

From: [Doug Kileen](#)
To: [Regulatory Comments](#)
Subject: Comments on prepaid assessments plan
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I suggest the NCUA consider paying interest on the subject prepaid deposits made by participating CUs. Without this feature, I think it will be difficult to obtain sufficient participation from CUs. Our Credit Union will not take part in the program as currently proposed, due to the non-interest earning character of deposits. If, however, the deposits paid interest at rates slightly below Treasury instruments, we would strongly consider participation.

I understand this program cannot be mandatory, but is there any legal reason NCUA cannot pay interest on these deposits. The NCUA paid interest on CUSIP program deposits created by the NCUA to aid Corporate CUs a few years ago. It is my understanding that this program is intended to satisfy short-term cash flow needs and would reduce NCUA borrowings from Treasury. Why, then can't NCUA pay a return on the deposits slightly less than the cost of borrowing? Paying interest on these deposits would accomplish the following:

- Provide NCUA the required short-term cash to pay Treasury borrowings
- Reduce NCUA borrowing costs slightly
- Provide significant additional incentive for CUs to take part
- Reduce short-term stabilization expense for CUs with problematic net worth and earnings levels

In essence, paying a reasonable, but slightly below market, return on these prepaid deposits would achieve the stated objectives and increase the likelihood of adequate participation by creating an incentive for CUs to participate.

Thank you for your consideration,

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"Where Membership Matters"

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