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CATHOLIC FAMILY
Federal Credit Union

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April 6, 2009

The Honorable Michael E. Fryzel
Chairman, National Credit Union Administration
1715 Duke Street
Alexandria, VA 22314-3428

The Honorable Rodney E. Hood
Vice Chairman, National Credit Union Administration

The Honorable Gigi Hyland
Board Member, National Credit Union Administration

RE: Comments on Advance Notice of Proposed Rulemaking for Part 704

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

Catholic Family Federal Credit Union (CFFCU) appreciates the opportunity to provide comment on NCUA's Advanced Notice of Proposed Rulemaking (ANPR) and Request for Comment regarding the role of the Corporate Credit Union Network and its structure.

I have been CFFCU's president for 21 years. I have been managing credit unions for almost 30 years and my credit union career spans almost 35 years with one state chartered and two federally chartered credit unions, all in Wichita, Kansas. I was hired at CFFCU when it was under a letter of understanding agreement and warned that merger or liquidation was the next action if I could not show significant improvement in my first year as its new president.

Today, CFFCU is a very successful full service $24 million credit union, federally chartered as #5510 in 1947 and located in Wichita, Kansas. CFFCU serves approximately 4,100 members. The majority of CFFCU members live in Wichita or elsewhere in Sedgwick County. As of February 28, 2009, net worth was 10.9%, return on assets was 0.67% year-to-date and loan-to-share ratio was 86%.

I believe the corporate credit unions (CCU) are not only important service providers to natural-person credit unions (NPCU), but are critical and essential for day-to-day operations for most small to mid-size NPCU. This is true of our relationship with Kansas Corporate Credit Union (KCCU). KCCU provides all the financial services that CFFCU needs today, which represents about 95% of what KCCU has to offer. In order for CFFCU and NPCU to remain competitive, it is very important that KCCU and the other CCU not be restricted in their current services to CFFCU and NPCU, nor

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limit future financial-related services that KCCU and other CCU may be asked by NPCU to offer. Except for making certificates of deposit investments with banks, CFFCU does not choose nor should CFFCU and NPCU be forced to seek routine and special financial services with retail banks. That also means that CCU should have greater investment powers in order to continue to add value over what NCPU can earn. The entire credit union system has worked long and hard to minimize or eliminate the need for relationships with the retail banking system. I hope our efforts have not been for nothing.

Restricting CCU fields of membership, consolidating CCU on a regional basis and changing CCU board structure to include an outside director category are not in alignment with the credit union democratic cooperative system. Healthy competition among the CCU benefits the NPCU. Those CCU that choose to take more risk should be subject to additional regulatory supervision and additional capital requirements in order to support the risks taken. In other words, I support the implementation of a risk-based capital system for CCU.

The wholesale corporate credit union is also essential. Every day, US Central Federal Credit Union (USCFCU) is providing service to the retail CCU in order to benefit the NPCU they serve. Since NPCU are the ultimate benefactors of this two-tier corporate credit union system, I believe that NPCU should be represented on the board of USCFCU in the future. The recent NCUSIF bailout of USCFCU is a good example why NPCU representation should be implemented.

Finally, I would like to comment further on the NCUSIF bailout. It is important to keep in mind that the whole credit union system is a victim of a market process that was out of control. The mark-to-market issue could and should be managed much differently by the federal government, NCUA and the Financial Accounting Standards Board. These are not normal times, and therefore, "exceptional" decisions are in order. That is if the playbook does not cover it, do what makes sense, not what looks right.

As the regulator, NCUA should focus on the problems at individual CCU and not restrict the rest of the credit union system for the problems of a few CCU. The corporate credit union system is "not broken", however, it may need some tweaking. Let's not "throw out the baby with the bathwater!"

Sincerely,

Marilyn L. Wells

Marilyn L. Wells
President