



Preserving Your Financial Future
WWW.CALCITECU.COM

MAR 10 '10 PM 3:07 BOARD

March 5, 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/investor and active user of services from Central Corporate Credit Union in the state of Michigan or Cencorp as I will refer to them throughout this comment letter, **Calcite Credit Union will ultimately be "severely" impacted by any change in regulations.**

CenCorp is our credit union's primary source for meeting our liquidity needs. We presently maintain an "affordable" \$1,200,000.00 line of credit with Cencorp. 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.

We have also actively taken advantage of investing in share certificates with Cencorp. It is my understanding that the proposed rule would eliminate the ability to invest in share certificates with Cencorp. In addition, we take advantage of Cencorp's SimpliCD Program to invest our excess funds in federally insured banking institutions and credit unions.

We have chosen to partner with CenCorp because of the value that they are able to deliver to our Credit Union. 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 \$17,491.00. This is calculated based upon the reduction in investment earnings we would realize on our overnight investment deposits maintained at Cencorp. In addition, we would also be required to secure a line of credit from another financial institution and be subject to a commitment fee.

ROGERS CITY OFFICE: 478 NORTH THIRD STREET * ROGERS CITY, MICHIGAN 49779
VOICE: 989-734-4130 OR 1-877-CALCITE * FAX: 989-734-3422
POSEN OFFICE: 10514 NORTH MICHIGAN AVENUE * POSEN, MICHIGAN 49776
VOICE: 989-766-8111 * FAX: 989-766-2652
CHEBOYGAN OFFICE: 1005 SOUTH MAIN STREET * CHEBOYGAN, MICHIGAN 49721
VOICE: 231-597-9660 * FAX: 231-597-9665

24
2010

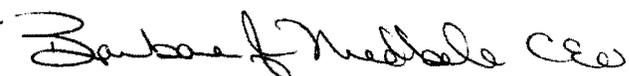
In addition, we utilize Cencorp to obtain our quarterly asset liability management services from a third party provider they collaborate with. This arrangement has certainly saved our Credit Union dollars over the years as we were able to secure a more favorable price for the asset liability management services by being a member of Cencorp. We will most certainly have to incur added operating expenses to have this service performed by a different third party vendor in the future should Cencorp discontinue this valuable service.

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 outstanding and affordable service to our membership. The additional expense to deliver a member wire transfer program and/or loss in investment revenue generated on our overnight deposits would result in higher fees, lower savings rates and higher loan rates for our membership.

There have been significant economic events in recent years that are prompting the need to change Corporate practices and regulation. Our Credit Union understands and supports the need to address credit risk to appropriately address any future investment losses by establishing the ten sector concentration limits being proposed in the 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 membership. **We urge the NCUA Board to modify the proposed rule to avoid any unintended consequences. It is imperative to allow Cencorp to take some degree of risk in specific areas of their operation to ensure a return to their owner/investors such as Calcite Credit Union.** Specific suggested changes are presented in CenCorp's comment letter to the proposed rule.

Thank you for considering my comments on this topic.

Respectfully yours,



Barbara J. Niedbala, CEO
Calcite Credit Union

24
22