



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

July 19th, 2019

Dear Mr. Poliquin:

I am writing on behalf of Quorum Federal Credit Union in Purchase, NY. We have over 80,000 members and have over \$800 million in assets. Quorum appreciates the opportunity to provide comments to the National Credit Union Association on its proposal to amend the Public Unit and Nonmember Shares rule.

In its request for comment, the NCUA proffers several questions regarding specific components of the proposed rule. The first asks whether or not the Credit Union supports changing the basis for measuring the non-member share limit from "total shares" to "paid in and unimpaired capital and surplus less public unit and non-member deposits". Quorum supports this change as it provides clarity and removes the circular component and counting non-member shares currently deposited at the Credit Union.

Quorum also supports the change in increasing the non-member share limit from 20% to 50%. This change substantially increases liquidity and funding options available to the Credit Union. It provides more flexibility in balance sheet management and the ability to develop liability structures that may not be appropriate for member-facing retail products. Examples of this include price changes that do not directly impact members, call options that help manage interest rate risk, and offering durations that members may not be interested in.

The request for comment asks whether or not the NCUA should abolish the alternative \$3 million limit that allows smaller credit unions to take on a larger amount of non-member deposits. Quorum supports keeping the alternative limit, as it offers the ability to use this type of funding sources to smaller credit unions, who may have greater volatility in their growth trajectory (e.g. deposit and loan growth may not be at the same pace).

Further, Quorum does not support removing the waiver provision of the rule. The waiver option provides the flexibility for credit union-specific situations where higher limits may be appropriate and in the best interest of the membership and the share insurance fund. Similarly, Quorum does not support the requirement of a written plan. The limits set by the NCUA are at a reasonable level. Any lender should understand the risks and write any types of requirements into the contract with the borrowing Credit Union.

On behalf of Quorum Federal Credit Union, I would like to thank you for the opportunity to comment on this proposal. Should you have any questions regarding our comments, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Bruno Sementilli". The signature is fluid and cursive, with a large initial "B" and "S".

Bruno Sementilli
President & CEO