CDCI **ANNUAL USE OF CAPITAL SURVEY - 2012**

NAME OF INSTITUTION
(Include Holding Company Where Applicable)

Vigo County Federal Credit Union

Person to be contacted regarding this report:	Dale Burkitt	RSSD: (For Bank Holding Companies)	
UST Sequence Number:	1449	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	1,229,000	FDIC Certificate Number: (For Depository Institutions)	
CPP/CDCI Funds Repaid to Date:	0	Credit Union Charter Number: (For Credit Unions)	00138
Date Funded (first funding):	Sep 30, 2010	City:	Terre Haute
Date Repaid[1]:	N/A	State:	Indiana

[1]If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☐	Increase lending or reduce lending less than otherwise would have occurred.	
☐	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	
☐	Increase securities purchased (ABS, MBS, etc.).	

☐	Make other investments	
☐	Increase reserves for non-performing assets	
☐	Reduce borrowings	
☐	Increase charge-offs	
☐	Purchase another financial institution or purchase assets from another financial institution	
☒	Held as non-leveraged increase to total capital	The funds were initially used to recover capital lost to Members United Corp. FCU and NCUA assessments which brought our capital ratio below minimum requirements. The secondary capital has brought our capital ratio above 8.0% well capitalized.

What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

We were able to increase capital to well capitalized level which removed us from prompt corrective action with NCUA. We lost capital when Members United Corp. FCU used our paid in capital and normal capital account deposited with them to recover some of their losses through the Corporate Credit Union failure. All of our capital invested with Members United Corp. FCU was taken, leaving us with a substantial loss that could not be recovered. NCUA also began assessing Federal Credit Unions to fund the losses or shortcomings of their capital reserves. The results of these two unexpected actions caused us to drop below the well capitalized level of net worth requirements, which placed us under close scrutiny with NCUA until we grew net worth to 7.0%. As of December 31, 2012, our capital was 7.93% which is above the well capitalized requirement. Had we not received the secondary capital loan, we would have struggled to grow our capital adequately to recover those significant losses, therefore placing us in the position of either reducing dividends, which would have driven away our depositors, or seeking a merger partner.

What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

We initially invested the funds into bank certificates of deposit and government agencies in order to earn some dividend return on the loan dollars. We are using the funds to assist members in building better credit history by offering a "credit improvement loan: a with $500 maximum amount. This limits our risk of loss, but still provides funds to needy members that otherwise would not be able to pay for necessary repairs of vehicles in order to get to and from work and catch up on utility bills that may have been above their budget to prevent electricity and gas from being turned off in their homes or apartments. As a low income designated credit union, we serve many members that could not obtain credit from other financial institutions. We also are providing savings products that are either low or no fee accounts to encourage members to begin saving and managing their money in a more efficient manner. No-fee checking accounts is just one example that we offer. There are no monthly maintenance fees, no per item fees, no limit of checks written or debit transactions per month, etc. as long as their balance remains positive.

Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

We were able to use some of the loan funds to rebuild our loan portfolio through an extended promotional auto loan special. We are also encouraging members to use the equity in their homes for debt consolidation, home improvements, and beginning a savings plan by offering home equity lines of credit equal to the prime rate which is currently 3.25%. This interest rate is nearly one tenth the annual interest rate charged our members by many credit card vendors. We are able to show them how to better manage their income by leveraging their assets to pay-down or pay-off those credit card accounts. This financial counseling is offered free to all members and many have taken advantage of our ideas. We also have a relationship with a certified financial advisor that provides services to our membership for free.