

April 6, 2009

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

RE: Advanced Notice of Proposed Rulemaking (ANPR) for Part 704

Dear Ms. Rupp:

I appreciate the opportunity to comment on NCUA's Advanced Notice of Proposed Rulemaking regarding corporate credit unions issued on January 28, 2009. While I will not comment on each issue, I wish to impart the importance of our corporate credit union in our daily operations.

Our Use of Our Corporate Credit Union

We use our corporate accounts for settlement of all of our payment systems. When I was first hired at Central Maine FCU in December 1992, our outstanding items list on our overnight account reconciliation was eight pages long. Everything the credit union does was being debited or credited through this account and due to the high volume of transactions and often less than helpful transaction descriptions used by originators, we used one full time person to do nothing but balance our overnight account. After spending the first few months of my employment dealing with hundreds of outstanding items, I knew that there must be a better way. I called Steve Roy of Tricorp FCU and asked him if we could set up different accounts with Tricorp FCU for each of our various payment systems, such as ACH, share draft processing, VISA credit cards, etc. Mr. Roy assisted us in this endeavor and within three months what was once a full time job became a function that took an average of ten hours per week. Since this time, each time we implement a new service for members that requires a third party to access our account, such as debit cards, bill pay and soon ACH origination, Tricorp FCU opens a new account for us. This single service makes our membership in Tricorp FCU worthwhile.

While we currently have ample liquidity, we have also used Tricorp FCU for overnight and short term borrowing. Because the borrowing is automated, I never have to worry about not having the funds available when originators debit our account for member transactions.

We have been purchasing term certificates with Tricorp FCU as long as I have worked at the credit union. Because we obtain regular financial statements, we have always known that our investments were safe. Often, Tricorp's rates are competitive with other investment options and their online banking platform makes purchasing and redeeming investments with them much easier than dealing with individual financial institution share certificates, agencies or treasuries. Again, we save staff time and effort when using our

corporate.

We use Tricorp for member wire transfers and save both staff time and money compared to our former use of the Federal Reserve Bank of Boston for this function.

We will soon be using Tricorp for ACH origination. We first looked at the Federal Reserve Bank of Boston (FRB) for this service and discovered that not only was the process complicated, but it would cost us a minimum of \$600 per month. Tricorp demonstrated their APEX system, which is user friendly and will save us over \$500 per month compared to using the FRB.

Tricorp FCU is an integral partner in our quest to bring the best products and services to our members. Obtaining these services from the FRB or the large banks would increase our costs and reduce the services we could provide to our members.

Field of Membership

Just as overlapping fields of membership have increased costs at natural person credit unions, I believe that corporate credit unions have also been negatively impacted by national fields of membership. While it's probably too late to put the genie back in the bottle, I believe that the ability of natural person credit unions to belong to numerous corporates resulted in rate competition that encouraged some corporates to assume unnecessary risk in an effort to gain additional market share.

Expanded investment authority should be eliminated for corporates, with the exception of US Central, which should be allowed to take on risk for the system provided that the expertise is on staff. Certainly, concentration limits must be implemented and monitored.

Membership Capital

The use of tier 1 capital should be required for corporate membership and the use of membership capital shares be phased out. It will be difficult for natural person credit unions to feel confident in the corporate system after the conservatorship of US Central and Wescorp, therefore it will take time to restore confidence and make a transition to tier 1 capital. The amount of capital required from natural person credit unions should be based on asset size and it should be adjusted upwards only upon approval of the corporates' board of directors.

A minimum capital ratio of 4%, with a goal of 5% should be required, with adequate time permitted for the industry to meet these goals.

I have believed for some time that natural person credit unions should be assessed an operating fee and tiered rates for their NCUSIF deposit based on the risk the individual credit union brings to the system. While the amounts paid into the NCUSIF by corporate credit unions is not significant, perhaps minimum required capital could be determined based on risk.

One way to measure this risk is with net interest income modeling, which is no longer mandatory. The use of net interest income modeling should be required and used to help measure the level of risk an individual corporate poses to the system.

Corporate Governance

Minimum requirements of experience and expertise should be in place for anyone who wants to serve on a corporate credit union board of directors. Corporate directors should not be compensated. This would undermine our cooperative mission. I believe that term limits only serve to reduce the overall expertise and experience of board members. Executive compensation is a matter for an individual corporate board of directors and should not be disclosed to the public. Because there are so few corporates, it can be difficult for a board to know how their executive compensation compares to that of other corporates. NCUA, as part of their annual exam, could collect this information and provide it to boards. This also allows the regulator to be aware if any corporate executives are grossly overcompensated.

The board of US Central should be comprised of senior management of corporate credit unions. Previously, it seemed that the bulk of US Centrals' board members were CEO's of the largest corporates. Consideration should be given to rotating US Central board members so that all corporate credit unions have the opportunity for their executives to serve. This reduces the chance that the US Central board becomes comprised primarily of those from the largest organizations that have the time and staff at their own shop to allow them to serve. While I am opposed to compensation for individual board members of US Central, perhaps compensation to the corporate credit union of board members would allow smaller corporates to hire either the expertise needed or additional persons to alleviate the stress of managing a corporate while serving on the US Central board.

Merging the Office of Corporate Credit Unions with Another Agency Office

The merger of the Office of Corporate Credit Unions with another agency office will only serve to dilute the expertise needed to provide adequate oversight of corporate credit unions.

Thank you very much for the opportunity to respond to the ANPR. It is my fervent wish that my corporate continues to help me provide products and service to my members well into the future.

Respectfully,
Vicki Stuart, CEO
Central Maine Federal Credit Union
P.O. Box 1746
Lewiston, Maine 04241-1746
(207) 753-6300 extension 222
FAX (207) 777-1914
vstuart1@centralmainecu.com