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Marcus B. Schaefer
President/CEO

August 28, 2017

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

Re: Comments on NCUA's Proposed Revisions to the Overhead Transfer Rate
Methodology

Dear Mr. Poliquin:

I am writing on behalf of Truliant Federal Credit Union (Truliant) in response to NCUA's proposed revisions to the Overhead Transfer Rate (OTR) methodology. Truliant is a \$2.2 billion credit union serving almost 220,000 members in and around North Carolina. Truliant does not support the proposed revisions to the OTR methodology that favors subjective assumption over data points that are measurable.

Truliant strongly endorses an OTR that accurately allocates NCUA's operating costs between insurance and regulatory activities. However, the proposed changes introduce a level of subjectivity that only weakens the specificity of the current methodology and makes substantial changes to a time tested system without justification.

The current OTR allocation methodology has been in place since 2003 and has had various independent third parties review and make improvements since that time. These minor changes over the past 15 years have adhered to the principles of fairness and accuracy. However, the proposed changes would sacrifice these principles for the sake of expediency and simplification. Such a change would not yield the fairest and most accurate OTR which is critical when making revisions with competing interested stakeholders.

One of the most radical proposed changes is the assumption that NCUA examiners spend 50% of their time in federal credit unions on insurance safety and soundness issues and 50% on regulatory supervision. Yet the current method uses Examination Time Surveys that disprove the 50/50 split that would be assumed under the new methodology. Truliant understands the desire to

have examiners split their time 50/50 while at FCUs, but the reality of the data based on time studies does not bear that assumption out.

Overall, Truliant opposes the proposed changes to the OTR calculation as the changes attempt to insert oversimplified principles into a calculation currently based on objective data. Such changes would not maintain the fairness and accuracy of the current method and certainly do not justify a \$22 million increase in operating fees for federal credit unions and their members (based on NCUA's 2017 estimates).

We appreciate NCUA voluntarily soliciting input from stakeholders on the Overhead Transfer Rate and hope that the comments provided from Truliant and other credit unions will further enhance the process. Please call me at (336) 659-1955 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Marcus Schaefer". The signature is fluid and cursive, written in a professional style.

Marcus B. Schaefer
President and CEO
Truliant Federal Credit Union