

From: [Kapalski, Jocelyn \(KAPA\) \[Contractor\]](#)
To: [Regulatory Comments](#)
Subject: CTECU Comments on Part 704 Corporate Credit Unions
Date: Tuesday, March 09, 2010 4:30:00 PM
Importance: High

Mary Rupp, Secretary of the Board
National Credit Union Administration
1775 Duke Street,
Alexandria, Virginia 22314-3428

Dear Secretary of the NCUA Board:

I am the President/Manager of a \$43 million dollar asset credit union that serves the employees of Chevron in Texas.

We are located in Bellaire, TX and have two branch offices in Houston, TX.

We have over 2,200 members that rely on us to provide financial services such as Home banking, Bill Pay, Visa Debit Cards and ATM Cards as well as Competitive rates on Savings Products and Loan Products including Home Loans.

Without the corporate credit union, we would not be able to afford the products and services we provide our members. Southwest Corporate FCU allows CTECU to provide Share Draft (checking) accounts as well as ATM & Debit cards linked to those accounts. SWCorp also assists CTECU in providing direct deposit and ACH withdrawals and deposits for our members. We use SWCorp as our clearing/transactional account for all of our electronic services such as wire transfers and electronic withdrawals and deposits. SWCorp is used to settle our Mastercard and Travelers check transactions.

Please revise sections of your proposed corporate credit union Reg. 704, so that certain restrictions do not hinder corporate credit unions' abilities to continue their traditional roles of providing bottom-line value to member credit unions through the products and services offered. It is that there is a viable business model allowing corporate credit unions to continue to provide credit unions the products and services they need at a competitive price.

One critical issue in the NCUA proposal pertains to 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. If the corporate credit union raised their fees to a member credit union for the corporate services in order to achieve the retained earnings requirement, *that would filter down to my members as CTECU would not be able to afford those fees and remain competitive.*

Also, ***another critical issue*** pertains to the need to isolate new member-contributed capital from possible future losses arising from the existing mortgage-backed securities also known as *legacy assets*. The isolation of the legacy assets is a necessity in order to facilitate corporate credit union recapitalization. The timing would be critical between the implementation of the yet unknown legacy asset solution and the corporate credit union recapitalization. ***While the new overall capital levels suggested are reasonable, the timeframe in which to achieve them is not.***

CTECU will need strong incentives to convince the CTECU Board to invest and re-capitalize a corporate CU - the benefits moving forward must be clear, and the initial investment must NOT be encumbered by toxic assets now on corporate books.

Regards,
Jackie

[Mrs. Jackie Kapalski, President/Manager](#)

CTECU serving employees of Chevron Corporation

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