



4450 Weaver Parkway • Warrenville, IL 60555 • [www.membersunited.org](http://www.membersunited.org)  
Phone: (630) 276-2600 • (800) 782-2431 • Fax: (630) 276-2626

April 2, 2009

Dear Member,

We recently published on our website our [completed response](#) to NCUA's Advance Notice of Proposed Rulemaking (ANPR) concerning the corporate system. The final version incorporates the feedback we received from our membership during our recently concluded town hall meetings. Some highlights:

- Corporates should exist, in a single tier.
- Significant consolidation should occur. While one corporate would be the most efficient model, member input suggests the number should be between four and six.
- Corporates must offer payment, settlement, and liquidity services. Allocating capital for payment operations, and set-aside funding for settlement, is appropriate.
- Services need not be manufactured by the corporates. National CUSOs could be formed to create efficiencies and increase cooperation within the network.
- Competition among corporates must be reduced, and where it exists, controlled. Corporates should distribute other corporates' investment and lending products for a fee, allowing for diversification without excess competition.
- Corporates must be better capitalized, starting with a 4% core capital (GAAP Tier-1 capital) target and building to 6% core capital longer term.
- Credit unions must capitalize a corporate to gain access to services, on a standardized basis for all corporates. Capital must be permanent and without a guarantee for return.
- Risk-based capital requirements should be established, and corporates must build up their reserves and undivided earnings (RUDE) over time.
- Corporates should have different investment authorities than natural person credit unions.
- Transparency is a must.

This is a defining moment in the credit union industry. It is vital that your voice be heard. If you have not already submitted your thoughts to NCUA, it is not too late to do so (the deadline is April 6<sup>th</sup>). If you cannot respond point-by-point, you can send a letter to NCUA's board members that discusses your views on the necessity for a corporate system, what your credit union depends on corporates to do for you, what corporates do well, and what you think needs to be improved. The thoughts above provide some topics you might discuss, but see our [full document](#) on our website for more details.

If you have any questions, we have several related documents in our [Financial Transparency Center](#) on our website at [www.membersunited.org](http://www.membersunited.org). Thank you in advance for your participation, and your continued support of Members United.

Sincerely,

**Joseph P. Herbst**  
Chief Executive Officer