

From: [Jeff McClain](#)
To: [Regulatory Comments](#)
Subject: Golden Circle CU comments on proposal regarding Corporate Stabilization Fund
Date: Tuesday, September 05, 2017 9:28:52 AM

August 30, 2017

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

Dear Mr. Poliquin,

I am writing this letter on behalf of the membership of Golden Circle Credit Union. Thank you for the opportunity to express our thoughts and concerns regarding the proposal to close the Temporary Corporate Credit Union Stabilization Fund and transfer its assets and obligations to the National Credit Union Share Insurance Fund and also the proposal to set a new normal operating level for the NCUSIF.

Our membership is primarily working class people living and working in northeastern Ohio. Since our founding in 1940, our membership through the prudent operation of our credit union has built up sufficient reserves to provide member benefits and financial security through a range of economic challenges over the last 77 years. Out of these reserves, our members contributed \$560,160 toward our credit union's share of the funds needed to provide for the resolution of the corporate credit unions and insure that the credit union system would survive to provide the benefits of credit union membership to current and future generations. For this reason, we are very interested in how any excess funds from these contributions are returned.

We are in support of the closing of the stabilization fund into the NCUSIF and congratulate the NCUA in successfully managing this difficult situation so that this early resolution is possible. As the cost of the resolution have been paid, we see no reason for retaining the stabilization fund as a separate entity and the closure and transfer should take place prior to the end of 2017. This action would then provide for some level of reimbursement of excess funds back to credit unions in 2018.

However, we disagree with the proposal that the maximum normal operating level of the NCUSIF should be increased from the current 1.30% to 1.39%. The current operating level of 1.30% has served the industry well over many years including the recent financial crisis which was the greatest economic downturn since the Great Depression. Credit unions have not only survived, but thrived since the downturn and are well positioned to provide the necessary support to the insurance fund if needed in the future. The current excess funds are a completely separate issue from any possible future losses from any potential economic downturn and each should be handled separately. The industry has sufficient strength to address future needs either related to the conclusion of the corporate resolution or insurance fund losses from any future economic downturn. If future economic conditions dictate that funds are needed to cover losses, these should be handled as a premium assessment at that time just as we have done in prior downturns.

Our credit union was very fortunate and we suffered no losses due to write-downs on our corporate capitalization deposits. However, we also believe to maintain fairness in any merger of the stabilization fund and the NCUSIF, it is critical that a separate accounting is maintained of future

recoveries on those legacy assets so that our fellow credit unions members who did suffer these losses can receive the recovery of these funds as they become available.

Lastly, we offer our opinion as to how any distribution amounts should be calculated. In the interest of fairness and transparency, excess funds should be returned to credit unions based proportionally to the amount of funds that they contributed to the resolution. Although based on the best data available at the time, these funds represent an overpayment of the costs of the resolution and were based on the insured shares of each credit union at the time of contribution. Therefore refunds of the excess should be based on those contributions. The data exists of the amount each credit union paid into the resolution. No credit union should gain or lose in the refund based on the fluctuation of insured shares since the payments were made. We acknowledge that a number of credit unions that made contributions no longer exist. However, we believe that most of these credit unions were merged into successor credit unions that still serve their members. Therefore, refund amounts should be proportionally based on the amounts originally contributed and the portions owed to inactive credit unions should be returned to their successor credit union.

So in summary, we believe that a fair and equitable resolution would include:

1. A closure of the Temporary Corporate Credit Union Stabilization Fund into the National Credit Union Share Insurance Fund by the end of 2017 with a distribution of excess funds in 2018.
2. Retention of the current maximum normal operating level of the NCUSIF at 1.30%. Future NCUSIF needs due to fund losses should be addressed through future premiums.
3. A separate accounting of legacy asset recoveries to fairly reimburse credit unions that suffered a write-down of corporate capitulation deposits.
4. A refund of excess funds from the corporate resolution based on the amount each credit union contributed to the resolution.

On behalf of the membership of Golden Circle Credit Union, thank you for this opportunity to express our concerns regarding this very important proposal and we appreciate your desire to hear our opinions. If you have any questions regarding these comments, please contact me at (330) 479-3133.

Sincerely,

Jeffrey J McClain
CEO

Sincerely,
Jeffrey J. McClain, CEO
Golden Circle Credit Union
Phone (330) 479-3130
Fax (330) 479-3132
jmclain@goldencirclecu.com
<http://www.goldencirclecu.com/>