



**DUKE UNIVERSITY**  
FEDERAL CREDIT UNION

August 7, 2017

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

RE: OTR

Dear NCUA:

NCUA is currently evaluating options related to the Overhead Transfer Rate. As this is deliberated, I simply request that NCUA consider the impact to various credit unions. With the economies of scale, smaller credit unions will struggle more with any additional expense.

To illustrate the impact of economies of scale, Return on average assets (ROA) as of December 31, 2016 were:

Credit Unions under \$10 million in assets	0.05%
Credit Unions between \$10 and \$100 million in assets	0.33%
Credit Unions between \$100 and \$500 million in assets	0.53%
Credit Unions over \$500 million in assets	0.88%

Over the past decade, the number of credit unions with under \$10 million in assets have decreased by fifty percent. Smaller credit unions with less ROA will be negatively impacted by a decrease in the OTR, which will substantially increase operating fees charged to federal credit unions. Additional mergers should be anticipated.

It appears that if the proposed methodology was used today, the OTR would be 60.0 percent as opposed to the current 67.7 percent. The bottom line from this proposal is that required dues from credit unions would increase.

It would be sad to see the industry merger rate increase due to such additional financial strain. Credit unions would benefit from lower fees as opposed to the current recommendation.

Thank you for the opportunity to provide input on the proposed regulation.

Sincerely,

Daniel Berry, CEO

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