

February 22, 2010

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

Dear Ms. Rupp:

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

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 that is delivered. This value includes qualitative aspects, such as products customized for a credit union environment and responsiveness to questions, and quantitative 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 \$40,000. Our credit union uses the following services offered by CenCorp:

- Overnight Deposit Account (Hi-Yield)
- Term Certificates
- Line-of-Credit (Demand) or Term Loans
- SimpliCD
- Wire Transfers and
- ACH Receiver and Origination

It is our understanding that the asset/liability management section of the proposed rule is restrictive to the point that the earnings capability 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. This would make it difficult for us to continue to provide service to our members. Passing on increased costs of a new provider to our membership would further delay this area's recovery. Our rural location with many part-time employed workers depends on our credit union being able to provide cost effective solutions to their needs.

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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.

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,

Merri N. Nixon

Merri N. Nixon, CEO

Forest Area Federal Credit Union

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Central Corporate Credit Union Measurement of Economic Value

This spreadsheet is intended to assist you in measuring the annual value provided directly to you through CenCorp product pricing. It is not an exhaustive list and does not account for specific features or functionality differences between CenCorp and other providers. By necessity, this is a rough estimate and is subjective.

To use the spreadsheet, enter the five requested items in the blue-shaded area below. The amounts that you enter will automatically carry forward to the table below and calculate the estimated annual CenCorp benefit of using CenCorp products. An explanation of the items and the methodology used is presented under the second worksheet tab titled "Explanation".

- Enter your *average* Hi-Yield balance
- Enter your line-of-credit (demand loan) limit at CenCorp
- Enter the number of *monthly* outgoing wires initiated through CenCorp
- Enter your current *monthly* share draft processing fees from CenCorp
- Enter the number of *monthly* Deposit Express items deposited through CenCorp



	(A)	(B)	(A) x (B)
	<u>Dollar Amount or Annual Volume</u>	<u>Difference</u>	<u>Your Value/ Benefit</u>
Overnight account earnings over other providers	\$2,000,000	0.50%	\$10,000
No commitment fee for a line-of-credit	\$5,000,000	0.10%	5,000
Wire transfers	3,600	\$5.00	18,000
Share draft processing	\$0	15%	0
Deposit Express	0	\$0.02	0
Estimated Annual Value			<u><u>\$33,000</u></u>

*Plus ACH origination
AND Receipt*

APPROX

40,000 *yr*

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