

March 12, 2009

Dear Members of the House Banking and Financial Services Committee:

On behalf of our 328 member credit unions, the Michigan Credit Union League (MCUL) strongly supports House Bills 4397 and 4398, introduced by your Committee colleague, Representative Jeff Mayes. The Certificate of Deposit Account Registry System (CDARS) is run by a private entity which currently permits FDIC insured institutions to offer more than the \$250,000 of insurance coverage on deposits. This is accomplished by spreading the deposits and associated risks among several financial institutions across the country who are participants of CDARS.

In 2008, the legislature passed legislation allowing public school districts and the state's public corporations to invest in CDARS. While credit unions cannot currently participate in CDARS as they are not insured by the FDIC, they are insured with the same coverage by the National Credit Union Administration (NCUA) which is the federal regulator. All credit unions in Michigan must be insured by the NCUA.

The legislation before you would permit credit unions to be in a ready position to accept these deposits and invest them through CDARS, should the system be opened up to credit unions, or through a similar registry which could be developed by credit unions. What our members seek in Michigan is not to be prohibited from accepting these deposits when we are in a position to do so.

With private and institutional investors turning more to other financial institutions, the MCUL believes this opportunity will only serve to strengthen Michigan's credit unions which are vigorously engaged with their members during this difficult economic period. Strong credit unions help to make strong communities both in urban and rural environments.

Thank you for considering this legislation.

Sincerely,



Marcia E. Hune
Director of Legislative Affairs