



April 2, 2009

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

Dear Ms. Rupp,

Thank you for allowing me to comment on the Advanced Notice of Proposed Rulemaking for Part 704.

I have been managing credit unions for almost 22 years and I am currently the President of Prairie Federal Credit Union in Minot, ND. I have held this position for the past 18½ years. Prairie Federal Credit Union is a community chartered credit union with assets of about \$63 million. I have also served on the North Dakota State Credit Union Board for the past 13 years.

It is very unfortunate that US Central CU and a few other corporate credit unions are in the position they are in. It is not easy for the NCUA Board and staff, US Central CU, corporate credit unions, and retail credit unions to be in the position we are in. As painful as it has been, I think the NCUA Board has made some good decision on how to best stabilize US Central CU and the corporate system.

As I have read numerous articles and participated in various conference calls, it seems to me that the problem with US Central CU and the corporate system is not because of a 3 tiered credit union system, but rather the few investments that were made. It sounds like at the time these investments were made, they were well rated, legal investments that made sense at the time. Unfortunately, like many businesses in America the corporate system got caught in an unpredictable set of circumstances that has lasted longer than most people originally expected.

With that being said I hope the NCUA Board does not over react to this situation by making changes to the corporate credit union system. There

is need for stricter investment regulations to help prevent this from ever happening again, but I do not see a need to reinvent the system when it has worked very well in the past and will work very well again in the future as long as higher risk investments will be avoided. I think the restructuring of the corporate system would ultimately cause more harm than good.

The current 2 tier corporate system plays a very important and vital role in the daily operation of retail credit unions. Keeping the payment and investment system together is important. I think separating the 2 would be a big mistake.

The role corporate credit unions play in helping retail credit union's in their liquidity needs is also extremely critical. Limiting corporate product and service offerings to retail credit unions would have a negative impact on credit unions and not a positive one.

As for field of membership issues I am against reverting back to regional field of memberships and limiting the number of corporate credit unions. The national field of memberships makes for the best diversification of the corporate credit unions.

The various core, membership, and risk-based capital should be carefully thought through. Some changes maybe appropriate, but wholesale changes are not the answer.

On the topic of corporate governance I feel that the current governance structure of democratically elected representatives from among the members is appropriate and consistent with the cooperative charter.

Thank you for letting me share a few of my thoughts. In closing please use common sense in the investment areas that need to be addressed and if other areas are not broken, please do not try and fix them. A radical make over of the corporate system is NOT what we need at this time.

Sincerely,



Steven S. Tonneson
President