TULSA FEDERAL
CREDIT UNION

September 1, 2017

Mr. Gerard Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 2314-3428

Dear Mr. Poliquin:

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

Tulsa Federal Credit Union appreciates the opportunity to comment on the National Credit Union Administration (NCUA) proposal to close the Temporary Corporate Credit Union Stabilization Fund and increase the NCUSIF normal operating level (NOL) equity ratio from 1.30 percent to 1.39 percent.

There is no doubt that the Corporate Credit Union financial crisis was perhaps one of the most challenging events in credit union history. While there were many factors which created the crisis, the creation of the Stabilization Fund and the credit union contributions of nearly $4.8 billion to this fund enabled the credit union industry to resolve its own problem. Indeed, this event created a financial hardship for many credit unions including Tulsa Federal which was assessed nearly $3 million. Based on the modeling provided by NCUA at that time, there was no expectation that any of these funds would be reimbursed. Thus, we are pleased that there is now a possibility that a portion of these funds would be returned.

We support the closure of the Temporary Corporate Credit Union Stabilization Fund (TCCUSF) and a subsequent refund to credit unions. However, we do not support NCUA's desire to utilize a significant portion of those funds to increase the NOL from an equity ratio of 1.30 percent to 1.39 percent. This significant increase appears to be justified by the modeling of the five-year equity ratio projections under extreme economic scenarios. This "shock test" may be useful to test performance of the NCUSIF under significantly different economic conditions than we operate under today, but it should not be utilized to determine the amount which should be returned to the credit union system.

Based on NCUA's previous five-year equity ratio projections model utilizing March 2016 share data and June 2016 retained earnings data (without corporate resolution exposure), the worst-case scenario reflected a decline from an equity ratio of 1.277 percent to 1.176 percent. By utilizing a more severe economic scenario to determine the future performance of the NCUSIF (without corporate resolution program exposure), the current worst-case scenario now reflects a decline in the equity ratio of 1.26 percent to 1.03 percent. Based on the current economic conditions and NCUA's previous 2016 five-year equity ratio projections, it is our opinion that NCUA's recent five-year equity ratio projections are questionable. Therefore, it is our opinion that it is not necessary to increase the NOL equity ratio from 1.30 percent. However, Tulsa Federal does support utilizing a portion of the proceeds from the closing of the TCCUSF to increase the equity ratio from the current 1.26 percent to the 1.30 percent maximum.

Thank you very much for the opportunity to comment on the proposed regulation.

Sincerely,

Gregory W. Gallant
President/CEO