September 5, 2017

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

RE: Stabilization Fund Closure

Thank you for the opportunity to provide comments regarding the National Credit Union Administration's (NCUA) proposal to close the Temporary Corporate Credit Union Stabilization Fund (Stabilization Fund) and raise the National Credit Union Share Insurance Fund's (SIF) normal operating level (NOL) to 1.39 percent. This letter is written on behalf of Elements Financial Federal Credit Union headquartered in Indianapolis, Indiana. We serve over 90,000 members living in all 50 states.

We support the idea of rebates to credit unions, however believe that the rebates should be for the full amount of the excess. We do not support increasing the NOL to 1.39 percent. It is clear that the credit unions still in existence today, and our members, have paid for more than our share of the financial crisis of 2008 and the full amount of the excess should be returned.

NCUA estimates that closing the Stabilization Fund and transferring its assets to the SIF would increase the equity ratio to approximately 1.45 - 1.47 percent. At the current NOL of 1.30 percent, that would mean that 15-17 basis points, or $1.5-1.7 billion should be returned to credit unions. However, this proposal would reduce that amount by more than half, and only give credit unions $600-800 million. The interest alone on the funds withheld would amount to over $7 million per year at today's fed funds overnight rate. Continued diversion of those earnings from credit unions to the NCUA is not appropriate. When applied as equity, if credit unions receiving the rebate achieve an ROE of 5% on that additional equity through higher member share and loan balances, that would amount to over $30 million per year in additional earnings and capital. Clearly, the positive impact of returning the excess funds to the industry to re-employ into our nation's economy is the most efficient and effective choice.

The current NOL of 1.30 percent appears to be sufficient to protect members in economic downturns as exhibited after the financial crisis of 2008. Capital levels in the industry would be supplemented by the rebate, so the Day 1 immediate impact to the safety and soundness of the industry is a net $0. However, with the earnings ability of the credit unions, the industry is clearly strengthened through additional earnings driven by the funds from the rebate after Day 1. In brief, we don't see the economic benefit of the excess funds remaining in the SIF, but we do see benefit in returning capital to credit unions.

We have confidence that the NCUA will make the right decision on this matter and welcome any questions or concerns.

Very Truly,

Jeff Joyce
EVP Chief Financial Officer