



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

March 2, 2010

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 Lansing Automakers FCU's (LAFCU) primary source for meeting our liquidity needs and alternative to Agency and Bank term investments via CenCorp's - Term Investments, SimpliCD's and its High Yield overnight account. 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 - LAFCU estimates that our annual benefit from using CenCorp vs. other providers is approximately \$150,000.

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. ALM rules on evaluating variable rate investments of CenCorp, will lead to CenCorp purchasing fewer variable rate based investments - thus leading to a probable lowering of LAFCU's overnight account earnings. Lower LAFCU interest income will need to be offset by higher member use fees. I agree reining in permissible Corporate investment options via changes to Corporate regulations are needed, but barriers to conservative variable rate investments must be lowered from those proposed.

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 CenCorp to remain a viable source for natural person credit union (NPCU) term and variable rate investments and as an aggregator and provider of correspondent credit union driven services. We urge the NCUA Board to modify the proposed rule to avoid any unintended consequences. LAFCU supports the specific suggested changes as presented in CenCorp's comment letter to the proposed rule.

Thank you for your consideration.

Sincerely,

  
Robin Frucci, CEO  
LAFCU - 1033

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