

The Educated Choice

2410 N. Ocean Avenue • P.O. Box 9029 • Farmingville, NY 11738-9029

Tel: 631-698-7000, ext. 3650 • Fax: 631-698-1502 • rga@teachersfcu.org

Robert G. Allen
President/CEO

April 6, 2009

Ms. Mary F. Rupp
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Dear Ms. Rupp,

On behalf of Teachers Federal Credit Union, I am filing this letter with the National Credit Union Administration in response to NCUA's Advance Notice of Proposed Rulemaking (ANPR) on corporate credit unions.

The role of corporate in the credit union system should be limited to offering core services of settlements, payment systems and short term investments and liquidity needs of Natural Person Credit Unions (NPCUs). A single tier corporate system is preferable to the current two tier corporate system.

Consolidation of the corporate system is a necessity to achieve economies of scale. There should be four to six corporates that have national charters that can compete for NPCUs business.

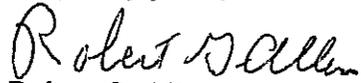
Liquidity, as a core service, should address the short term (less than one (1) year) liquidity needs of NPCUs. Funding for ALM or for other longer term financing should be obtained through other sources such as FHLB or other marketplace providers.

Investment services should be focused on short term investment needs of NPCUs (less than one (1) year). If corporates are allowed to continue to offer longer term investment options, they should be "off balance sheet." For longer term investment needs, NPCUs could also utilize other market providers. The use of expanded investment authority enabled the corporates to get into the current situation. Investment authority should be limited to what is granted to NPCUs. Corporate Credit Unions should maintain a Tier 1 capital ratio of at least 4% and over time increase to 6%.

Membership capital had been a way for corporates to establish a core member base and most corporates leveraged this to enhance services as well as to entice NPCUs to utilize a favorable fee pricing arrangement. This also benefits the corporates in establishing a certain "stickiness" to their relationship with NPCUs. The recent conservatorship of USC and Wescorp may be causing most NPCUs rethink their member capital shares arrangement.

Thank you for the opportunity to comment on the ANPR regarding the structure and operations of corporate credit unions.

Very truly yours,

A handwritten signature in cursive script that reads "Robert G. Allen". The signature is written in black ink and is positioned above the printed name and title.

Robert G. Allen
President/CEO

RGA:mim