

Mr. Gerard Poliquin, Secretary of the Board  
National Credit Union Association  
Via email: [regcomments@ncua.gov](mailto:regcomments@ncua.gov)  
September 5, 2017

Dear Mr. Poliquin:

I am writing on behalf of Pawtucket Credit Union, located in Region 1, in Pawtucket, RI, regarding closing the Temporary Corporate Credit Union Stabilization Fund (Stabilization Fund). We commend the NCUA for determining a way to distribute funds that credit unions paid to ensure the orderly settlement of the Corporate Credit Unions earlier than the previously determined year 2021. Returning funds will help all credit unions that paid into the Stabilization Fund by increasing equity and allowing for leveraging of that equity in the communities we serve. At Pawtucket Credit Union, we are in favor of closing the Stabilization Fund, as proposed, by the end of September to allow for a year end 2017 audit of the Share Insurance Fund and a first distribution to credit unions in 2018.

We do feel however, that NCUA should carefully consider the structure of the new normal operating level (NOL) of the Share Insurance Fund. Based on the information in the July 2017 FAQs released by NCUA, each basis point increase in the NOL equates to \$100 million less distributed to the credit unions. In the past, NCUA has assessed the credit unions to re-fund the Share Insurance Fund to a specific NOL level as the NOL fluctuated because of losses from settling failed natural persons credit unions, lower earnings on Share Insurance Fund assets and insured deposit growth. Retaining an additional 4 basis points or \$400 million from the previously paid assessment, and adding it to the NOL for a potential future "adverse" economic event, is a departure from past funding activity of the Share Insurance Fund. If the NCUA Board does increase the NOL to 1.39%, the Board should have a concrete plan to reduce the NOL over a short time horizon back to an NOL level of 1.30%. This can be done by evaluating the risk of an economic event as well as the remaining risk in the Corporate Credit Union legacy assets.

One last consideration is the basis on which the distributions should take place. We support distributions to the credit unions that paid into the Stabilization Fund rather than a general distribution to currently federally insured credit unions as the most equitable method of returning funds to credit unions.

Thank you for the opportunity to comment on closing the Stabilization Fund and distributing excess funds to the credit unions.

Sincerely yours,



George J. Charette

President & CEO

Pawtucket Credit Union