



RANDOLPH* BROOKS

Federal Credit Union

P.O. Box 2097
Universal City, Texas 78148-2097

210.945.3300 or 800.580.3300
www.rbfcu.org

March 30, 2009

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

Re: Advanced Notice of Proposed Rulemaking to 12 CFR Part 704

Dear Ms. Rupp:

On behalf of the management and Board of Randolph-Brooks Federal Credit Union, I would like to take this opportunity to comment on the recently issued Advance Notice of Proposed Rulemaking (ANPR) to 12 CFR Part 704.

Corporate credit unions have long played an important and crucial role in the credit union system through offering a wide array of products and services to natural person credit unions that include, among others, payment and clearing services, investment services and, in many cases, a vital source of liquidity. However, the present economic circumstances affecting the world economy and financial institutions in particular does, in our view, present a legitimate basis for serious evaluation and reflection of the efficiency, necessity and effectiveness of the current corporate credit union system. We commend the NCUA for allowing natural person credit unions the opportunity to express our thoughts as a part of this process.

Not unlike other financial institutions around the globe, corporate credit unions have experienced significant declines in the value of their investment portfolios over the past year, albeit perhaps much of it being temporary. These reductions in portfolio values, combined with NCUA's recent decision to infuse \$1 billion in capital into US Central and the NCUSIF premium assessment on natural person credit unions, has shaken the confidence of many credit union executives and volunteers and caused some to seriously evaluate the long-term viability of the corporate system. This confidence must be restored without losing the value the corporate system provides to natural person credit unions.

Questions that surround the cause of the current corporate crisis, the losses at U.S. Central, and NCUA's immediate efforts to buttress the corporate system will be debated for some time. However, there can be no question that sound and



AMERICA'S
CREDIT UNIONS

prudent judgment dictates that NCUA and the industry carefully review the role and structure of the corporate system going forward. The extensiveness of the ANPR process can facilitate that evaluation, and we encourage the agency to enter this process with an open mind to the views of natural person credit unions that wish to have available a vibrant corporate system to assist them in serving members.

Although the ANPR does not specifically ask, we would also like the NCUA to consider the possibility of there being separate insurance funds for corporates and natural person credit unions.

We appreciate the opportunity to comment on this advance notice of proposed rulemaking. Recognizing the difficult challenge that the Agency faces as the safety and soundness regulator for federal credit unions and the insurer of the overwhelming majority of all credit unions, we value your role and public service. Please contact us if we can be a source of additional information about this comment letter or any other matter.

Sincerely,

A handwritten signature in black ink that reads "Randy Smith". The signature is written in a cursive, flowing style.

Randy M. Smith
President and CEO

CC: Chairman Fryzel
Vice Chairman Hood
Board Member Hyland