From:	Jessica Barile
To:	_Board Comments
Cc:	Stephanie Vick
Subject:	Jessica Barile - Comments on Stabilization Fund Closure
Date:	Tuesday, September 05, 2017 9:39:30 AM
Attachments:	image001.png

Dear Mr. Poliquin:

Our credit union appreciates the opportunity to comment on your proposed revisions to Part 741 regarding requirements for insurance. I am responding on behalf of a state chartered, federally insured credit union in Virginia with over $3 billion in assets and over 250,000 members.

We applaud NCUA's efforts to return money back to credit unions soon.

Virginia Credit Union members paid in over $11 million to this fund and took losses of over $3 million on corporate credit union membership shares.

If the only option to start distributions to credit unions is to close the fund and merge it with the NCUSIF, then we support this proposal. This money belongs to credit union members. However, we do have concerns that surpluses in the TCCUSF will make operations of the NCUSIF less transparent. Recoveries in the TCCUSF should continue to be tracked separately to ensure that those credit unions who contributed to the fund receive proportionate refunds.

We disagree with raising the normal operating level of the NCUSIF to 1.39. The modeling presented in the proposal seems overly conservative. NCUA is not required to charge a premium unless the NCUSIF falls below 1.20. Premiums should be not be assessed in order to maintain 1.30 and certainly not to raise the level to 1.39. Using TCCUSF funds to reach this higher operating level is in effect charging a premium only to those credit unions who contributed to the TCCUSF. The NCUSIF range should remain 1.20 – 1.30.

Should NCUA continue with changing the normal operating level to 1.39, a scheduled return to 1.30 at a stated date such as 2021 should be required.

We have additional concerns that that expenses of the NCUSIF are growing at a faster rate than earnings, requiring this subsidy from the TCCUSF. It is important to analyze this growth in expense and determine if NCUA is actually being more effective in their exams. For example, our credit union has had significantly more NCUA examiners assigned to our most recent exam than we have ever had before, even though we are in strong financial condition. Previously, NCUA relied more on state examiner work, saving credit unions in our position some of the costs associated with NCUA examination. State chartered institutions like our credit union are paying state operating fees (which in our case are higher than what NCUA charges federal credit unions) as well as absorbing the overhead transfer rate from the NCUSIF that is contributing to the fund equity ratio dropping.

Thank you for the opportunity to provide input on this proposal. Please contact me if you have any questions about our comments.

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