



April 6, 2009

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

RE: Advanced Notice of Proposed Rulemaking for Part 704, Corporate Credit Unions

Dear Ms. Rupp,

The Association of Vermont Credit Union's Government Relations Committee appreciates the opportunity to comment on the Agency's Advanced Notice of Proposed Rulemaking regarding the structure of the corporate credit unions.

We generally agree with and support written comments submitted by the Credit Union National Association under separate cover. Primarily, we support the concept that the role of corporate credit unions should predominantly be limited to correspondent services and short-term investment and liquidity needs required by all credit unions.

We agree with CUNA's observation that risk associated with longer term investment and liquidity activities has been the major contributing factor to problems faced in the corporate credit union system today. With that in mind, we have a few additional observations regarding re-structure that we believe merit consideration in order to continue providing longer-term investment and liquidity services to natural member credit unions.

- Re-structure U. S. Central Credit Union into a not-for-profit vehicle that serves solely as the only centralized long-term investment/liquidity service for the credit union industry.
- Obtain an explicit federal government guarantee for U.S. Central deposit and remove it entirely from the National Credit Union Share Insurance Fund.
- The revised U.S. Central should not be designed to chase yield, but to provide treasury-like safety, and the benefit of national aggregation of long-term investments.
- The revised U.S. Central Credit Union investment activities should be highly regulated.



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- Participation in the revised U.S. Central Credit Union by natural member credit unions should require at-risk membership capital investments in proportion to their participation.
- The revised U.S. Central Credit Union should be the only corporate credit union entity allowed to participate in long term investment and liquidity management activities.
- It should be structured to allow the federal government to hold a capital position in exchange for assumption of some of the investment assets and the deposit guarantee.

Thank you for the opportunity to comment on the Agency's Advanced Notice of Proposed Rulemaking. We share concern that carefully considered changes to the traditional role and authorities of corporate credit unions are appropriate, and encourage you to seriously consider CUNA's ANPR response along with our own.

Sincerely,

Government Relations Committee
Association of Vermont Credit Unions