September 5, 2017

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

Dear Mr. Poliquin,

Thank you for the opportunity to respond to the NCUA's request for comment regarding closure of the Corporate Stabilization Fund

First Tech supports consolidating the stabilization fund into the share insurance fund in 2017. We believe the NCUA can complete the consolidation while maintaining adequate separation and financial reporting of the assets and liabilities of the insurance fund and Corporate Stabilization Fund ("Fund").

First Tech supports maintaining the normal operating level ("NOL") at 1.30% with a hold back on an additional 4 basis through 2021 to address risks related to the phase out of the fund. We do not believe that it is appropriate, or in the best interest of credit union members, for the fund to rise to a level of 1.39%. While we support the 4 bps reserve, we believe that it is more likely than not that the NCUA and its advisors will fund success in liquidating the fund without tapping this reserve. Our assumptions are based on NCUA's historic performance in managing the Fund, long term forecasts for modest economic growth, general stability and appreciation in housing markets and expectations of continued recoveries from litigation. We look forward to recovering that 4bps in 2021.

We strongly feel that a normal operating level of 1.30% is warranted for the following reasons:

- During the height of the worst financial crises since the great depression, the NCUA set the normal operating level to 1.30%. Although many credit unions experienced extremely challenging situations, losses to the share insurance fund were manageable and did not necessitate additional special assessments after 2010.
- Returning more of the special assessments back to natural person credit unions will put this capital to work in providing additional financial services to the members of America's credit unions. Given the NCUA's low historic rates of return on balances held at Treasury, and recent rates of returns earned by credit unions, we believe you would agree that the interests of the system and America's credit unions would be best served through investment of funds back into credit unions.
- Credit unions are gearing up for the adoption of CECL in 2021, and increasing the capital base in early 2018 will better position the industry for the financial burden of adopting this accounting change.

- In the unlikely event that the U.S. economy suffers from an extreme economic disruption the NCUA could complete a capital call or special assessment in the future.   Put another way, their membership and will improve the overall financial health of the industry to the point that if economic conditions deteriorate in the future, necessitating special assessments, credit unions will be better positioned to absorb them.

Thank you again for providing First Tech with the opportunity to comment on the closure of the Corporate Stabilization Fund.

If you would like to discuss this further please do not hesitate to contact me at 650-386-7220 or via e-mail at Greg.Mitchell@firsttechfed.com.

Sincerely

/s/ Gregory A. Mitchell

Gregory A. Mitchell
Chief Executive Officer
First Technology Federal Credit Union