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Park View
FEDERAL CREDIT UNION

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April 3, 2009

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

Re: Comments on Advanced Notice of Proposed Rulemaking for Part 704

Dear Ms. Rupp;

Park View uses VaCorp FCU as our primary financial institution. Services include a transaction account, liquidity, term loans, line of credit services, and investments. We use several other corporates for ALM services and payment systems. It would most beneficial if in addition, corporate credit unions could purchase loan participations from NPCUs, provide compliance and BSA on our behalf, securitize vehicle loans and student loans originated by NPCUs, provide broker-dealer services, and other 21st century financial services. In addition, an affiliation with the Farm Credit Cooperative system may add value to credit unions because they have been securitizing loans successfully for decades.

Corporate CUs and NPCUs must have both risk-based capital and paid-in capital in order to grow and thrive. In the current capitalization structure, NPCU investments made into another federally insured bank or credit union effectively has two government guarantees on the same member deposit. Two cooperative models to consider for paid-in capital are the Farm Credit System and the Canadian Credit Union structure, both of which have a more formal cooperative ownership structure with paid-in capital.

Both Corporate and NPCU fields of membership are cumbersome. The Canadian banking systems is holding up well in our global banking crisis, and is a model that warrants our consideration. The Canadian Credit Union system offers two options to NPCUs. Individual credit unions must choose to between a "closed bond" and an "open bond." The "closed bond" option resembles the current U.S. FOM system. The "open bond" credit unions may serve everyone.

Consideration should also be given to redefining Member Business Loan definitions to resemble those used in the broader marketplace. Some of the definitions imposed upon NPCUs are meaningless outside of the credit union industry. Additionally, NPCUs need the freedom to determine their own MBL caps and limitations, and corporate would add valuable resources.

In this time of open dialogue and searching for new and creative solutions for solving today's complex problems, I suggest the NCUA, CUNA and NPCUs begin a dialogue to answer the following questions:

1. Why are corporate credit unions buying asset backed securities originated outside of the CU system when the CU system could potentially originate them internally?
2. What credibility does PIMCO have to value securities when they are also in the business of purchasing distressed securities?
3. Why are pay-day lenders so prevalent? Are NPCU limitations so restrictive that they can no longer serve those with modest means?
4. Why are credit unions the only cooperatives that have such an ambiguous ownership structure?
5. <u>And finally</u>, why is CU market-share the same 6% that it was 20 years ago? With the option of paid-in capital, NPCUs would have the capital resources required to meet the evolving needs of a diverse financial services marketplace. Even if taxed, NPCUs with paid-in capital would be able to provide services equivalent in quality to those offered by retail banks and establishments, but at a more reasonable cost to the consumer.

Albert Einstein observed, "The significant problems we face cannot be solved at the same level of thinking we were at when we created them." With the announcements and events that have occurred in 2009, even the NPCUs that have thrived in the past 20 years face an up-hill climb.

Thank you for the opportunity to provide input.

Sincerely,

John Beiler, CEO

Cc: The Honorable Michel E. Fryzel, Chairman
The Honorable Rodney E. Hood, Vice Chairman
The Honorable Gigi Hyland