From:	Wally Murray
To:	_Regulatory Comments
Cc:	Michelle Pacheco
Subject:	Comment re: 7535-01-U (Closing the TCCUSF and Setting the NCUSIF Normal Operating Level)
Date:	Tuesday, September 05, 2017 2:55:01 PM

Hello and thanks for the opportunity to comment on this proposed action. My name is Wally Murray, President/CEO of Greater Nevada Credit Union, a $725 million institution serving over 56,000 members based in Carson City, Nevada. I have worked at this credit union since 1988 and been its chief executive since 2000.

I am writing today in partial support of the proposal to:

- Close the Temporary Corporate Credit Union Stabilization Fund (TCCUSF) and
- Set the Share Insurance Fund Normal Operating Level.

I am in general support of the first part of the proposal (i.e. closing the TCCUSF) and strongly opposed to the latter (i.e. resetting the NCUSIF "normal" operating level.)

Closing and Merging of TCCUSF

With respect to the closing of the TCCUSF, time and experience have shown it is now clear that its underlying assets have regained ample value to justify closing that specialized fund and merging it with the NCUSIF. I applaud the NCUA for the extraordinary actions it took during the Great Recession and since to secure those assets and its management of them over the ensuing period. I also applaud the agency for recognizing that it is an appropriate time to return the full excess equity from those assets back to their rightful owners…the credit unions insured by the NCUSIF. That goes much farther than the agency's proposal which calls for only a partial return of that excess equity.

Increasing the NCUSIF Operating Level

What is not clear is that an increase in the operating level of the fund of any kind is at all warranted. Instead, this appears to be a veiled attempt to justify and fund continued inefficient operations within NCUA that have not been fully readjusted to meet the current operating environment for credit unions. This proposed increase entirely ignores the fact that the agency tapped into the financial coffers of its insured credit unions during the Great Recession to expand the agency in order to deal with that crisis, but has not since restored those resources back to credit unions by once again right-sizing the agency for the operating environment that has been prevalent for well over five years now. Instead, this proposed increase in the NCUSIF operating level seeks to institutionalize that ongoing management inefficiency within NCUA by levying what is in essence another premium on the credit unions the fund insures. That is entirely inappropriate.

The scenarios floated within the proposal to support the proposed increase go beyond reasonable conservatism and reach well into the realm of being excessively alarmist. For example, assuming that the impacts of a modest recession will adversely impact credit unions, and therefore the agency, for five years is ludicrous. Using that line of reasoning, one would be led to believe that the Great Recession, which was a once in 75 year occurrence, should have been almost considered a "modest" one. That is obviously absurd and therefore those scenario assumptions need to be viewed similarly and scrutinized far more carefully.

In fact, those scenarios need to be fully reassessed by independent third parties before any action is taken to adjust the operating level. Such a move would be entirely consistent with agency practices that have been well established during the past decade. It is well known that there have been frequent Examiner Findings and Document of Resolution items embedded within Examination Reports of natural person credit unions across the nation where the agency's examiners have required those credit unions to fully justify the models used to manage interest rate risk, the allowance for loan losses and commercial lending operations, to name a few, via such an independent review. Why shouldn't the same standard apply to the internal operations of NCUA? In fact, given the nature of this proposed increase, it would be entirely appropriate for the NCUA Inspector General to make the selection of the independent firm(s) that would conduct such a validation and oversee that engagement, entirely independent of the influence of the agency's management.

<u>Why were these proposals coupled?</u>

One final thing that is unclear is the need to couple these two entirely independent proposals. While there is some level of potential increased risk to the NCUSIF by merger the assets of the TCCUSF, at the current point in time that risk is negligible. Therefore, that provides adequate time to allow for a more thorough and thoughtful reassessment of the NCUSIF operating level, which should include determining ways to further scale back the costly bureaucratic infrastructure that has been constructed within the NCUA. Meanwhile the Stabilization Fund should be closed with full refunds, that go well beyond those proposed, going back to insured credit unions by the end of 2017.

Sincerely,

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Greater Nevada Credit Union

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