

EMPORIA STATE

Federal Credit Union

April 2, 2009

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

RE: Comments on ANPR, Part 704 Corporate Credit Unions

Dear Ms. Rupp:

The Emporia State Federal Credit Union (ESFCU), chartered in 1937, is a \$40 million credit union located in Emporia, Kansas. We serve nearly 4,100 members with our closed educational field of membership. March 31, 2009, our net worth ratio is 9.89%. Our loan/share ratio is 86.95%. In 2008, we had a return on asset ratio of 1.22% with 0.07% delinquent loans to total loans ratio.

ESFCU is a member of Kansas Corporate Credit Union. We use our corporate for many services including: Settlement services; wires – both domestic and international; security safekeeping; investments (corporate, bank CDs and marketable securities), liquidity (lines of credit for overnight, term borrowing and CLF), ALM services (quarterly analysis, including 2-year NII simulation; rate shocks; and NEV, and strategic planning); cash delivery; and technology services.

Kansas Corporate CU is a very trusted and integral part of our credit union's business operations. We view them much the same way as the NCUA – as a vital business partner enabling us to succeed. We understand that many of these services are available from other third-party vendors and have strategically moved away from the competition to provide, for example, cash delivery to our building. As a small Kansas credit union, Kansas Corporate CU provides affordable products and services allowing us to compete with the much larger financial institutions in our area.

ESFCU is currently building a branch office – a first for our CU. The ALM services that KCCU provides made this strategic goal a reality. Given how the economic condition of the nation has changed over the past 12 months, and specifically how rapidly it's changed over the past 6 months, the staff at KCCU has provided multiple analysis with multiple forecasting to help the Board arrive at our decision. They have been an invaluable asset to ensure our growth, soundness, and success!

In addition, we are currently using their Technology Services Group to assist us with multiple facets of our branch security, computer technology and design. It's just one more avenue that solidifies our business partnership.

Please be aware that Kansas Corporate CU is an individual, democratically controlled financial institution. They have their own vision, strategic business plan and investment philosophy. To find the services that KCCU provides to ESFCU would take substantial resources of our credit union. We believe that the corporate board structure should not change. A board of directors, democratically elected by the membership, is consistent with the cooperative charter. And, it works! Board members, who are also CEOs of member CUs, is part of what makes our corporate so successful.

Providing liquidity to credit unions and managing our CU's liquidity to fund daily settlement activity is the core service of Kansas Corporate and the corporate system. We use our corporate for settlement needs enabling us to monitor only one account relationship. Their online banking product allows us to easily view the activity in our account. We balance our corporate account daily. Any questions or concerns are easily answered by their staff as opposed to tracking down the appropriate number and department at the Federal Reserve.

The Currency and Coin delivery and vaulting service provided by KCCU was a welcomed addition! Finally, a credit union our size can and does compete with the large financial institutions in our market. This service allowed ESFCU to cut the last remaining tie to our competing banking counterparts, ensuring the safety of our employees when handling the most basic of our member's needs – Cash. What a great feeling it is to be the first financial institution in our area to carry a specific, newly released state quarter. It's definitely those small things that pay big dividends in our member's minds.

In addition, KCCU's wiring service, both domestic and international, provide a service our members receive at a nominal fee. Given our tie to university employees, many of our members teach, travel or have family living abroad. The ease of international wires is of great benefit to us and our membership.

So, what does Emporia State FCU need from our Corporate? We need Kansas Corporate Credit Union to continue to provide the outstanding services they do today. They are a critical strategic business partner to our organization. We have a long term, trusted relationship that has been built and developed over time. That is not easily replaced.

I would encourage NCUA to take as much time as absolutely necessary to evaluate the situation. Our biggest concern is that our corporate, Kansas Corporate Credit Union, should not be penalized nor consolidated with other poor performing corporates. A two-tier structure should be retained as we believe it creates efficiencies. It is not the current structure of the corporate system that has led to the issues requiring NCUA to take action.

Thank you for this opportunity to comment on the future of corporate credit unions. If you have any questions, please do not hesitate to contact us.

Sincerely,

Angie Miller
President / CEO

