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March 26, 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 (ANPR) to 12 CFR Part 704 regarding
Corporate Credit Unions

Dear Ms. Rupp:

Thank you for the opportunity to respond to the recently issued ANPR to Part 704 of the NCUA Rules and Regulations.

As a veteran credit union professional (in the industry for 32 years), I have witnessed the growth in our industry. When the Corporate system was created it gave natural person credit unions access to liquidity and investment services that were otherwise provided through for-profit banks. Later, settlement services were offered and brought more strength to the credit union system. Having these corporate services available has enable natural person credit unions to keep the resources within the credit union industry, save in processing and fees, thus making the credit unions stronger and healthier for the members. As a Virginia based credit union, we have supported VACORP Federal Credit Union from the beginning and always considered them to be well-managed and professionally run. They have always managed the associated risks and communicated with their member credit unions.

Going forward, there are several areas that we feel strongly should be included in the revised Corporate Credit Union system.

- 1) Provide liquidity, investment, settlement services and other cash management type services to natural person credit unions. Payment systems should not be isolated from other services to separate risks. Corporates engage in multiple services/products with varying degrees of risk to generate sufficient revenues while providing much needed services for their member credit unions. We do not feel Corporates should be limited in their ability to offer specific types of products/services in order to preserve liquidity. Other means, including offering a balance of services, adequate management oversight and conservative investing should suffice.
- 2) Expand investment options and capitalize for the increased risks. Credit risk management techniques are recommended, such as testing credit spread sensitivities and modeling, but should not be mandated as to the exact technique to be used. Corporates should be allowed to invest in instruments beyond the authority of natural person credit unions. A risk-based capital structure is needed for both Corporates and natural person credit unions.

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- 3) Governance should allow outside directors but not mandate it. Directors should not be paid for serving and they should not have limited terms. Nor do we believe public disclosure requirements are necessary.
- 4) Field of membership should remain open to all credit union (nationally) if the Corporate so chooses. This increases competitiveness of products and services which benefits all natural person credit unions. It also allows for Corporates to specialize in specific products and/or services and gain the economies of scale, which in turn will relate in better pricing for natural person credit unions.
- 5) Corporates need to be given the powers and be encouraged to collaborate with each other to provide more services for the industry, services that are now given to large banks or other providers. These may include lock box services, larger settlements, merchant processing and more.

Recognizing that regulatory and structural changes are certainly necessary to ensure the continuation and solvency of Corporates, we want to ensure that the whole credit union system is not deprived of the crucial corporate component because of the recent losses that have been recognized in some Corporates.

Credit unions remain the strongest segment of the financial marketplace so even though we do have some losses and balance sheet concerns, we have obviously done something right.

Thank you for this opportunity and for hearing the voices of credit union professionals all over the country.

Sincerely,



Susan J. Adams, CCUE
President/CEO

pc: Chairman Michael Fryzel
Vice Chairman Rodney Hood
Board Member Gigi Hyland