

From: [Dawn Ruggles](#)
To: [Regulatory Comments](#)
Subject: VAC Federal Credit Union's Comments on Part 704 Corporate Credit Unions
Date: Tuesday, February 23, 2010 4:00:03 PM

February 23, 2010

Dear NCUA,

In regards to the new proposals of Part 704 Corporate Credit Unions, let me first thank you for allowing member credit union's to comment and for taking the time to review this comment letter.

VAC Federal Credit Union is a \$25 million dollar asset credit union serving approximately 3050 government employees of the various Federal entities working and/or living in Shreveport and Bossier City, Louisiana. We consider ourselves a full service credit union with the exception of business lending.

Southwest Corporate Federal Credit Union is our primary financial institution upon which we rely for our savings, checking and safe keeping accounts for our investments.

We have been a member of Southwest Corporate for over 25 years and have such a varied service contract with them that I feel it would take a great deal of explanation to express what this exemplary service organization does for our credit union, is to our credit union and means to our credit union.

This letter then comes to you in order to ask that NCUA revise its rule concerning Corporate Credit Unions in order to help credit unions like ours to continue to receive the benefits that Southwest Corporate offers for without our present corporate structure I cannot imagine how I will obtain the valuable services for my credit union and at what cost.

The first critical issue in the NCUA proposal is a cash flow mismatch limitation that would match the cash flows of a corporate credit union's assets and liabilities so closely that corporates would be unable to generate sufficient earnings, and the sustainability of any future corporate business model would be questionable. Unless this rule is modified, Southwest Corporate will not be able to comply with the retained earnings requirements that are also included in the proposal. It is inconceivable that corporate credit unions have the capacity to raise the fees that member credit unions pay for corporate services in order to achieve the retained earnings requirement. Speaking for my credit union, we are at our capacity of fees & expenses and the present economy is causing such a strain on our income that we must look for ways to reduce expense and fees.

The second critical issue pertains to the need to isolate new member-contributed capital from possible future losses arising from the existing mortgage-backed securities (i.e., legacy assets) that are owned by corporate credit unions like Southwest Corporate. I believe the isolation of the legacy assets is a necessity in order to facilitate corporate credit union recapitalization. Why would I want to recapitalize at the corporate with the fear of losing as we have this past year? I would not. Then where does that leave the natural person credit union concerning our services and benefit we derive from the corporate and again at what cost.

In consideration of the other issues I defer to Southwest Corporates comments and recommendations as they have the credit union's trust to know what would be best for the operation of their services and service to natural person credit unions. Southwest Corporate does an outstanding job in keeping their member credit union's informed and engaged to the issues before us and offer's considerable assistance in our understanding and solutions that make sense.

Again, Thank you for listening and encouraging the credit union industry to stand on valuable principles during these trying economical seasons.

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