

East Idaho Credit Union

865 S. Woodruff Ave, Idaho Falls, ID | 208.523.9068

August 31, 2017

National Credit Union Association

Re: Comment Letter: Closing temporary corporate credit union stabilization fund and setting share insurance fund normal operating level

We appreciate this opportunity to provide our input regarding closing the Temporary Corporate Credit Union Stabilization Fund (TCCUSF) and setting a new insurance fund operating level. We are advocates of merging the TCCUSF into the NCUSIF and believe the sooner this occurs the better. The merger then should allow for a distribution to credit union members in the form of a pro rata refund to their respective credit unions in 2018.

We are not in favor of increasing the NCUSIF's normal operating level (NOL) above the current maximum threshold of 1.30%. In the last 30-year history NCUA has only charged a premium three times and only refunded twice. Seems like the threshold is working quite well where it is. We are not naive to the ever changing, worldwide economic environment. We are also not blind to the fact the Federal Government's (and NCUA's) estimates for insurance losses are always significantly higher than history proves out. Worst case, we could align with a few extra, temporary, basis points for risks from the legacy assets (NGNs), but would strongly object to another 5 basis points (or any) to withstand a "potential" recession of the future.

Finally, why make the refund process more complicated than it will be inherently. The payout distribution to credit unions should be a pro rata portion based on the amount paid in. Mergers would work the same. The surviving CU receives both CU's pro rata portions paid in.

To summarize in 2010 one of the recent "great recession" challenging years, actual cash losses to the insurance fund were 7.6% of the prior year-end audited reserves and yet our smaller credit union (\$260 million) was charged both a TCCUSF assessment of \$249,806 and an insurance premium expense of \$265,943. Subsequently we were assessed over another \$1 million cumulatively in 2011-2013 to the TCCUSF. CUs have paid in \$10.4 billion between capital depletions and assessments while the latest loss estimates are between 5 and \$6.5 billion. One could say we were fortunate the losses weren't more. I would say the estimates were materially flawed. Please refund our member's money that should not have been assessed in the first place instead of continuing to exacerbate the miss-judgement.

Sincerely,

Chris Cardwell
CFO East Idaho CU
ccardwell@eastidahocu.org