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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:

Thank you and the Board for permitting this opportunity to comment on the recent Advance Notice of Proposed Rulemaking (ANPR) to 12 CFR Part 704.

I have enjoyed the services provided to credit unions over the last several years. Since the formation of the system they have provided liquidity, short and longer term investment options, as well as alternatives in payment systems. As we look at restructuring, it is a necessity that we keep these principal components.

One of the basic questions asked in the ANPR was the question, "how many Corporates should there be? While I do not profess to know the exact answer, it would seem fairly obvious that currently there could be too many. Whether there is one Corporate per defined geographic area, or as few as one Corporate with multiple branches, can only be answered when we know what they (the Corporates) will ultimately be asked or permitted to offer us.

If they cannot answer to the needs of natural persons credit unions, then we will find it necessary to look outside that framework and thus one would be too many!

Ultimately, what products and services are needed by our members will dictate what we need ask the Corporates to supply.

I do understand the concept that fewer Corporates would allow for greater economies of scale to be applied, thus allowing reductions of costs and overheads to be applied. At the same time eliminating competition could have the reverse effect to natural persons credit unions, thus affecting the very members that we are trying to serve.

With respect to the Capital structure of membership shares and Paid in Capital (PIC) that exists today, I feel that there is not an exact model that is applicable to Corporate credit unions. While Basel accords cannot be specifically applied, the principals should become the basis for creating a set of practices that can create uniformity to risk management.

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With respect to liquidity provision, (which could be one of the most important services that a Corporate Credit Union can provide) it is a necessity that the Board recognize and preserve the ability of the Corporate(s) to provide this service and at the same time be an attractive source of investment return. Setting the bar too high on the necessity of a Capital ratio could be limiting the efforts and attractiveness of investment return. Without providing the method of attracting capital from alternative sources, this could lead to natural persons credit unions being forced to seek investment returns from other sources. Thus furthering the possible downward direction.

This area also ties into the issue of National "field of memberships." It appears that it is the position of the Board that National "fields of membership" have contributed to the efforts of Corporate to take on risk in investments in order to appear attractive. I take the opposite view. Without National "fields of membership" there would not be competition, thus, forcing natural persons credit unions to look outside the network and possibly creating a large exposure to risk. It would seem that accounting charges to the financial statements (either in real or foot noted disclosures) could provide further openness and direction.

While there were a number of other issues needing comment as requested in the ANPR, I will comment only on the issue of Corporate governance. I am not comfortable with the likelihood that a reduction to the number of Corporates would diminish the pool of suitable candidates (from within the network) that could be available to serve in these positions. From experience, the mind set and efforts of credit union people has always been different than those who work solely in the for profit sector. While many of these individuals have been able to work successfully within the network, I do not always believe their efforts have benefited us.

Again, I thank you for the chance to offer comments and wish the Board the best solutions to very complex and trying needs.

Sincerely,



William F. Hannah
President/CEO