Teachers Federal Credit Union
Since 1952
The Educated Choice

2410 N. Ocean Avenue • P.O. Box 9029 • Farmingville, NY 11738-9029
Tel: 631-698-7000, ext. 3650 • Fax: 631-698-1502 • rga@teachersfcu.org

Robert G. Allen
President/CEO

March 9, 2010

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

Re: Part 704 – Corporate Credit Unions

Dear Ms. Rupp,

This letter contains Teachers Federal Credit Union's (TFCU) comments and recommendations to the NCUA on its proposed rule governing corporate credit unions. TFCU has formulated these comments and recommendations from the standpoint of wanting to assure that natural person credit unions can continue to have access to key services such as settlement and payment services as well as liquidity and investment options. In addition, the devastating effects of the industry wide losses attributed to corporate credit unions playing an important part of this process.

First and foremost natural person credit unions need to be protected from a repeat of the devastating effects of the systemic risk brought about by corporate credit unions. To accomplish this, we believe that corporate credit unions should be utilized for payment systems, settlement and short term liquidity functions. In terms of investments, they would better serve natural person credit unions by:

1. Acting as an agent or clearing house for credit unions to sell Federal Funds to other credit unions or financial institutions.
2. Operating or providing access to a money market mutual fund.
3. Operating or providing access to a family of other investment mutual funds.
4. Providing broker services.
5. Providing investment advisory or investment management services on a fee basis.

The actual investments shall remain on the books of the individual natural person credit union.

The governance of corporate credit unions appears to have been insufficient on the part of both the regulator and the corporate credit union's board of directors. We recommend the use of term limits for directors (nine years) and authorization for a portion (20%) of the corporate board's being able to be filled by outside directors for the purpose of obtaining financial expertise.

In order for corporate credit unions to continue to exist, NCUA's handling of their legacy assets must be resolved promptly. Capital requirements for corporate credit unions in the future must be minimal, and therefore, so must the level of risk assumed by these entities. The consolidation of corporate credit unions has not kept pace with consolidation of natural person credit unions. We believe that the credit union system would be better served by having a limited number of corporate credit unions operating with maximum efficiencies. While this consolidation should be brought about by the natural person credit union owners of the corporate credit unions, we believe that NCUA should assist this process wherever possible.

I wish to thank NCUA's board for the opportunity to comment on this extremely critical regulation.

Very truly yours,

Robert G. Allen

Robert G. Allen
President/CEO

RGA:mim