

From: [Michelle Purnell-Hepburn](#)
To: [Board Mail](#)
Subject: Comments on Proposed Regulation 704
Date: Wednesday, March 03, 2010 8:25:44 PM

Greetings to the Honorable Chairman Matz, the Honorable Ms. Hyland and the Honorable Mr. Fryzel,

Healthy corporate credit unions are the life-blood of a healthy credit union system. Our credit union uses or has used both WesCorp and SW Corporate CU extensively and fervently supports allowing corporate credit unions to continue to exist, with only the minimum of additional regulation for safety purposes. Corporate credit unions have grown to be conduits for offering many new services to credit union members or allowing credit unions to earn higher rates on investments, keeping the funds within the credit union system.

I have had the opportunity to work with more than just the two credit unions mentioned above and in all of my dealings with corporate credit unions, I have experienced nothing but support and a willingness to help, without an ulterior motive. The direction given or 'sales' pitch is not for the individual person's gain or commission, but to help the credit union. Through our corporate credit unions, we can offer members the ability to view a copy of their actual check both front and back for their research purposes. Through our corporate paying higher dividends on overnight funds and often on their certificates of deposit, we can offer our members higher dividend rates.

Corporate credit unions also keep their member credit unions abreast of the latest events in the financial world and take the time to explain the events in laymen's terms, as they have built a solid foundation of expertise, because that is their purpose.

Here are the ways we have used our corporate credit unions:

Seattle Metropolitan Credit Union	WesCorp CU	SW Corporate CU
Overnight Funds	Earning higher than Fed Funds	Earning higher than Fed Funds
Certificates of Deposit	Earning higher than Government Agency or Treasury Securities	Earning higher than Government Agency or Treasury Securities
Lines of Credit	When we have needed to borrow, rates are on par or lower than FHLB	When we have needed to borrow, rates are on par or lower than FHLB
Securities Safekeeping	Safe clearing and provides monthly market values	

Selling AFS Securities	When we needed liquidity, our corporate help analyze which of our securities would be best to sell for the highest gain.	
Training on Mortgage Back Securities & CMO's	Offered training to learn about mortgage-back securities, its benefits and risks.	
RFP Support to purchase our ALM Software	When our ALM software provider decided to get out of the business, our corporate helped us write an RFP ensuring we selected the software that would fit our needs, given our financial structure	
ALM Software Validation	Offered not only the validation, but also the explanations of why there were variances.	
Check Clearing	X	
Branch Capture	X	
Debit Card Processing		X
Traveler's Check Clearing		X
Wire Transfers	X	X
Board Retreat Facilitation	Brought economic forecasts and insight to our planning retreats	
Board/Management Training	Provided ALM, Branch Capture, streamlined Account Payable processing, economic webinars, leadership webinars.	
Financial Statement Presentations	Provides monthly webinars explaining the corporate's financial situation and what is being done to improve.	Provides monthly webinars explaining the corporate's financial situation and what is being done to improve.

Having to go outside of the credit union industry would increase the risk in an industry that is already consumed by measuring risk and avoiding risk. I would much rather do business with a corporate credit union, than a financial institution outside of our industry, and if Regulation 704 is enacted, that is what would happen. The reasons are quite similar to why credit unions as a movement encourage consumers to join credit unions.

Having just attended by first Government Affairs Conference in Washington D. C., hiked the hill, and witness on a larger scale the good that we continue to do for our members, please allow corporate, in their current form to continue to support us.

Thank you for your consideration.

Kindest regards,

Michelle

M. Michelle Purnell-Hepburn, CCE

Senior Vice-President/Chief Financial Officer

Seattle Metropolitan Credit Union

206.398.5561 | 800.334.2489 ext. 561

www.smcu.com | www.7principles.coop