

December 19, 2018

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

RE: Comments on Proposed Rulemaking - Fidelity Bonds

Dear Mr. Gerald Poliquin,

I am writing on behalf of Redwood Credit Union (RCU), which serves California's Northern Bay Area region. We have over 310,000 members and \$4.4 billion in assets. Redwood Credit Union appreciates the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed rulemaking regarding fidelity bonds.

RCU supports the NCUA's efforts to ensure credit unions have adequate bond coverage to protect the share insurance fund. However, we must respectfully disagree with some provisions that would increase the burdens of managing the Fidelity Bond process.

Board & Supervisory Committee Review

RCU believes it is crucial for Boards of Directors to have all the information necessary to exercise required oversight, including bond coverage. However, RCU disagrees that requiring Board and Supervisory Committee review of applications for bond coverage will accomplish this goal. The bond application review process is a highly involved, operational process. As such, in depth involvement by the Board and Supervisory Committee may not always be appropriate, depending on the size and complexity of the credit union. Such involvement in operational processes has the potential to distract from the Board's oversight role in establishing controls and monitoring enterprise risk as well as the Supervisory Committee's role of ensuring safety and soundness.

Based on this, RCU recommends NCUA continue to require Boards to annually review coverages and establish appropriate controls for their credit unions.

Board Attestation

RCU agrees the share insurance fund should be protected from losses caused by individuals who have defrauded their credit union. However, we view the set of requiring an attestation by a Board member as unnecessary step, particularly depending on the size and complexity of the credit union.

Thank you for the opportunity to comment on this proposed rule and for considering our views on NCUA's requirements for fidelity bonds.

Sincerely,

Brett Martinez
President and CEO
Redwood CU

cc: CCUL