



July 11, 2017

Gerald Poliquin, Secretary of the Board  
National Credit Union Administration  
Via email: regcomments@ncua.gov

RE: Comments on Proposed Amendments to 12 CFR Part 704 – Corporate Credit Unions

Volunteer Corporate Credit Union commends the NCUA board for proposing changes to 12 CFR Part 704 regarding equity acquired, retained earnings and capital definitions and their corresponding ratios. VolCorp supports the proposed changes which will add strength and transparency to corporate credit union capital adequacy reporting.

Given that corporate credit unions are required by REG 704 to deduct intangible assets that exceed one half percent of DANA, REG 704 provides adequate protection against material overstatement of capital. The proposed changes to the NCUA definition of retained earnings, to include equity acquired in mergers, would align the regulatory accounting definition of retained earnings with that of GAAP. This treatment would also be consistent with definitions of retained earnings used by other depository financial institutions and their regulators, thus eliminating confusion for users of financial statements and credit unions that use both the audited financial statements and the NCUA 5310 data and capital ratios. We agree that expressly including such equity acquired in a merger will clarify that this capital is available to cover losses, enhance transparency, and reduce ambiguity.

VolCorp also welcomes the full inclusion of PCC in capital definitions and ratios once the 2.5% retained earnings ratio is attained. The 100% inclusion of member capital will better align a Corporate's use of capital with the expectations of the member credit unions who contributed it and are accounting for it on their books. It will also alleviate any concerns with third party relationships created by the disconnect between a Corporate's actual capital balances and its stated capital ratios as exists under current regulations.

Thank you again for this opportunity to comment on the proposed changes to Corporate Regulations.

Sincerely,

Jeffrey W. Merry  
President/CEO