OPENING COMMENT

Landmark Credit Union appreciates the opportunity to respond to the NCUA Board's Advanced Notice of Proposed Rule making (ANPR) 12 CFR Part 704 on potential restructuring of the Corporate Credit Union Network.

Landmark is a $1.2 billion full service community based credit union.

Landmark's position is that the Corporate Credit Union Network as currently structured is still viable, but requires increased oversight. The serious issues facing US Central FCU and other large corporate credit unions have not been caused by fundamental weaknesses of the system, but rather by the abandonment of sound business practices by specific organizations. Better management and oversight at the troubled instructions combined with more active enforcement of existing rules and regulations would likely have prevented or substantially mitigated the current problems.

Landmark is privileged to be a member of Corporate Central Credit Union. Corporate Central Credit Union has been a valuable business partner with Landmark for decades and our natural person members are better for this relationship. Corporate Central Credit Union has stuck to sound business practices and adhered to its core function – serving its member credit unions. As a result of this prudent management and steady stewardship of member assets, Corporate Central Credit Union has built a solid capital foundation and a loyal committed membership.

Corporate Central Credit Union can serve as an example of how the Corporate Credit Union Network works and a model on which to base future retail tier corporate credit unions.

THE ROLE OF CORPORATES IN THE CREDIT UNION SYSTEM

Landmark Credit Union has the scale and staff expertise to independently source and manage providers of payment systems, investment services, cash management, and various ancillary services. Among all market service providers Landmark has chosen to do business with Corporate Central Credit Union because they offer the best combination of cost efficiencies, value added service, convenience, and, most importantly, trust.

Corporate Central Credit Union's strategy of partnering with best in class providers, obtaining volume pricing, and then delivering quality services to their members has been very successful. The value proposition offered by Corporate Central makes as much business sense for Landmark at $1.2 billion as it does for smaller credit unions than cannot go it alone. Corporate Central Credit Union is a resource that allows its member credit unions, regardless of sizes, to focus on what they do best – serving their natural person members – rather than utilizing scare resources individually vetting and managing a myriad of third-party vendors.

As stated in the opening comments, Corporate Central Credit Union can be used as a model of a successful retail level corporate. Landmark Credit Union and its natural person members would be negatively impacted if Corporate Central Credit Union in its present state were not to exist.

Payment Systems & Liquidity Management- Landmark believes that payment systems, liquidity, and investment services, as delivered by Corporate Central Credit Union, are properly safeguarded and do not pose a systemic risk because such services are offered through one entity. Diversification of business lines and revenue streams allows corporate credit unions to build economies of scale to offer safer and more economical services. Diversification is a time tested and proven business strategy. Separating payment system services and other services in differently chartered corporate institutions would require duplication of management, facilities, systems, and marketing overhead. This duplication of overhead would reduce economies of scale and drive up prices of services to credit unions. Separate charters are not needed.

Field of Membership – Competition at the retail level ensures reasonable pricing and member driven products. Field of membership should not be unduly constrained.

Two-Tiered System – Landmark believes that there is a need for a wholesale corporate. Capital market efficiency is driven by volume and a wholesale corporate credit union aggregating member corporate credit union volume is the best way to ensure cost effective access to financial markets. More independent governance, more active supervision, and higher capital requirements would help ensure a sound wholesale corporate.

CORPORATE CAPTIAL

Landmark supports increased capital requirements of corporate credit unions. An increase of core capital requirements to 4.00% would improve overall security and confidence in the system. Risk-based capital requirements would be a prudent addition, particularly at the wholesale level.

Landmark would not support a mandatory contributed capital requirement for natural person credit unions to obtain services from a corporate credit union. This would decrease the effectiveness of retail level competition by discouraging membership in multiple corporate credit unions.

PERMISSIBLE INVESTMENTS

Proper investment activities are essential to ensuring the profitability and long term viability of retail and wholesale corporate credit unions. Risks inherent in the ability to purchase, sell, and hold securities need to be better managed industry wide, but not unduly constrained. However, the addition of independent board oversight and more active regulatory supervision would improve risk management of investment activities. Reliance on third-party rating agencies should be secondary to proper pre and post acquisition due diligence on complex securities.

CORPORATE GOVERNANCE

Landmark supports corporate governance drawn largely from and representative of constitute credit unions. However, the addition of an outside director not directly employed by or associated with member credit unions would improve both independence and oversight. Additionally, the audit committee members of a corporate board should have minimum standards for their positions based on professional education and/or experience. Reasonable compensation for board officers and key committee positions should not be unduly restricted to attract and maintain competent directors.