



April 3, 2009

The Honorable Michael E. Fryzel  
Chairman  
National Credit Union Administration  
1775 Duke Street  
Alexandria, VA 22314-3428

The Honorable Rodney E. Hood  
Vice Chairman  
National Credit Union Administration  
1775 Duke Street  
Alexandria, VA 22314-3428

The Honorable Gigi Hyland  
Board Member  
National Credit Union Administration  
1775 Duke Street  
Alexandria, VA 22314-3428

Dear Chairman Fryzel, Vice Chairman Hood, Board Member Hyland,

Sooper Credit Union (SCU) appreciates the opportunity to comment on NCUA's Advanced Notice of Proposed Rule Making (ANPR) regarding the role of the Corporate Credit Union Network and its structure. Sooper Credit Union is a state chartered, federally insured credit union located in Arvada, Colorado. The credit union's 33,400 members hold almost \$200 million in deposits and \$165 million in loans. Total assets are \$233 million, with net worth over 12%.

SCU believes that the Corporate Credit Union System provides essential services to credit unions of all asset size. SCU utilizes a number of the services offered by SunCorp Corporate Credit Union (SunCorp), including overnight investments, term products, and the majority of our correspondent services such as ACH, wires and share draft processing.

### **Comments on ANPR Questions**

#### **Payment Systems**

*Should payment systems services be isolated from other services to separate the risks?*

SCU believes payment system services should not be isolated from other services provided by Corporates. In addition to the possibility of increased cost, separating these services would add another relationship that would require managing by natural person credit unions. Funds flowing through the credit union's payment systems is a major component of the credit union's liquidity management. Even a credit union as large as Sooper Credit Union would not be able to capture the economies of scale required for an economical, efficient payment processing system.

*Is there sufficient earnings potential in offering payment systems to support a limited business model that is restricted to payment system services only?*

There may well be some organizations which could design a business model for payment systems that would be self supporting. However the current corporate network is able to make payment system costs competitive to a stand alone entity. A separate organization would require additional capital and would likely increase the cost of the service.

### **Liquidity and liquidity management proposals**

*What steps should be taken, and by whom, to preserve and strengthen Corporates' ability to offer liquidity services?*

It is the responsibility of natural person credit unions to ensure they have policies and procedures in place to provide liquidity for their normal business activities. Since the entire credit union system is only a small portion of the financial market, it is critical for credit unions to have additional avenues for liquidity. The Corporate Credit Union Network has proven to be the ideal source for backup liquidity. This could be strengthened by assuring there is a source for corporate liquidity, whether that be the CLF or the US Treasury.

### **Field of Membership Issues**

*Should the agency return to defined FOMs to address what they perceive as risk associated to expanding FOM?*

SCU does not support restricting fields of membership. Each corporate should be allowed to define who they wish to serve. Their ability to serve natural person credit unions will define their success.

### **Structure: two-tiered system**

*Does the two-tier Corporate system in its current form meet the needs of credit unions?*

The two-tier system has been performing well for credit unions. The future role of U.S. Central should be determined by the Corporates and the credit unions. NCUA should not be involved in determining the future structure of either a Wholesale Corporate such as U.S. Central or a Corporate.

### **Core Capital**

*Should NCUA establish a new capital ratio that Corporates must meet consisting only of core capital, and if so, what would be the appropriate level to require?*

NCUA should continue the use of RUDE plus paid in capital, and NCUA should also include non-GAAP qualified capital as part of the capital ratio and not distinguish between types as the rating agencies currently do. The NCUA should consider increasing total capital standards for expanded authorities, without additional requirements on types of capital.

### **Corporate Governance**

*Should the NCUA require that a director possess an appropriate level of experience and independence?*

The NCUA should require that the Corporate Credit Union set the criteria for directors to serve on the Board of that particular corporate. It would be the corporate's responsibility to match the expertise required to meet the needs of its members.

SunCorp is a critical business partner of Sooper Credit Union. As in the case of Branch Capture (Check 21), SunCorp is critical for delivering services that SCU needs, and most importantly, from a trusted partner. The relationship SCU has developed with our Corporate has been built over the course of many years. SCU does not want to be reliant on the banking community for services that could be received from the Corporate.

Sooper Credit Union appreciates the opportunity to provide comments to the Board during a time that our industry is faced with unprecedented challenges.

Sincerely,



Dan Kester  
President  
Sooper Credit Union