increased or eliminated.

**704.8(c)(3) Cash Flow Mismatch Sensitivity Analysis**

There are significant differences between the payment speed volatility of mortgage backed securities and other types of investments. We recommend that the 50 percent speed slowdown test be limited to mortgage backed securities only.

**704.9(b) Borrowing Limits**

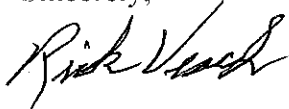
A major factor in U.S. Central's and WesCorp's conservatorship was that they were so highly leveraged. Leaving the borrowing limit at 10 times capital does not address this issue. We recommend that the borrowing limit be lowered to 5 times capital.

**704.9(b)(1) Secured Borrowings**

This restriction does not allow a corporate to take advantage of arbitrage opportunities that sometimes exist between the FHLB and U.S. Central. With the buildup of retained earnings at corporates so important, we would hate to leave money like this laying on the table. Also, on several occasions corporates have borrowed on their secured lines to help their members and U.S. Central with liquidity problems for longer periods than 30 days. We recommend that the term limit be extended to one year.

Thank you again for the opportunity to comment on the proposed regulations.

Sincerely,



Rick Veach  
President/CEO  
Volunteer Corporate Credit Union