



January 5, 2015

Gerard Poliquin
Secretary of the Board
National Credit Union Administration
Via e-mail: regcomments@ncua.gov

Re: Proposed Amendments to 12 CFR Part 704

Dear Mr. Poliquin:

Thank you for the opportunity to comment on the proposed changes to the Corporate Rule Part 704 of the NCUA Rules and Regulations. Eastern Corporate Federal Credit Union (EasCorp) is a federally-chartered and insured corporate credit union that provides various correspondent, liquidity and ALM Services to more than 200 credit unions.

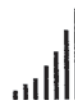
§704.5 Investments

The proposal clarifies that, while a Corporate may continue to hold an investment that was permissible at the time of purchase, but later becomes impermissible because of a regulatory change, the investment is still subject to all other sections of Part 704. We support this change.

§704.6 Credit Risk Management

We support the change to clarify the basis of calculating the sector concentration limits to the value recorded on the books of the Corporate.

However, within NCUA regulation §704.6(c)(1), Issuer concentration limits, the aggregate of all investments in any single obligor is limited to 25 percent of capital or \$5 million, whichever is greater. Section §704.6(c)(2)(ii), Exceptions, increases the limit to 50% of capital for credit card master trust asset-backed securities from a single obligor. These obligors issue individual series from the master trust that share the same collateral pool. The current rule does not extend the obligor concentration limit to 50% of capital for auto and equipment dealer floorplan asset-backed securities, which are backed by floorplan receivables for auto and industrial/recreational equipment dealers to finance inventory, working capital, etc.



Asset-backed securities backed by floorplan receivables are issued with virtually the same structural features as credit card issuance trust asset-backed securities. For example, both utilize a structure, which allows for the periodic issuance of securities supported by the same collateral pool. This pool of collateral can be enhanced through the inclusion of additional receivables. In fact, an auto floorplan securitization provides better collateral than a credit card master trust asset-backed security in that a substantial amount of the receivables are backed by the actual autos or equipment when financing dealer inventory. We suggest that auto asset backed securities, which are issued under a master trust structure, be included in the exemption section §704.6(c)(2) and be limited to 50 percent of capital in any single obligor, similar to the credit card master trust asset-backed securities.

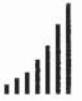
§704.7 Lending

The proposed rule amends §704.7(c)(ii) to allow up to 150 percent of a corporate credit union's total capital in secured loans (excluding those secured by shares or marketable securities and member reverse repurchase transactions) and unsecured loans (excluding pass-through and guaranteed loans from the CLF and the NCUSIF). We support this proposed change. In addition to this change, we request the following exclusion to a Corporate's lending limit.

Corporate credit unions have been working diligently with the CLF and have established Correspondent Agreements with the CLF to assist in the management of CLF advances. During this process, an additional role was established to assist credit unions and the CLF through the CLF advance process. A corporate credit union can provide 'bridge loans' to a member credit union while the credit union is waiting for funding from the Federal Financing Bank and the CLF. These bridge loans to member credit unions should be excluded from any individual lending limits to members. These 'bridge loans' will be repaid by the member with an 'assignment of proceeds' of the CLF advance.

§704.8 Asset and Liability Management

The proposal clarifies that, if a Corporate experiences a decline in net economic value (NEV) or other NEV-related measures beyond certain thresholds, but is able to adjust its balance sheet to meet required regulatory limits within ten days, then the Corporate will not be considered to be in violation of the regulation. The proposed rule clarifies that, only if a Corporate cannot resolve the breach in a timely manner would there be a cause for regulatory concern, and, as such, be considered a regulatory violation. We support the proposal.



§704.9 Liquidity Management

The proposed rule increases the maturity for borrowing on a secured basis for liquidity purposes from 30 days to 120 days. Although the increased maturity is helpful, 120 days does not extend through all liquidity cycles. We suggest that the maximum maturity be extended to one year. A one year maturity limit will allow corporate credit unions to fulfill their role as a liquidity provider to their member credit unions. A one year maturity limit will enable corporates to provide liquidity to member credit unions throughout a more lengthy liquidity cycle.

In addition, we request that any borrowing that a corporate credit union does to fund a 'matching' loan to a member have a maximum maturity of three years. The complete matching of terms of the borrowing and the terms of the advance to a member credit union eliminates any interest rate risk exposure.

Both of the requested changes above would allow a corporate credit union to fulfill its true role as a liquidity provider to their member credit unions.

§704.11 Corporate Credit Union Service Organizations (Corporate CUSOs)

NCUA should clarify the term "level of activity of each credit union" in this section.

§704.21 Enterprise Risk Management

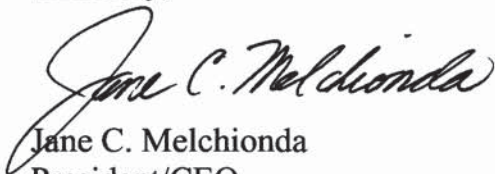
We support the proposed changes for the minimum requirements of the independent risk management expert being based upon corporate's operations and complexity.

§704.2 Definitions

We request that the NCUA Board reconsider the definition of tier 1 capital and eliminate the requirement for deducting PCC value beginning on both October 20, 2016 and October 20, 2020.

In closing, we thank you once again for this opportunity to comment on the Proposed Regulation.

Sincerely,



Jane C. Melchionda
President/CEO