

From: [Jane Sward](#)
To: [Regulatory Comments](#)
Subject: Part 704, corporate credit unions
Date: Wednesday, March 03, 2010 3:42:44 PM

Dear Ms. Rupp:

Austin Federal Credit Union, Austin, Tx, is almost \$30 million with 3800 members. As with other credit unions submitting comments, we rely heavily upon services our corporate, Southwest Corporate, provides at a reasonable cost. The prospect of conversion costs and vendor due diligence required, as well as the probability of increased product costs would create quite a challenge for us if we had to find other providers.

We appreciate your consideration of our comments and request you revisit and revise provisions of the proposal to ensure the long term viability of the corporate system.

The first critical issue is the cash flow mismatch limitation matching cash flows of a corporate'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. NCUA has indicated corporates could raise fees member credit unions pay for services. With write-downs of our MCA account and NCUA assessments, we are already struggling to increase our net worth and maintain a positive ROA. We would somehow have to pass these increased fees on to our members, members already challenged by today's economy.

The second critical issue relates to recapitalization of Southwest Corporate. We understand NCUA is working on a legacy asset solution. We are concerned that this solution will not be in place before recapitalization is required.

We have faith that NCUA will come up with a solution to steer our corporates in the right direction in a manner that can be achieved without sacrificing the products and services we natural person credit unions rely upon so heavily.

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