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August 29, 2017

Mr. Gerard Poliquin
Secretary to the NCUA Board
1775 Duke Street
Alexandria, VA 22314-3428

Re: Comments on NCUA 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 Campus 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 with NCUA's proposed approach to this issue. Specifically, markedly increasing the NOL will divert millions of dollars that rightfully should be returned to the industry.

You will find some of our concerns with the rule detailed below:

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; credit unions have already paid for the financial crisis and are entitled to a full rebate.

The current NOL of 1.30 percent is sufficient to weather economic downturns; it sufficed during the financial crisis, which was the greatest economic downturn since the Great Depression. If the SIF withstood the financial crisis, it stands to reason that the NOL does not need to be raised by 5 basis points, and the current level will enable the SIF to withstand a moderate financial crisis. In the event that the NOL drops below 1.20 percent, a premium should be assessed for credit unions. Until then, a full refund of the money in the Stabilization Fund should be returned to credit unions at this time.

Additionally, the transfer of assets from the Stabilization Fund to the SIF would likely offset the additional liabilities of the NCUA Guaranteed Notes (NGN), thereby negating the need to increase the NOL by 4 basis points proposed by NCUA.

Finally, as others have noted, I believe that NCUA has the discretion to transfer assets directly from the Stabilization Fund to credit unions, especially to credit unions that hold corporate credit union capital notes. For example, the Southwest Corporate (SWC) Asset Management Estate (AME) does not owe the Stabilization Fund or SIF any money, and any related money should therefore be directly returned to SWC note holders.

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 critical to a Stabilization 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 janev@campusfederal.org or by phone at (225) 408-4810.

Sincerely,

Jane G. Verret
Chief Administrative Officer
Campus Federal Credit Union