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To:	_Regulatory Comments
Cc:	Beverly Gagne; Darrell Merkel; Debbie Jordan
Subject:	Response to ANPR
Date:	Monday, April 06, 2009 4:58:49 PM

1. Role of Corporates in Credit Union System.

   We agree with NCUA that the wholesale or second tier of corporate credit unions be eliminated. We also agree that a limited number of regional corporates with specific regional memberships be formed. One option would be to have one corporate for each NCUA region with all natural person credit unions in that region allowed to be members of the regional corporate. Instead of the second tier or wholesale corporate, regional corporates could utilize the Federal Reserve System for liquidity and CLF and the Federal Home Loan Bank for borrowing needs. Investment options for regional corporates should be restricted to the types of investments that are available to Natural Person Credit Unions. Regional Corporates should be run as a non-profit, tax exempt organization with a volunteer, unpaid board of directors with term limits, elected by the membership.

   Payment System – Processing of payments of all types should be separated from the deposit/investment and lending services of the corporate. Payment Systems need to be under a separate charter/company that would be allowed to compete nationally for the business of any credit union. This structure is utilized in South Carolina with Palmetto Cooperative Services, LLC handling payments system services and First Carolina Corporate providing settlement, investment and lending functions to NPCUs.

   Liquidity and Liquidity Management – Regional Corporates should only provide deposit/investment and lending services to NPCUs. Corporates should be required to have adequate ALM policies in place that would ensure seasonal liquidity needs of NPCUs could be substantially met with backup from CLF and FHLB.

   Field of Membership Issues – FOM should be limited to NPCUs within the NCUA region in which the Corporate is located.

   Expanded Investment Authority – Expanded Investment Authority should be eliminated to keep corporates within a more conservative investment arena.

   Structure: two-tiered system – The wholesale or second tier corporate should be eliminated. Regional corporates can utilize the Federal Reserve System, CLF and the Federal Home Loan Bank for liquidity purposes.

2. Corporate Capital

   Core Capital – If core capital becomes a requirement to do business with a corporate, many credit unions will op to find other sources for their financial needs. The corporate system would likely collapse under this scenario.

   Membership Capital – Membership capital should be left as it is with the same requirements and the same restrictions for withdrawal.

3. Permissible Investments
   Corporate credit unions should be held to the same investment restrictions that NPCUs have to follow.

4. Credit Risk Management
   Two credit risk ratings should be obtained on all corporate investments.

5. Asset Liability Management
Net Income simulation should be reinstated.

6. Corporate Governance
Minimum standards for education and experience should be enacted for corporate board members. Term limits would be a great addition to board terms for corporates. Term limits should require that board members rotate off the board every six years and remain off for a minimum of one three year term. Directors from outside of the credit union industry should make up a third of the corporate board. Outside directors should be compensated and should also have term limits.