AlaskaUSA
Federal Credit Union®

August 15, 2017

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

Dear Mr. Poliquin:

Re: Comments on Requirements for Insurance; National Credit Union Share Insurance Fund Equity Distributions.

Alaska USA Federal Credit Union (Alaska USA) appreciates the opportunity to comment on the National Credit Union Administration's (NCUA) proposal to amend its share insurance requirements regarding equity distributions from the National Credit Union Share Insurance Fund (NCUSIF), and equity distributions resulting from the Corporate System Resolution Program. Alaska USA is a federally chartered credit union with $6.9 billion in assets. Alaska USA serves over 628,000 members, primarily in Alaska, Washington, Arizona and California.

Alaska USA paid more than $23 million in Stabilization Fund assessments and lost over $4 million in depleted corporate credit union capital; therefore, we believe that every residual dollar realized from the liquidation of the legacy assets should be rebated to those credit unions that funded Stabilization Fund assessments and depleted corporate credit union capital. Alaska USA applauds the statement in the NCUA proposal that any NCUSIF equity distribution related to the Corporate System Resolution Program should first go towards repaying those insured credit unions that paid the Stabilization Fund assessments. However, Alaska USA questions why NCUSIF equity distributions which are deemed to be resulting from the Corporate System Resolution Program, are limited to those declared in 2017 through 2021 when it is very possible that some legacy assets will not be liquidated by 2021. The NCUA should specify which equity distributions are related to the Corporate System Resolution Program, when each distribution is declared, and any such distributions should not be limited to a specific time period.

Alaska USA agrees with the NCUA's proposal that the Last-In, First-Out (LIFO) method of calculating equity distributions related to the Corporate System Resolution Program is preferable to the First-In, First-Out (FIFO) method because proportionately larger assessments were paid over time due to the impact of share growth. Alaska USA also agrees that the use of the LIFO method would meet the Federal Credit Union Act requirement to "effect a pro rata distribution".

Alaska USA agrees with the NCUA's proposal to calculate a federally insured credit union's share of NCUSIF equity distributions using the average of insured share balances over four quarter-ends. The use of insured shares in place of a credit union's capitalization deposit will ensure that all credit unions are being treated equally, regardless of the frequency of their capitalization deposit adjustment. The use of

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insured share balances over four quarter-ends provides a broader time period for the calculation than just one quarter-end, and it accounts for seasonal impacts on share flows. However, the look-back period should be kept at four quarters since it wouldn't have any material impact by extending it and to simplify the calculation process. Alaska USA also agrees with the proposals to prohibit NCUSIF equity distributions to insured credit unions that terminate federal share insurance coverage, and to terminate federal share insurance coverage for liquidating credit unions on the date the insured credit union enters liquidation. Alaska USA believes that these proposals are the most equitable treatment under the circumstances.

Thank you for the opportunity to comment. If you have any questions, please contact me at j.cassidy@alaskausa.org or (907) 786-2501.

Sincerely,

John P. Cassidy
Chief Financial Officer