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Wayne N. Grossé
President and
Chief Executive Officer

September 5, 2017

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

Submitted via email to: regcomments@ncua.gov

Re: Requirements for Insurance; National Credit Union Share Insurance Fund Equity Distributions 12 CFR Part 741; RIN 3133–AE77

Dear Mr. Poliquin:

On behalf of Bethpage Federal Credit Union and our 338,000 members, I am pleased to offer comments on the National Credit Union Administration's proposed rule regarding distributions to credit unions from the National Credit Union Share Insurance Fund, 12 CFR Part 741.

NCUA is asking for comment on whether to employ an "average of insured share balances reported during the year's quarterly call reports", or "the year-end balance as of Dec. 31 of that year." As we provide comments, Bethpage also encourages NCUA to take all appropriate steps to maximize transparency and the flow of clear, useable information regarding this issue so that credit unions can better understand and plan for whatever final mode of distribution is adopted.

The NCUA's proposed rule would add a temporary provision governing equity distributions related to the Corporate System Resolution Program. Two options are set forth: "first-in, first-out", where distributions would be based on the total dollar amount of corporate assessments paid by the credit union, and "last-in, first-out" under which distributions would be based on the total dollar amount of premiums paid by the credit union.

After weighing both options, and considering factors such as actual paid-in amounts, potential and actual growth, and above all, member impact, Bethpage recommends the "last-in, first-out" method. This is fairer to Bethpage and other credit unions because of the larger assessments, proportionate to our share growth that were paid into the

Temporary Corporate Credit Union Stabilization Fund (TCCUSF). Bethpage believes any pay-out formula must reflect this.

Additionally, this method would satisfy the requirement for a “pro rata” distribution of any pay-out, as spelled out in Section 1790e(e) of the Federal Credit Union Act.

Regarding the calculations aspect of the proposed rule, Bethpage concurs with the NCUA proposal of a formula that calculates federally insured credit union share of equity distribution using the average balance held at the end of four quarters. This is preferable to any method that would employ a credit union’s capitalization deposit, mainly because the figure derived using the four quarter-end method removes any distortions caused by frequency of capitalization deposit adjustments. This formula based on four quarter-end balances is also a broader and more accurate timeframe for the calculation, particularly because it would take into account seasonality in deposit flows.

As a final comment, Bethpage suggests that NCUA make every effort to maximize the timely distribution of TCCUSF equity, which you estimate to be $1.9 billion following recognition of legal recoveries. Credit unions paid their assessments on time, as directed by NCUA, during a period of economic distress when such payments were difficult, and adversely impacted the ability of some credit unions to serve their members in the manner in which they were accustomed. The remaining excess balances should be disbursed as soon as possible to the benefit of the consumers served by our credit union. There is simply no legal or policy reason for these funds to continue to be held by NCUA after the merger of the TCCUSF with NCUSIF.

Sincerely,

Wayne N. Grossé
President & CEO