APGFCU Your Community Credit Union

September 5, 2017

To: boardcomments@ncua.gov

Mr. Gerard Poliquin
Secretary of the Board

RE: Comments on Stabilization Fund Closure

National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Dear Mr. Poliquin:

Aberdeen Proving Ground Federal Credit Union (APGFCU) appreciates the opportunity to comment on the National Credit Union Administration (NCUA) Board proposal to close the Temporary Corporate Credit Union Stabilization Fund (Stabilization Fund). APGFCU serves two counties in Maryland with 123,000 members and $1.2 billion in assets.

We wholeheartedly support the NCUA effort to return to credit unions, as quickly as possible, the money we paid into the Stabilization Fund to support the credit union movement during the largest economic recession in recent history. At the same time, we have major concerns with the approach NCUA is proposing.

APGFCU paid $4,615,517 into the Stabilization Fund from 2009 through 2013. We believe the primary goal should be to return to credit unions every remaining dollar in the Stabilization Fund after all liabilities have been fully settled and paid. We understand if the Stabilization Fund is merged with the National Credit Union Share Insurance Fund (NCUSIF) it will strengthen the NCUSIF. A stronger NCUSIF fortifies the credit union movement, which ultimately supports the NCUA fiduciary duty to the United States government and citizens of America. However, we ultimately believe the NCUSIF has demonstrated it can withstand the greatest economic downturn since the Great Depression. Additionally, the Current Expected Credit Loss (CECL) model will take effect for credit unions in 2021. This should result in increased allowances for loan losses for all credit unions, which will also serve to reduce potential future risks and losses to the NCUSIF.

APGFCU feels the process of rebating the Stabilization Fund assessments should be handled with full transparency. If the Stabilization Fund is merged with the NCUSIF, these dollars could be used for purposes other than rebating credit unions their Stabilization assessments; for example, using the assets to reduce the potential 2017 NCUSIF premium assessment. **Therefore, APGFCU does not agree with merging the Stabilization Fund into the NCUSIF as it could diminish the rebates to credit unions from the remaining assets in the Stabilization Fund.**

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APGFCU also does not agree with the proposed increase of the normal operating level from 1.30% to 1.39%. As previously stated, the NCUSIF has shown it can weather a severe economic downturn at the current normal operating level of 1.30%. Additionally, credit unions demonstrated they could absorb the two premium assessments, which were charged during the downturn, to restore the NCUSIF to the minimum required operating level of 1.20%. Raising the normal operating level and merging the Stabilization Fund into the NCUSIF would result in the use of the Stabilization Fund assets for purposes other than refunding credit unions.

Furthermore, APGFCU believes additional data is necessary in order to make an informed decision. Credit unions need adequate time to consider the implications of this proposal. While we appreciate the NCUA effort to provide assessment rebates to credit unions as soon as possible, hundreds of millions of dollars are at stake for the credit union movement. Therefore, it is critical NCUA take the time needed to ensure extreme care is exercised so the rebates from the Stabilization Fund are maximized to credit unions.

Finally, APGFCU believes any assessment rebates should be calculated on a total, pro rata basis. If the full amount each credit union paid into the Stabilization Fund is not refunded, a first-in, first-out or last-in, first-out method would not be fair and equitable to all credit unions.

APGFCU is respectfully requesting NCUA to carefully weigh our comments before adopting its proposal. Thank you for the opportunity to comment and for listening to our concerns. Please feel free to contact me with any questions or comments regarding our comment letter on this proposal.

Sincerely,

Don W. Lewis
CEO/President