Everence

Everence Federal
Credit Union
2160 Lincoln Highway E.
Ste. 20
Lancaster, PA 17602
everence.com

Toll-free: (800) 451-5719
T: (717) 735-8330
F: (717) 735-8331

September 1, 2017

Mr. Gerard Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

RE: Comments on Stabilization Fund Closure

Dear Mr. Poliquin,

On behalf of the board of directors and members of Everence Federal Credit Union, I am writing to you with regards to the proposal to close the Temporary Corporate Credit Union Stabilization Fund (TCCUSF) ahead of schedule and to set the Net Operating Level (NOL) of the National Credit Union Share Insurance Fund (NCUSIF) to a higher level (1.39).

Everence Federal Credit Union has over $170 million in assets and serves over 18,000 members throughout the country. During the corporate crisis, our credit union incurred $662,099 in TCCUSF assessments towards the stabilization fund and an additional $213,929 in NCUSIF premium.

We very much appreciate and support NCUA's willingness to return funds to credit unions earlier than expected but have concerns about the proposal. By retaining such a large amount of the funds and increasing the NOL, this will divert significant funds that rightfully should be returned to our movement.

The closure of the TCCUSF and merger into the NCUSIF makes sense. It allows for return of the excess TCCUSF premiums and recoveries earlier than 2021. It simplifies reporting, reduces costs and provides more flexibility in winding down the program. The fund was created for a single purpose to permit credit unions to pay for the cost of corporate resolution in a manageable way over a reasonable amount of time. That has occurred and there is no reason to maintain the fund. Given the recent legal victories and current legacy asset estimates, the stabilization fund is currently at a net positive of more than $2 billion. Based upon NCUA's modeling and the KPMG audits, no contingency is needed. In keeping with NCUA's own statement that recoveries would be returned to credit unions, this money can and should be returned to the industry.

Additionally, history has shown that the current NOL range of 1.20 – 1.30 is sufficient to endure economic downturns as it withstood the greatest economic collapse since the Great Depression. Industry results and economic trends continue to be favorable. The auditors and NCUA have confirmed that the current NOL (1.26 as of 6/30/17) is sufficient to cover all required contingencies. NCUA's proposal is unnecessary and a significant deviation from NCUA's proven successful policy. There is no need to increase the NOL.

In fact the cause for the potential decline in the NOL is NCUA's operating expenses; not losses. Today, NCUA is charging over 72% of its operating expenses to the NCUSIF (up from 52% in 2008). This transfer of costs now uses up more than 90% of the NCUSIF investment income.

In conclusion, we respectfully request that NCUA:

- Close the TCCUSF and merge it with the NCUSIF by the end of 2017,
- Return all TCCUSF excess funds to credit unions as soon as practical – most likely in 2018.
- Maintain separate accounting for the TCCUSF to ensure clear transparency with regard to the purpose, income, expense and operation of each, and
- Maintain the NCUSIF NOL range of 1.20 – 1.30.

I want to thank you for the opportunity to comment on this proposal and for the agency's dedication to return funds to the credit unions and to their members. Credit unions play a significant positive role in the lives of our growing membership and this will help all of us continue that purpose.

If you have further questions or if I can be of any assistance, please contact me at 800-451-5719 x4271 or kent.hartzler@everence.com.

Sincerely,

W. Kent Hartzler
President & CEO

cc: Pat Conway, President & CEO, PA Credit Union Association
Senator Robert Casey, Jr.
Senator Patrick Toomey
Congressman Lloyd Smucker