

April 25, 2016

Gerard Poliquin, Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314
Via email: boardcomments@ncua.gov

Re: Overhead Transfer Rate

Dear Mr. Poliquin:

Technology Credit Union is based in San Jose, California. We have been dismayed to see that the National Credit Union Administration (NCUA) has steadily increased the overhead transfer rate (OTR) over the last several years and that NCUA's ever-increasing budget is increasingly being charged to the Share Insurance Fund. In 2016, for the eighth year in a row, NCUA has raised the OTR to its current level of 73.1%. This means that all federally insured credit unions, whether they are federally or state chartered, are being asked to pay 73.1% of NCUA's expenses.

As a California state-chartered credit union, the CA Department of Business Oversight has primary examination responsibility for us. We are federally insured and understand the need for NCUA oversight of our activities, given NCUA's role as the Share Insurance Fund administrator. However, the NCUA examination should pivot off, and make use, of the work done by our state examiners. This would reduce the cost of the share insurance-related examination by NCUA and reflect the real added work that NCUA examiners need to perform. The reduced examination costs should be reflected in a lower OTR since the OTR should properly reflect only the cost of share insurance-related examinations—and should not include the examination costs for work done for safety and soundness reviews of federally-chartered credit unions. The NCUA should more precisely determine the percentage of its costs that are attributable to purely share insurance-related work and bill only this amount as the OTR. It is supremely unfair to ask state-chartered credit unions to shoulder part of the cost of examining federally chartered credit unions. It is also highly inefficient for the NCUA to expend money duplicating the examination work of the state financial departments that examine state-chartered credit unions.

The members and the Board of Directors of Technology Credit Union care deeply about all of the costs we are asked to bear for regulation, examination, and insurance. We are very concerned about the rising costs of NCUA and are convinced that NCUA and its examinations can be run more efficiently. We wish to see spending prudence reflected in a lower OTR imposed on the Share Insurance Fund.

The NCUA board should reverse its decision to delegate administration of the OTR to agency staff. By retaining final approval of the OTR, the board can better fulfill its responsibility to: assure equity across credit unions, provide meaningful budgetary oversight, and protect the Share Insurance Fund.

Sincerely,



Barbara B. Kamm
President & CEO