



Via email to regcomments@ncua.gov

April 6, 2009

The Honorable Michael E. Fryzel
Chairman, National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

The Honorable Rodney E. Hood
Vice Chairman, National Credit Union Administration

The Honorable Gigi Hyland
Board Member, National Credit Union Administration

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

To Chairman Fryzel, Vice Chairman Hood, and Board Member Hyland:

US New Mexico Federal Credit Union (USNM) appreciates the opportunity to make this response to the NCUA's Advanced Notice of Proposed Rulemaking (ANPR) for Corporate Credit Unions. 74 Fed. Reg. 6004 (2009).

USNM offers the following six comments for your consideration:

1 – USNM's 57,000 members correctly assume that their deposits and checks will be paid/cleared in a timely manner. USNM, in turn, relies on a corporate credit union (Southwest Corporate Credit Union) to handle all item processing and clearing services. NCUA has demonstrated that it understands the criticality of these functions in its handling of the conservatorships recently enacted. One possible solution would be to have the corporate credit unions move this function into a Credit Union Service Organization (CUSO) that would continue to function in the event of any disruption within the Corporate Credit union system.

2 – As has been demonstrated in the past year, liquidity is an important element in a credit union's operations. As part of our liquidity contingency plans USNM relies on lines of credit with corporate credit unions. We recommend that NCUA continues to permit corporate credit unions to offer credit facilities to natural person credit unions. Or depending on changes that are enacted, we recommend that NCUA makes provisions for natural person credit unions to more easily obtain contingent financing directly through federal agencies.

3 – Natural person credit unions are limited in their ability to purchase investments and do not always have the expertise necessary to make complex investment decisions. The investment related services provided by corporate credit unions are important to natural person credit unions and should continue to be available either directly through corporate credit unions, or as is the case with Southwest Corporate, through a CUSO.

4 – USNM respectfully recommends that any and all changes enacted by NCUA be implemented over a reasonable transition period. The credit union system is actually a community of people helping people. If people lose confidence in our system the consequences could be devastating. It could be argued that part of the current crisis has been caused by acting too quickly. A reasonable implementation period, with full disclosure, could help alleviate fears and help in the overall recovery of our credit union community.

5 – It has become apparent that natural person credit unions are “self-insured”. Steps should be taken to make self insurance charges less draconian.

6 – Most of today’s problems were caused by corporate credit unions investing in privately placed mortgage backed securities. Hind-sight is always convenient, but to date no credit loss has been experienced with a government sponsored entities’ mortgage backed security. Also, corporates could allocate a portion of their investments as a reinvestment into the natural person credit unions (and/or their regions) that are members of the corporates. A reinvestment into the credit union cooperative system would help maintain the people helping people attitude upon which credit unions were and are created.

USNM appreciates this opportunity to respond and we look forward to future dialog and collaboration as NCUA strengthens our credit union community.

Sincerely,



James Raquet
President/CEO



Paul Johnson
Chief Financial Officer

US New Mexico Federal Credit Union