



**1199 SEIU Federal
Credit Union**
"For Your Financial Health"

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Comments on Advanced Notice of Proposed Rulemaking for Part 704

The National Credit Union Administration Board:

Thank you for your efforts to provide protections and resources to all insured credit unions. Under the recent difficult circumstances we are collectively enduring, we are confident that credit unions will continue to earn the public's trust and support. Credit Unions have functioned as important conduits, agents and effective fiduciaries for their respective individual members and their insured deposit accounts.

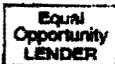
Corporate Credit Unions have assisted numerous small and medium sized Credit Unions in many ways simply with their cooperative structures. The two Corporates we had decided to establish trusted relationships with, Members United Corporate FCU (as our primary Corporate) and with Mid-Atlantic Corporate FCU (as a depository and Simple CD services) have proven to be valuable alliances to us.

Members United Corporate is utilized with expert and affordable payment and clearing services, ACH transactions including access to credit lines for our short term needs and wire transfer facilities. They also provide needed investment services, safekeeping investments, when requested, ALM analysis via a CUSO and other low or no cost staff and Board educational services. We are certain that their stability in operations and value added services have been underlying factors that have contributed to our positive results over many of the past 10 years. That is why we are also currently exploring other affordable programs with them such as a potential implementation of cash debit card services in connection with our growth plans.

Both Corporates have been responsive to our needs when requested. Elimination of this tier or separation into different business models would probably reduce our ability to provide competitive services and further impair our members and those of other natural person credit unions members.

I will provide my comments on the specific proposals as follows:

- A. - Payment System - An economic analysis of the payment system with its existing pricing to credit unions with existing users; its inherent costs, should determine if there is some economic residual value to support an independent system that would still be beneficial to credit unions if the services were to be isolated as a separate functioning unit.



- B. - Liquidity and liquidity management - If legislation was pursued to make CLF Funds directly available to Corporates would make the process more direct and alleviate the need for the existing CU CIP structure.
- C. Field of Membership - Federal Charter via regional dispersion of membership or option posed to NPCU for them to select their preferred choice may be another consideration.
- D. Expanded Investment Authority - As long as proper credentials, training and displayed expertise were tested and proven by the boards and staff with all other prerequisite analysis, additional authority should be given an opportunity to derive income from an expansion in this area.
- E. Structure/ two tier system question- it should be preserved but probably consolidated in numbers to eliminate duplication of efforts and eventually pass those savings back to NPCU.

I sincerely hope that my comments will be of some use to your difficult decisions.

Respectfully Submitted:


Nicholas Castellano, Manager