AMPLIFY CREDIT UNION

September 5, 2017

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

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

Dear Mr. Poliquin:

Amplify Credit Union (Amplify) is a state chartered institution serving the communities in and around Central Texas since 1967. Amplify is approximately $875-million in assets and serves roughly 57,000 members. We are a full-service credit union with a focus on being our members' primary financial institution by offering an array of products and services.

We appreciate and support the National Credit Union Administration's (NCUA) efforts to repay our members contributions to the bailout of the corporate credit union program during the Great Recession. During that period, Amplify paid more than $2.8 million in Corporate Stabilization Fund (CSF) assessments along with an additional $2.8 million in National Credit Union Share Insurance Fund (NCUSIF) expense. Thankfully, Amplify did not realize a significant impact to operations and net income, like many smaller credit union experienced, but the reality is those contributions should be returned in an expeditious manner to their rightful owners – credit union members.

Amplify disagrees with the NCUA's proposal to dilute the equity distribution by arbitrarily increasing the current NCUSIF's equity ratio from 1.30% to 1.39%. This increase further detracts from returning the equity to our members especially when considering current and forecasted economic and financial information/models do not support such a claim.

We can appreciate the consideration being given to future risk of the NCUSIF, but this arbitrary swing would significantly reduce the benefit to our members – by roughly more than $550 million – as well as reducing the total benefit to all credit unions across the board. Considering the NCUA has other mechanisms in place to regulate the fund, namely the current cushion of 10 basis points between 1.20 (mandatory assessment) and 1.30 (normal target), Amplify believes this precautionary assessment is unnecessary and recommends applying the current equity ratio (1.30%) to the equity distribution.

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In addition, Amplify would recommend the Last-In, First-Out (LIFO) method for calculating the equity distributions as compared to the alternative approach of First-In, First-Out (FIFO) method. When taking into consideration the escalating CSF assessment rate over the five-year (2009-2013) assessment period, along with the increase of insured Shares across the industry, it would be more beneficial for credit unions, especially those smaller in assets, to receive those equity distributions based on the more recent assessments first.

Lastly, we would be in favor of the more equitable solution to calculate the equity distribution by using the average of insured share balances over the four quarter-ends, which adjusts for seasonality. Anything longer, such as the mentioned 18 – 24 month period, would not have a material impact on the equity distribution and just further complicates the process of returning our members investment.

Please consider our comments and do what is right to expeditiously return credit union member investments. Should you have any questions or wish to discuss, please feel free to contact me.

Thank you for your consideration.

Sincerely,

Steve Manderscheid, AVP Compliance

Cc: Paul Trylko, President/CEO, Amplify
John Orton, SVP-Chief Financial Officer, Amplify
Suzanne Yashewski, SVP Regulatory Compliance Counsel, Cornerstone Credit Union League