From: Steve Gilman [SGilman@mccu.org]
Sent: Monday, April 06, 2009 3:38 PM
To: _Regulatory Comments
Subject: STEVE GILMAN - COMMENTS ON ADVANCED NOTICE OF PROPOSED RULEMAKING FOR PART 704

This e-mail is in response to the NCUA's request for comments relative to the Corporate Credit Union Stabilization and Restructuring Plan.

I am the CEO of Members Choice Credit Union in Houston, Texas (a state-chartered, federally-insured credit union, with assets of $272 million). We are a member / owners of Southwest Corporate Federal Credit Union (Plano, Texas)).

As a member of Southwest Corporate, we use them for clearing activities, investment services, and for liquidity needs. We are extremely interested in the future of Southwest and U.S. Central as corporates, as they fill a valuable niche in support of our operations.

In reading the ANPR, I wanted to share my thoughts on one topic in particular, that being the proposed changes to corporate capital requirements. Recent events would indicate that several large corporates did not have sufficient capital to weather the recent problems resulting from the downgrading of their investment portfolios. In comparison to natural person credit unions, many corporates have a much more heavily leveraged balance sheet with investment portfolios comprised of various RMBS, including underlying collateral of near-prime and sub-prime mortgages. And yet, they currently have lower capital requirements than natural person credit unions. In addition to raising the required net worth standards for corporates, I endorse the proposal to evaluate the risk level of each corporates' balance sheet. A formula similar to the bank's risk-based capital requirements would be a good start in an effort to ensure sufficient capital is in place commensurate with the credit risk imbedded in the balance sheet.

To further enhance the safety and soundness of the corporates, I would recommend a thorough enterprise-wide risk management system for all corporates to address their level of risk for various categories, but especially the areas of credit, interest, strategic and reputation risk. The NCUA should then review these risk management systems on a regular basis to ensure that the corporates are not taking undue risk in their effort to build ROE or net income levels.

I appreciate this opportunity for input toward this very important subject.

Regards,

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Chief Executive Officer

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