



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 (ANPR) to 12 CFR Part 704 regarding Corporate Credit Union

Dear Ms. Rupp:

Thank you for the opportunity to provide comment on the Advance Notice of Proposed Rulemaking concerning the role and structure of Corporate Credit Unions (Corporates). I am the President/CEO of Bayport Credit Union located in Newport News, Virginia. Bayport is a \$1 billion dollar credit union serving members in Hampton Roads for over 80 years.

Corporates have long played an important role in the credit union system. BayPort Credit Union has utilized VaCorp Credit Union for over thirty years and considers them an important partner in providing services to our members. They provide payment, settlement and correspondent services, wire transfer services, investment safekeeping and investment and liquidity products for our credit union.

The need for 28 Corporates appears unnecessary given the significant reduction in the number of credit unions serving members over the last thirty years. We recognize that current economic conditions have weakened corporate credit unions which may necessitate consolidation. We feel strongly that after the current situation is stabilized, NCUA should allow the market-place to decide how such a consolidation takes place.

Specifically, we offer the following comments.

Payment Systems

Corporates are the primary financial institution for the majority of natural person credit unions. Corporates should be allowed to maintain the existing business services they offer. Payment systems and liquidity services provided by Corporates reduce operational cost for

credit unions and the members they serve. The separation of payment services and liquidity services is not practical and would weaken the Corporate's value as a cash management provider.

Liquidity and Liquidity Management

Corporates have historically provided liquidity solutions for members during many difficult economic conditions. We consider liquidity services as a core service offered by corporate credit unions and they should continue to offer this service. In addition, we encourage NCUA to take all necessary actions to grant Corporates direct access to the Central Liquidity Facility.

Field of Membership (FOM)

The current national field of membership policy has encouraged healthy competition among Corporates resulting in improved services to member credit unions. Each credit union should be allowed to select a corporate credit union regardless of its location or size. Competition among corporate credit unions will continue to benefit member credit unions.

Expanded Investment Authority

Expanded investment authority for Corporates is appropriate to continue generating value for member credit unions. Restructuring the investment authority of Corporates would compromise their ability to serve member credit unions and limit their ability to build capital.

Structure: Two-Tiered System

The need for the current two-tier system for corporate credit unions appears unnecessary. Expanded investment authority of all Corporates eliminates the need for another tier which has to take on additional risk to add value to its corporate credit union members.

Risk-based Capital

A risk-based capital structure is clearly appropriate for Corporates. Corporates who take on additional risk should be required to maintain sufficient capital commensurate with such risks. In addition, NCUA would need to establish risk weights for the various investment options available to Corporates with expanded authority.

Corporate Governance

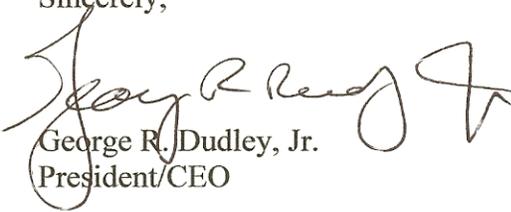
Corporates, as well as, member owned credit unions, are member-owned cooperatives established for the benefit of their members and controlled by their member-owners. We believe this structure should continue. The current economic situation has, without question, affected all financial institutions regardless the structure or make up of their respective board of directors. We, therefore, believe that the current corporate governance structure is sufficient.

Conclusion

It is clearly obvious that certain Corporates took on more risk than others, and as a result the entire corporate credit union system has suffered. We recognize there are other options for member owned credit unions; however, a healthy corporate credit union system is necessary to provide settlement, liquidity and investment services to natural person credit unions of all asset sizes, particularly smaller and medium sized credit unions.

Thank you for the opportunity to comment on the future of the corporate credit union system.

Sincerely,



George R. Dudley, Jr.
President/CEO