

April 2, 2009

Michael E. Fryzel
Chairman, NCUA

Rodney E. Hood
Vice Chairman, NCUA

Gigi Hyland
Board Member, NCUA

RE: Advance Notice of Proposed Rulemaking for Part 704

Dear NCUA Board Members,

Central Kansas Credit Union is a \$30 million credit union, located in Hutchinson, KS, with branches in South Hutchinson, Hesston and Pratt, KS. We serve approximately 8,000 members who live in thirty counties in central Kansas. We feel that we serve our membership well, but it has been a struggle to build our net worth to the 8% level. It is tough to be this small and operate four different facilities, and I depend on Kansas Corporate to assist me on a daily basis.

We believe that the corporate credit unions provide essential services to natural person credit unions. This is especially true for the small to mid-size credit unions which make up the majority of Kansas credit unions. We consider Kansas Corporate to be a strategic business partner.

Central Kansas Credit Union uses Kansas Corporate for many services: settlement services (checks, ACH, VISA, cash letter, etc); wires and Western Union transactions; investments (corporate, bank CD's and marketable securities); security safekeeping; liquidity (line of credit for overnight and term borrowing); ALM services (quarterly analysis, rate shocks and NEV); cash delivery services to all of the branches; and we have worked with their Technology Services Group for installation of phone and computer networks in all of our locations. In the past, we have used their staff for our planning sessions and Board review of our quarterly ALM.

We do understand that the above services are available from other sources, but we believe the expense would be much greater and our vendor due diligence would also be too much for us to handle. We have developed a trust factor with Kansas Corporate over the years. If Kansas Corporate were merged into a regional Corporate, we would become a very small entity, and we would not receive the level of service that we currently experience.

I have served on the Supervisory Committee of Kansas Corporate for several years. I have sat through many exit conferences with NCUA and the Kansas Department of Credit Unions. I believe that Kansas Corporate is a strong, democratically controlled financial institution, with their own vision, strategic investment plan and investment strategy. They have made every effort to respond, either on their own or through partnerships, to the needs of local credit unions, no matter how small. We believe these local needs would not be addressed if there was no Kansas Corporate.

Over the past several years in Kansas we fought legislatively with our banking competitors over field of membership restrictions. It is unthinkable to me that we could

be forced into doing business with those banking competitors again. Kansas Corporate has worked with all of the small credit unions in Hutchinson to help them move their settlement accounts and cash delivery from the high priced local banks.

We believe that the corporate investment powers should be greater than that of natural person credit unions. However, proper infrastructure must be in place to support the amount of investment risk each corporate chooses to take. Those corporates that choose to take more risk should be subject to additional regulatory supervision and additional capital requirements.

We also believe that the two-tier structure should be retained and believe that it creates efficiencies. U.S. Central plays a critical role as the central point for payment settlement with all retail corporates. If U.S. Central did not exist, another vendor or vendors would have to step in and replace the services provided. This would again increase cost and take away any efficiency that has been created over the years.

We believe that the corporate board structure should not be changed and there should not be an outside director category. Unpaid, democratically elected boards are the very foundation of the credit union movement. We don't believe that term limits are necessary as members decide who serves.

We do not agree that the structure of the corporate system lead to the issues that required NCUA to take action. We have seen in our own state that the consolidation of banks does not lead to efficiencies that produce lower fees or higher rates. In fact, quite the opposite happens with less efficiency, poorer service and higher fees. We have experienced membership growth every time a bank consolidation occurs in our community.

We do not want to see changes implemented that would consolidate our corporate, which has been in existence for almost 60 years, with much of the same management for over 20 years. We urge you to view each corporate as an individual institution, with its own business plan, its own risk tolerance and is answerable to its own membership.

Thank you for the opportunity to provide comment on this extremely important issue. Please do not hesitate to contact me if you have questions.

Sincerely,

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