



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 Harvester Financial 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.

We would like to thank the NCUA Board for allowing credit unions the opportunity to express our thoughts and viewpoints as a part of this process.

Harvester Financial Credit Union is \$55 million in assets and has over 8,000 members. We are members of Members United Corporate FCU in Illinois, Corporate One FCU in Ohio, and Corporate Central Credit Union in Wisconsin. We use the corporate network for:

- investment avenues,
- liquidity management,
- draft processing,
- ATM/Debit card processing,
- Wire transfers,
- ACH origination and receipt,
- cash and currency management,
- security safekeeping,
- Check imaging / item processing,
- Line of credit, and more.

We find that the corporate network is essential to our operation, and in our providing top notch and efficient services that allow us to compete with much larger institutions in serving our members. **We consider the corporate network absolutely essential to our business.** If corporate credit unions were not offering the broad array of products and services that they do now, then we would, in turn, not be able to offer a complete line of products and services to our members. This would make growth and long term viability even more challenging.

It is a shame that we are in the current situation with the corporate network. With that in mind, I hope that these once in a life time economic circumstances result in improvements to our member owned network, and that we don't over-react to the long term detriment of the entire credit union movement. I urge you to address these issues with the understanding of the importance of corporate credit unions to natural person credit unions (particularly small to mid-sized credit unions) and with the long term impact on the movement in mind.

I do certainly agree that investment authority needs to be reviewed, and tightened. (I would assume a greater emphasis on understanding complex investments should also be additionally emphasized in training your corporate examiners.) The risks certain corporate credit unions took related to sub-prime and Alt-A mortgage backed securities looks extreme now. But, in defense, most were highly rated by the rating agencies, and I assume the agency examiners did not have strong concentration or credit concerns until the entire market collapsed. These extreme market losses do not appear to have been considered by any of the parties involved.

Lastly, there is certainly room for consolidation amongst corporate credit unions that could potentially benefit all involved. However, I hope that the consolidation will be left to the member owners to determine as much as possible. It is also important that corporate governance be respected as member owned cooperatives, and maintained in that respect.

In closing, we appreciate the opportunity to comment regarding the future of the corporate system and understand that sound and prudent judgment dictates that NCUA and the industry carefully review the role and structure of the corporate system going forward. We cannot continue to absorb the type of expenses being passed along so far this year.

We would like to encourage the Board and agency staff to keep our views and needs in mind as the new regulation is crafted. **A healthy and strong corporate system is imperative to assist us in serving our members.**

Sincerely,

A handwritten signature in black ink, appearing to read "John T. Newett". The signature is fluid and cursive, with a large loop at the end.

John T. Newett, CPA  
President and CEO

CC: Chairman Fryzel  
Vice Chairman Hood  
Board Member Hyland