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To: [Regulatory Comments](#)
Cc: [Gary Moritz - SUN](#); [Paul L. Mercer \(PMercer@ohiocul.org\)](#); [Jim Nussle \(JNussle@cuna.coop\)](#)
Subject: Comments on the Stabilization Fund Closure
Date: Tuesday, September 05, 2017 8:52:58 AM

My name is Brian Hughes. I am the Vice President of Finance, Wealth and Business Solutions for Sun Federal Credit Union and I am commenting on behalf of Sun Federal regarding NCUA's plan to close the Temporary Corporate Credit Union Stabilization Fund into the Share Insurance Fund by the end of 2017.

We remember the day the news of the Corporate Credit Union crisis broke and the NCUA plan to stabilize the corporate system that followed resulting in a series of assessments. Between the premiums to the insurance fund and these assessments we paid about 2.7 million dollars during the assessment years. Since then we have had several small credit unions merge with us and our combined assessments and premiums are around 3 million dollars.

We have followed NCUA's management of the fund, the performance of the legacy assets and the litigation awards contributed back to the fund. We have actively worked directly with CUNA through the CFO Council and with Bill Hampel to voice our opinion about next steps regarding the management of what has appeared for some time as a surplus to the fund. About three years ago we began to advocate for a refund to the credit unions who paid into the fund. We believe that our close working relationship with CUNA contributed some influence to their position on the matter. They have likewise influenced our position on this matter. Therefore after reading the letter CUNA sent as a response to this issue to the NCUA board we would concur with the majority of their position which includes:

1. Approving of NCUA's plan to close the fund into the insurance fund.
2. Begin refunds of assessments out of the insurance fund in early 2018.
3. Continue to manage the NGN's through 2021 when the majority of them mature.
4. If the surplus grows after the initial refund in 2018 to continue credit union assessment refunds as long as the insurance fund ratio ends up at 1.30% by 2021.
5. Base the allocation of refunds on the percentage of total assessment payments made by each credit union. Add to each credit union's allocation percentage any assessments made by credit unions who have, since the assessments were levied, merged into any of the remaining credit unions eligible for a refund.
6. Here is where we differ from CUNA. We believe the initial refund should take the insurance fund down to the 1.30%. If there is a deficit in the ratio in the future we would expect to pay a premium. We believe the economy will continue to expand because of the slow pace of expansion, low inflation, sustained low unemployment, slow and measured Fed Funds rate increases, continued job creation and a robust but not overheated housing market. This should help the value of the NGN's. We would

rather manage our members' additional capital at the credit union level and let NCUA manage the NGN's now residing within the insurance fund which is what NCUA has proven to do well. We are aware of the taxi medallion problem, indirect lending and other issues that have caused some problems with some credit unions and if the insurance fund is needed to be used, so be it. We also know that NCUA is pro-actively helping these credit unions to manage through their difficulties and when appropriate find merger partners and so avoid using the insurance fund in many cases.

7. We believe there is more likely a favorable outcome that could result in all or a majority of the original assessments refunded by 2021 to the remaining credit unions who paid them.

Thanks so much for your openness to our comments.

On Behalf of Sun Federal Credit Union,

Brian Hughes





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