

March 9, 2010

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

Re: Proposed Regulation 12 CFR Part 704

Dear Ms. Rupp:

Groton Municipal Employees Federal Credit Union, a member of Constitution Corporate FCU in Connecticut, welcomes the opportunity to respond to the proposed corporate regulations. We have several areas of concern.

I. Concern as to Possible Loss of Value Provided

II. Capital Requirements/Time to Comply

I understand that Constitution Corporate needs to build new capital to continue delivering the competitive products and services I need to provide to my members

Right to Recovery

Constitution Corporate depleted all of my capital.

III. Governance/ Representation

The proposed Rule limits Board of Directors service to no more than 6 consecutive years requiring an entire turnover of the Directors as their staggered three year terms expire.

Thank you for allowing Groton Municipal Employees Federal Credit Union to voice our concerns about the proposed rule.

Sincerely,

Melissa Robinson
CEO/Manager
Groton Municipal Employees Federal Credit Union

March 8, 2010

To Whom It May Concern:

I have reviewed the proposed corporate regulation drafted by NCUA, and I have found it leaves much to be desired. As a manager of a very small \$7 million credit union, any major changes to the corporate structure could hinder our business substantially if not eradicate it completely. Granted this hindrance would not become apparent over night, nor would it affect each credit union equally, however it does cause some concern for me.

The corporate credit union that my institution belongs to is vital for our day to day operations, therefore vital to our existence. All of our back office operations such as ATM, share draft and ACH processing are maintained through our corporate as well as our business share draft account. Through our business share draft account we are provided with cash delivery services and cutting edge technology through branch item capture. Since we began using branch item capture the credit union has been able to minimize fraud and losses because the processing time of a check/share draft is usually completed in a 24-48 hour time frame and the credit union is able to discover if an item is fraudulent or has insufficient funds before the hold expires and the member is able to access the funds. Also, the technical support and research assistance they provide for us in these areas is priceless. Our corporate is very small, as are we, so the personal service and the willingness they possess to constantly go the extra mile mirrors the business model and philosophy that we have, which entails a great deal of trust and confidence that will not be found so easily in a larger corporate or 3rd party vendor. Also, the services that our corporate provides for wire transfers makes it possible for such a small institution like ours to process wire transfers with the reassurance that we are processing them in accordance with the OFAC requirements and other mandated regulations.

As a member credit union, I am confident that management has learned from prior outcomes how to best handle their own institutions going forward and they have taken appropriate steps to position themselves to move forward. One thing that is essential to rebuilding the corporate systems is allowing member credit unions to be refunded their membership capital and paid in capital in the event that the anticipated losses do not materialize. This would strengthen the corporate credit union system by reinitializing the faith and confidence between the institution and their member credit unions. It would in-turn benefit the member credit unions by accurately reflecting their gains/losses and restoring income lost in the prior periods leading up to the initial depletion of said capital. In addition to the refund of our depleted capital if anticipated losses do not materialize, another concern is the time frame allotted for member credit unions to recapitalize with their corporate. Allowing only 12 months for member credit unions to recapitalize is both unrealistic and unfair. Substantial losses were recorded to our undivided earnings in 2009 because of the depletion of our capital and I believe because of that it would be difficult for member credit unions to commit to such a large investment in such a short period of time. I believe a three year time frame with an equal 33% contribution each calendar year would suffice to get the corporate credit unions the capital they need and allow the membership an adequate time frame to fund it.

One other major area of concern for me in the proposed corporate regulation is that of corporate governance. I have only been part of the credit union movement for 6 years now through the very early years I found the guidance and wisdom given to me by my more experienced counterparts to be invaluable. I think there is much to be said for a blending of the generations in a boardroom. You need the wiser to balance the ideas of the new comer. I believe that if the membership of each individual credit union would like to limit the terms of

their directors, that is for each constituency to decide and request a by-law change if need be. That is not a matter that should be decided by the NCUA across the board for every institution, what is good for the goose is not always good for the gander so to speak.

In closing, the credit union movement is a one of a kind animal; a dynamic industry that requires care and attention, as well as dedication and commitment to serve the needs of the underserved, to guide each member through their financial journey one transaction at a time. In order for us to keep this animal alive and return it to a thriving state, we must stay one cohesive movement. Our corporate credit unions are the backbone of our industry and allow natural person credit unions the resources to serve our members with efficiency and the state of the art products that large banks offer at a much higher price. The combination of corporate credit unions, natural person credit unions, state Leagues and trade associations makes for a united front with a strong presence that is felt by law makers. This presence only further benefits our members because the blue collar working class members that we serve have as loud of a voice in Washington as do our much larger, wealthier counter parts , the ABA. The credit union movement is strong and is weathering the storm of our current economy while banks are closing their doors every day, and this is possible because we are a cooperative financial system. Not for profit, not for charity, but for service. I encourage you to restore your faith in the corporate system which is vital to the operation and success of small credit unions across the country. They know our strengths and weaknesses as well as our needs and wants, and these are the intangible things that I value with my corporate. And for all of those things they are exactly what we need at a time like this.

Sincerely,

Melissa Robinson
CEO/Manager
Groton Municipal Employees Federal Credit Union
melissa@grotonmefcu.com