



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

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

Thank you for the opportunity to provide comments on the NCUA Advance Notice of Proposed Rule Making 12 CFR part 704 on Corporate Credit Unions.

We believe there is a need for Corporate credit unions to continue to have a role in the credit union system, but agree there should be several changes to the structure of the corporates.

The following is a summary of the views and comments from US Federal Credit Union on selected topics in the ANPR:

Payment Systems

Corporates need to offer most payment systems but do not necessarily need to operate or manufacture all of the products in-house. Where appropriate, Corporates should consolidate the services through CUSOs or League Service Corporations to improve efficiencies and reduce costs. Settlement of the systems could continue in-house with Corporates. We do not believe it is necessary for NCUA to establish a requirement for a charter strictly limiting a Corporate to operating a payment system with no authority to engage in other services such as term or structured investments. Separate charters would

cause undue costs and decrease efficiencies. . Alternatively, NCUA could require a legal firewall between these two services.

Liquidity and Liquidity Management

Liquidity must continue to be a core service of the Corporate system. NCUA should not limit a Corporate's ability to offer other services such as term investments. Eliminating a Corporate's ability to offer other products and services would reduce the Corporate's value as a cash management provider.

The role of the Central Liquidity Fund (CLF) should be expanded to include providing funds directly to Corporate credit unions for liquidity purposes.

Field of Membership

We support the continuation of the national field of membership for Corporate credit unions and feel natural person credit union should have a choice in choosing which Corporate they want to belong to. To reduce the unnecessary competition between Corporates, the number of Corporates should be reduced to not less than 4 and not more than 6. NCUA should standardize capital requirements so that Corporates do not compete over credit unions by lowering required capital levels or offering products at overly aggressive rates.

Member credit unions should be allowed to switch from one Corporate to another, as they deem fit for their institution.

Expanded Investment Authority

We support the continuation of expanded investment authority currently allowed in some Corporate credit unions, although we feel further monitoring should be increased with quarterly reviews.

Structure: Two-Tiered System

The Corporate system should collapse into a single tier to increase efficiency and reduce redundancies. Furthermore, the total number of Corporate credit unions should be reduced to 4-6 institutions to increase efficiencies while still diversifying the risk and allowing natural person credit unions to have a choice.

Credit Risk Management

NCUA should require Corporates to have ratings on investments from more than one agency. In addition, independent evaluations of investment portfolios should be required on a regular basis.

Deposit Insurance

The NCUSIF should provide coverage for natural person credit unions' deposits. However, the coverages and premiums should be structured differently than those of natural person credit unions.

Corporate Governance

NCUA should require minimum qualifications and ongoing training for Corporate Board and Committee members. Outside directors should be allowed, although they should be prohibited from holding a majority of the seats on the Board.

Thank you for your review and consideration of our comments.

Sincerely,

Bill Raker

William Raker
President/CEO

cc: Members United Corporate Federal Credit Union
CUNA
Minnesota Credit Union Network