



September 1, 2017

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

SUBJECT: NCUA's proposal to close the temporary corporate credit union stabilization fund and set the share insurance fund normal operating level

Dear Mr. Poliquin:

On behalf of the Caltech Employees 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 (SIF) normal operating level (NOL) to 1.39 percent.

While I support NCUA providing rebates to credit unions as soon as possible, I am concerned and troubled with NCUA's proposed approach to this issue. Specifically, increasing the NOL will divert millions of dollars that rightfully should be returned to the industry. Our Credit Union was a member of the Western Corporate Federal Credit Union. We wrote off \$1,373,516 directly due to our member capital shares deemed lost. In addition, from 2010 through 2013, we paid a total of \$5,133,516 in assessments directly to the NCUA for the Temporary Corporate Credit Union Stabilization Fund. **Our Credit Union does not want to divert any money that should rightfully be returned to our members!**

NCUA estimates that closing the Stabilization Fund and transferring its assets to the SIF would increase the equity ratio to approximately 1.45 - 1.47 percent. At the current NOL of 1.30 percent, that would mean that 15-17 basis points, or \$1.5-1.7 billion should be returned to credit unions. However, this proposal would reduce that amount by more than half, and only give credit unions \$600-800 million. A partial rebate is not acceptable; our Credit Union, and all other credit unions, have already significantly paid for the corporate credit union debacle and are entitled to a full rebate.

I believe the current NOL of 1.30 percent is sufficient to weather economic downturns; it has proven to do so over time, including during the financial crisis, which was the greatest economic downturn since the Great Depression. If the SIF withstood the financial crisis, it

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stands to reason that the NOL does not need to be raised at this time and the current level will enable the SIF to withstand a moderate financial crisis.

Thank you very much for the opportunity to comment on this proposal. While I appreciate the agency's dedication to return funds to credit unions, I believe a full rebate is appropriate and critical to a Stabilization Fund disposition strategy. I also respectfully urge the NCUA to avoid increasing the normal operating level for the Share Insurance Fund. The equity ratio is separate and distinct from corporate stabilization rebates, and Caltech Employees Federal Credit Union, along with all credit unions, should each get as much money as possible, and to see it distributed as fairly as possible.

Sincerely,

A handwritten signature in black ink that reads "Richard L. Harris". The signature is written in a cursive style with a large, stylized "H" and "S".

Richard L. Harris
President/CEO