CORNERSTONE
CREDIT UNION LEAGUE

August 30, 2017

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

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

Sent via email to: regcomments@ncua.gov

Dear Mr. Poliquin:

This letter represents the views of the Cornerstone Credit Union League ["Cornerstone"] in response to the National Credit Union Administration's ["NCUA"] proposed rulemaking on requirements for share insurance and National Share Insurance Fund ["NCUSIF"] equity distributions. Cornerstone is the official trade association serving 520 federal and state credit unions in Arkansas, Oklahoma, and Texas combined, and more than 8.1 million credit union members. Cornerstone appreciates the opportunity to comment on this very important issue.

Our member credit unions support closing the Temporary Corporate Credit Union Stabilization Fund in 2017 in order to payout equity distributions by 2018. Returning funds back to credit unions as soon as possible will enable credit unions to better serve their members. The benefits of immediate access to funds for credit unions and their members outweigh the risk of a possible downtown in the economy requiring a future premium charge.

Although we understand NCUA's concern for a possible future economic downturn, we recommend that NCUA retain an equity ratio closer to the current level of 1.3% rather than the suggested 1.39%. We do not feel a drastic change in the ratio is warranted, and would prefer to see a greater amount of funds returned to credit unions. If the normal operating level is raised, it should be for only a temporary time period, reverting back no later than the conclusion of the corporate resolution (2021).

Regarding the method of distribution, we support the "Four Quarter Average of Insured Shares" method, which will serve as the most equitable by capturing seasonal fluctuations. Our small credit unions in particular support moving away from the current equity distribution method which can provide an unfair advantage to federally insured credit unions over $50 million in assets.

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Regarding a temporary provision to govern an NCUSIF equity distribution from the closing of the Corporate System Resolution Program, our members prefer the "Last-in, First-out" basis over the "First-in, First-out" approach. It would be most beneficial if credit unions receive equity distributions for their most recent corporate assessments first, which would cover the larger assessments. That said, if NCUA is open to alternate options, another suggested approach may be a distribution based on a calculation of total assets made by each credit union.

Please feel free to contact me if you have any questions.

Sincerely,
Suzanne Yashewski

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