



February 22, 2010

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

Subject: Response to Proposed Rule for Corporate Credit Unions (12 CFR Part 704)

Dear Ms. Rupp:

~~The NCUA has proposed significant changes to the regulation of corporate credit unions (Corporates). As an owner and user of services from Central Corporate Credit Union (CenCorp), we will ultimately be impacted by any change in Corporate regulation.~~

CenCorp is our credit union's primary source for meeting our liquidity needs. CenCorp has historically provided a convenient/competitive alternative for investing funds not currently needed to meet loan demand or a source of short-term liquidity when we needed funds. CenCorp also provides us with various correspondent services that are integrated with our internal operations and data processing systems.

We have chosen to use CenCorp because of the value and convenience that is delivered. This value includes qualitative aspects, such as products customized for a credit union environment and responsiveness to questions, and also measurable aspects, such as better returns on deposits and lower pricing on correspondent services. For our credit union, we estimate that our annual benefit from using CenCorp vs. other providers at approximately \$105,000. We use CenCorp for several of our back office processes including: ACH, Wires, Share draft processing, Check 21, overnight deposit account, Line of Credit, Security Safekeeping and occasionally invest in the SimpliCD program.

It is our understanding that the asset/liability management section of the proposed rule is restrictive to the point that the earnings potential of CenCorp will be greatly diminished. CenCorp would need to reduce the return to members in order to meet the earnings retention requirements mandated in the proposed rule. Paying more for these services means we (natural person credit union) would have to increase fees to our members to maintain what little margin we are earning today. In today's competitive environment, increasing fees to our membership to cover such expenses as Corporate Stabilization limits our abilities in attracting and retaining credit union members. Further, changes to Corporate regulations need to be considered along with the future funding needs for US Central assets in order to minimize losses to the credit union system in the future.

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There have been significant economic events in recent years that are prompting the need to change Corporate practices and regulation. The proposed rule needs to include both changes to existing regulation as well as a plan that allows for a smooth transition from the current environment. We believe that the proposed rule as written will be unnecessarily disruptive to our operations. This, in turn, will impact our ability to serve credit union members. We urge the NCUA Board to modify the proposed rule to avoid any unintended consequences. Specific suggested changes are presented in CenCorp's comment letter to the proposed rule.

Thank you for your consideration.

Sincerely,



Robert Bava
President and CEO

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