

From: [Chuck Papenfus](#)
To: [Regulatory Comments](#)
Subject: 12 CFR Part 741 Requirements for Insurance; National Credit Union Share Insurance Fund Equity Distributions
Date: Friday, September 01, 2017 5:55:10 PM

September 1, 2017

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

Re: Proposal to merge the TCCUSF into the NCUSIF

As the CEO of Inland Valley Federal Credit Union (IVFCU), I welcome and appreciate the opportunity to comment on the proposed proposal to merge the TCCUSF into the NCUSIF. IVFCU serves the underserved area including the cities of Fontana, Rialto, Colton, Bloomington and Muscoy. We have 3,662 Members and \$42.5 million in assets as of 8/31/2017.

I applaud the Board's efforts to close the TCCUSF and merge the assets into the NCUSIF with a distribution of surplus funds back to credit unions where the funds can be used to strengthen and grow the credit union system. However, I disagree with the proposed methodology and actions.

My primary concern is the proposed normal operating level increase to 1.39% from its current 1.30%. KMPG's most recent audit assessments (12/15 & 12/16) explicitly state that there is no need for a contingent liability reserve for the NGN program. In addition, NCUA's modeling and proclivity for using severe economic downturn assumptions have shown to be overly conservative in the past and nowhere near reality. The consistent reduction in estimated losses and current surplus are evidence that a more realistic approach needs to be taken. We should no longer base reserve decisions on what could happen, but rather on what is most likely to happen given the evidence. The NCUSIF normal operating range of 1.20% to 1.30% was sufficient during the most severe financial downturn of our lifetime. Credit unions were assessed several premiums during the years following the great recession (which we now know were inflated as loss provisions exceeded actual losses by more than \$1 billion from 2008-2010). Maintaining the fund and paying a premium when it is justified is the correct way to manage the expense; not building a slush fund which can be diverted to other uses such as funding the continually increasing NCUA operating budget.

Lost capital from the corporate credit union crisis and subsequent NCUSIF/TCCUSF assessments approach \$500,000 for IVFCU. These are funds that were lost to our members during the past 9 years. It is only right that the maximum amount of excess funds are returned to our credit unions and their communities.

In conclusion, we thank the administration for the efforts to find a solution for closing the TCCUSF and return funds to the credit unions and ultimately their members who paid into the fund.

Sincerely,

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"Changing our community one member at a time"

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