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

Dear Mr. Poliquin,

My name is Casey Bacon. I am the CEO of Statewide Federal Credit Union. On behalf of the Board and senior management team of Statewide Federal Credit Union I am writing to you regarding the National Credit Union Administration's (NCUA) proposal to close the Temporary Corporate Credit Union Stabilization Fund (Stabilization Fund) and raise the National Credit Union Share Insurance Fund's (NCUSIF) normal operating level (NOL) to 1.39 percent.

While I support the NCUA's proposal to close the Stabilization Fund and merge it into the NCUSIF and the idea of rebates to credit unions I am concerned with NCUA's approach on this issue. Particularly, I do not agree with the NCUA's proposal to increase the NCUSIF's normal operating level (NOL) to 1.39 percent. The NCUA's proposal will divert hundreds of millions of dollars from credit unions to the NCUA and thousands of dollars in the case of my credit union. I will outline below the reasons why I think this is not the best course of action.

First, the NCUA states that raising the NOL is necessary to mitigate any potential risk of loss from the closing of the Stabilization Fund. Should the credit union industry should ever face another big crisis the NCUA could always assess another premium like it did for the issues revolving around the corporate credit union crisis. In other words, there is precedent and the NCUA has the statutory authority to do it again if necessary.

A second point is a look at the overall health of the credit union movement. At the end of 2008 total retained earnings of the credit union movement were approximately \$82.6 billion. Fast forward to 2016 and total retained earnings are over \$142 billion. The capital ratio of the movement has risen from 10.64% at the end of 2008 to 10.88% at the end of 2016. Capital has increased substantially in spite of robust asset growth from \$776 billion in 2008 to over \$1.3 trillion at the end of 2016.

One final point that is perhaps the most important point of all. Making the rebate to credit unions as large as possible allows credit unions to further increase their capital. Increasing capital of credit unions assists them in doing the great work they do for their members and their communities. For my credit union in 2018 we are planning to broaden our reach in our community. We are actively pursuing financial education outreach initiatives as well as investigating a first time home buyer program. We will continue to reward our members who are the backbone of our credit union by offering them the highest deposit rates and lowest loan rates possible. The proposal of NCUA to raise the NOL to 1.39% would limit our rebate to under \$100 thousand. By leaving the NOL at 1.30% our rebate would be closer to \$160 thousand. That's

reserves that we can use to the benefit of our members and expand credit opportunities to the hard working families of Mississippi.

In summary, putting the maximum rebate in the hands of credit unions is the best way to protect the industry because credit unions can earn much more on their assets than the NCUSIF. If the industry ever experiences another financial crisis the NCUA can charge an assessment like they did during the corporate crisis. The credit union is much healthier now than it was back in 2008 and even then it was very healthy. And finally, giving the largest rebate possible back to credit unions allows them to give back to their members and their communities in the ways that make the credit union movement such a unique and wonderful financial model.

Thank you for letting me respond to your proposal. If you have any questions about my comment letter please feel free to contact me at 601-709-4475 or [casey.bacon@statewidefcu.org](mailto:casey.bacon@statewidefcu.org).

Sincerely,



Casey Bacon  
CEO  
Statewide Federal Credit Union