

Navigator 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 Advanced Notice of Proposed Rulemaking to CFR Part 704

Dear Ms. Rupp

As requested in NCUA's Advanced Notice of Proposed Rulemaking, we are including responses to several of the issues that have been posed regarding corporate credit unions. They are as follows:

Payment Systems

All of the products and services that corporate credit unions provide are vital to natural person credit unions. Separating or limiting the services that a corporate is permitted to provide would actually increase risk due to the concentration of business risk associated with that particular service. As the number of services that a corporate provides increases, the less it is upon a particular business line.

Liquidity

Having a reliable source of liquidity has always been extremely important for our credit union and our corporate has always been there in times of need, as well as an important part of formal liquidity planning. To enhance the corporate credit unions' abilities to continue to meet unusual demands upon liquidity, NCUA should champion legislation that would allow corporate credit union direct access to borrowing from the Central Liquidity Facility.

NCUA should continue to closely monitor those corporate credit unions that have been granted expanded investment authority, and approve those that request expanded authority based upon the corporate credit union's expertise to maintain the complex

infrastructure and capabilities in the modeling, analysis, and management of all forms of risk.

Investments

Some corporate credit unions have done well in managing their investment portfolios, which in turn adds value to the natural person credit union. It is important that these corporate credit unions be allowed to continue to invest in the same instruments as other federally regulated participants in the financial services industry.

Field of Membership

The competition for permitting national fields of membership in corporate credit unions has resulted in more opportunities for natural person credit unions for liquidity, payment systems and investment services offered by the various corporate credit unions. Yet, this same competition has affected the capital position in the corporate credit union network.

Structure

Currently, there is too much risk associated with the two-tier corporate credit union system. NCUA could mitigate this risk by de-emphasizing U.S. Central's role within the corporate network. With the conservatorship of US Central, NCUA has the opportunity to work toward expanding the capabilities of the retail corporate credit unions and promoting a regional corporate credit union network of fewer and stronger corporate credit unions.

Capital

Navigator Credit Union believes that NCUA should establish a risk-based capital system for corporate credit unions that is similar to that of other federally regulated financial institutions. Once the full impact of the current capital position of the corporate network and the individual credit unions has been determined, goals and benchmarks should be established. However, the final assessment needs to be completed before developing those plans.

Additionally, the products and services that a corporate credit unions offers should be limited to those natural person credit unions which maintain membership capital with that particular corporate credit union.

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Governance

Navigator Credit Union believes that the boards of directors of corporate credit unions should continue to be composed of the executives of its natural person credit union members. The member-owners should also be who determines the qualifications and any term limits.

Executive Compensation

The disclosure of executive compensation is a decision that should be left to the discretion of individual board.

In closing, Navigator Credit Union believes that it is not credit unions that created the financial crisis that our country currently faces. The corporate credit union network is key to the success of all credit unions. If this is an opportunity to make the credit union network better, then we should do so. However, the continued success of corporate Credit Unions is vital to that of all Credit Unions.

Sincerely,

Laurin F. Avara