

March 2, 2009

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

Ref: Advance notice of proposed rulemaking (ANPR) regarding the structure and operations of corporate credit unions

Dear Ms. Rupp,

This is a follow on letter relative to our correspondence dated February 25, 2009. We believe the following proposal deserves further consideration by the NCUA board.

Our solution is called "mutual corporate support" (MCS). Under MCS, we believe that each corporate whether US Central or any other has a primary obligation to respond to a liquidity or solvency need of another in order to preserve the stability of the credit union liquidity system. In the case of US Central (USC), whose directors are from corporate CUs and system entities, it is absolutely imperative that the 28 corporates act in unison to provide resources. US Central is an integral component to the operations of each corporate. It is not integral to natural person CUs. Failure by the corporates to act defies this fundamental fact. The corporate CU system will be irreparably harmed if it abdicates this responsibility and places the burden on natural person CUs. Natural person CUs will likely seek a usurpation of representation on corporate boards and undoubtedly they will enact reforms that will change the role of the corporate system as we know it today. NCUA should affirm this obligation in the corporate community and orchestrate the remedial action.

MCS would mandate that USC put out a liquidity/solvency call to each corporate to provide capital in order to restore its liquidity and solvency. This movement could be in the form of a capital or subordinated note with a five or so year term. If the retained earnings and member capital shares of each corporate is taken into consideration, \$3 billion to \$5 billion could be brought to bear. This amount should be adequate to stabilize USC as well as the entire CU liquidity system.

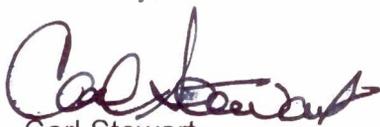
In effect, the 28 corporates are moving capital to the sector in the movement that is under duress. The capital takes on the form of a subordinated note or capital note that USC would pay back at term end. In the interim, US Central would be obligated to raise capital over the next five years to payoff the note. If at the end of the term, US Central defaults on all or a portion of the note, each corporate would have to reflect this reality on its financial statement and, in turn, would require each of its natural person credit union members to replenish the portion of its statutory capital that became impaired as a consequence of the default. This would require a write-off by each corporate and recapitalization of the corporate by its natural person CU members.

There is the concern that corporate credit unions may not have adequate access to capital as some of them are experiencing asset quality problems. Similar to the MCS principle above, we believe that natural person CUs have that primary responsibility to come to the aid of their corporates in resolving illiquidity and insolvency.

In both instances above if capital raising fails, NCUA should consider whether the corporate should be allowed to liquidate, merge, or be bailed out. We view the tapping of the insurance fund to reinstitute safety and stability in the CU system at this juncture as premature and against the workings of the free enterprise system in which all credit unions operate. NCUA needs to allow mutual support mechanisms to move forward, and for now, hold back use of the NCUSIF as a last resort.

We request that this approach be given strong consideration. Thank you again for the opportunity to respond to this issue. We hope that this astute solution is adopted in order to provide for a viable future for the corporate CU systems and the American credit union movement.

Sincerely,



Carl Stewart
President/CEO

cc: Chris Collver, CCUL/NCUL
Mary Dunn, CUNA & Affiliates