OHIO CREDIT UNION LEAGUE

December 1, 2017

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

Re: Request for Comments on NCUA Draft 2018-2022 Strategic Plan

Dear Mr. Poliquin,

The Ohio Credit Union League (OCUL) welcomes the opportunity to submit comments regarding the National Credit Union Administration's (NCUA) draft strategic plan for 2018-2022.

OCUL represents Ohio's 284 credit unions and their nearly 3 million members. We applaud the agency's willingness to modernize rules governing federally-chartered credit unions and state-chartered, federally-insured credit unions through modernizing regulations, engaging the industry, and recent reorganization efforts.

Modernization Efforts by NCUA Provide Much Needed Relief

It is important to recognize the signals NCUA's leadership is sending to the marketplace to address the regulatory environment that has created operational challenges and caused market consolidation. Specifically, NCUA's reorganization efforts, the closing of the temporary corporate credit union stabilization fund, the transparency related to the overhead-transfer-rate, and the most recent proposed rule on corporate credit unions are appreciated and applauded by Ohio credit unions.

Our hope is to see this trend continue, and we feel efforts to modernize the regulatory framework are a significant step in the right direction. Market consolidation and shifting of resources away from member service to compliance significantly undermines the market presence (in numbers and consumer benefit) of credit unions among financial services providers. The numbers are real, as pointed out in the Credit Union National Association's (CUNA) survey which found regulatory burden costs totalling $7.2 billion in 2014. Modernization, followed by execution of significant relief, are part of the solution to reversing market trends that raise alarms.

Draft Strategic Plan

We believe NCUA is taking meaningful steps to ensure its modernization efforts are carried out as a part of its long-term strategy, as evidenced by the draft strategic plan. NCUA identified three strategic goals with objectives:

1. Ensure a safe and sound credit union system;

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2. Provide a regulatory framework that is transparent, efficient and improves consumer access; and,
3. Maximize organizational performance to enable mission success.

We appreciate NCUA's transparency and vision as it relates to the strategic plan; however, we have a few concerns, which we will address below.

Goal 1: Strategic Objective: Maintain a Strong Share Insurance Fund

We agree with NCUA that the agency should maintain a strong share insurance fund in order to ensure a safe and sound credit union system. However, we remain concerned with NCUA's recent decision pertaining to the normal operating level of the NCUSIF.

At the September, 2017 NCUA board meeting, the board voted to set the normal operating level at 1.39%, deviating from historical precedent of 1.30%. While we agree with Chairman McWatters' concerns about the need to plan for a recession and attempt to insulate credit unions from higher premiums during a potential recession, we believe that NCUA's previous policy precedent of maintaining the fund at 1.30% adequately protects against a moderate recession. We urge NCUA to continue to analyze the NCUSIF and its operating level; 1.39% should only be maintained for a temporary period of time. NCUA should decrease the normal operating level to 1.30% as soon as possible.

Goal 1: Strategic Objective: Provide High-Quality and Efficient Supervision

In order to achieve a safe and sound credit union system, OCUL agrees with NCUA that the agency should continue to provide high-quality and efficient supervision. We believe this can be accomplished through maximizing the use of remote supervision and examination processes. Utilizing these tools will alleviate the burden of continual on-site examinations on both credit unions and the NCUA. This allows credit unions to further concentrate on serving members while NCUA is able to manage staff and resources more efficiently.

Goal 2: Strategic Objective: Enforce Federal Consumer Financial Protection Laws and Regulations in Federal Credit Unions

As a prudential regulator and insurer, NCUA is responsible for enforcing federal consumer protection laws and regulations in federal credit unions. We agree with NCUA that credit unions and consumers should continue to be educated about consumer financial protection issues. We believe NCUA is in an optimal position to cultivate more awareness about these topics.

As NCUA is aware, it is difficult for credit unions to decipher complex regulations, especially when many overlap. Further, credit unions are put in a difficult position by federal agencies who promulgate conflicting rules and guidance.

Examples of conflicting guidance regarding consumer interaction are:

- The Federal Communications Commission's regulations concerning the Telephone Consumer Protection Act require pre-authorization before financial institutions make debt-collection phone calls and contains an extremely difficult safe harbor standard.

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- The Consumer Financial Protection Bureau's (CFPB) "Early Intervention Rule," which requires institutions to establish live contact or make a good faith effort to establish live contact within 36 days after a mortgage loan becomes delinquent;
- Fannie Mae's "Quality Right Party Contract," which creates a code of conduct for interactions with customers with delinquent debt and includes a requirement to establish a rapport and open and on-going dialogue with those customers to positively resolve delinquency. Fannie Mae also requires sending the consumer a foreclosure prevention package followed by courtesy calls to the consumer at least every three days until resolution of the issue; and,
- The Home Affordable Modification Program, which requires institutions "proactively solicit" customers for inclusion in the program by making a minimum of four telephone calls to the customer at different times of day.

As a part of NCUA's role as supervisor, the agency can be a clarifying force and help credit unions navigate conflicting and ambiguous rules from various federal agencies. In the past, the agency's leadership spearheaded conversations with other federal agencies and advocated for the entire credit union movement.[1] NCUA should continue to reinforce the agency's supervisory position by assisting credit unions, when appropriate, with consumer protection issues and interplay between federal agencies.

Conclusion

We appreciate the opportunity to comment on NCUA's strategic plan for the next four years. We look forward to engaging with NCUA on future endeavors so that America's credit unions can have a sound and efficient operating environment. On behalf of Ohio's 284 credit unions and their nearly 3 million members, we appreciate NCUA's efforts to serve as a progressive regulator and its commitments to ensuring the regulatory framework and agency facilitates growth. If you have further questions or would like to discuss OCUL's comments in more detail, please feel free to contact us at 800-486-2917.

Respectfully,

Paul L. Mercer	Miriah Lee
President	Manager of Policy Impact
Ohio Credit Union League	Ohio Credit Union League

[1] *See* McWatters, Mark, "Credit Union Examination and Enforcement," Letter to The Honorable Richard Cordray, 6 July 2017, *available at* https://www.ncua.gov/newsroom/Documents/mcwatters-letter-to-CFPB-credit-union-examination-enforcement.pdf; Metsger, Rick, Letter NO: 16-CU-07, October 2016, available at https://www.ncua.gov/regulation-supervision/Documents/Letters-to-Credit-Unions/16-CU-07.pdf.

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