

August 31, 2017

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

To whom it may concern:

I am writing on behalf of LA Financial Federal Credit Union in response to the National Credit Union Administration (NCUA) request for comment regarding the proposed closure of the Temporary Corporate Credit Union Stabilization Fund ("Fund") and the increase of the Credit Union Share Insurance Fund (SIF) normal operating level (NOL) to 1.39%.

While I appreciate NCUA's gesture of providing rebates at some time, I am extremely concerned with the current approach to solving this issue as increasing the NOL will likely divert millions of dollars from the industry when funds should be returned to credit unions.

Per your estimates the closing of the fund and the transfer of its assets to the SIF would increase the SIF equity ratio to a range of 1.45% to 1.47%. When comparing these estimated ratios to the current NOL of 1.30%, it creates a significant increase of up to 17 basis points or \$1.7 billion that would not be returned to credit unions. Instead, the proposal would refund only up to \$800 million and this in my opinion is unfair and unacceptable considering that credit unions have already paid their share for the financial crisis and should be entitled to a full refund.

I believe that the current NOL level of 1.30% is sufficient to withstand economic downturns as has been demonstrated by withstanding the greatest economic downturn since the great depression. If the SIF withstood the financial crisis when the NOL rate was 1.30%, raising the NOL as proposed is unjustifiable at this time. Additionally, the transfer of the Fund assets to the SIF should help offset the liabilities associated with the NCUA guarantee notes, thereby further negating the need to increase the NOL.

I appreciate the agency's opportunity to comment on this proposal and its dedication to return funds to credit unions, but I believe that a full refund is warranted as it will provide a better and more equitable Fund disposition strategy.

If I can be a source of any further information on this comment letter, please do not hesitate to contact me at mflores@lafinancial.org or by phone at (626) 844-8114.

Sincerely,

Milton Flores
Senior Vice President and
Chief Financial Officer