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Congress of the United States  
House of Representatives

December 13, 2016

The Honorable Rick Metsger  
Chairman  
National Credit Union Administration  
1775 Duke Street  
Alexandria, VA 22314

Dear Chairman Metsger:

It has come to my attention that as part of the National Credit Union Administration's (NCUA) effort to be more transparent, the Board has held open briefings about the budget and the National Credit Union Share Insurance Fund (NCUSIF). During a briefing on October 27, the NCUA staff recommended a 3 to 6 basis point premium for the NCUSIF for 2017. Current law requires a premium assessment if the NCUSIF's equity ratio falls below 1.2% and it is my understanding that the equity ratio is currently 1.26%, within the normal operating range of 1.2%-1.3%. While ensuring the safety and soundness of the credit union system and the solvency of the NCUSIF is of the utmost importance, I urge the Board to carefully examine this recommendation and the need for the premium before any final assessment is made.

As a member of the Financial Services Committee, I would like more information about the impact that a premium assessment could have on lending. Accordingly, please provide answers to the following questions by December 27, 2016:

- 1) Has NCUA done any economic modeling on how assessing a premium could impact credit union lending and operations? If so, what were the results?
- 2) Considering that the fund is currently near the top of the normal operating range, does your "base" projection in your economic modeling have the NCUSIF falling outside of the normal operating range (and thus requiring a premium) in the next one to three years?
- 3) I understand that the equity ratio is affected by factors such as operating expenses. What is NCUA doing to seek operational improvements and increase efficiency? Will NCUA fully exhaust these possible improvements before seeking a premium?
- 4) When the Temporary Corporate Stabilization Fund expires, whether in 2021 or before, is it possible that any refunds of remaining money in the fund go back to credit unions via the NCUSIF? How could that impact the equity ratio of the NCUSIF?

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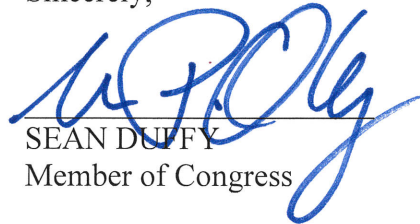
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- 5) What is your best estimate currently for the amount of funds that credit unions will receive from the Corporate Stabilization Fund once that expires? How does NCUA make the decision to sell securities once NCUA Guaranteed Notes (NGNs) mature? Is the agency working to maximize this amount for credit unions?

Thank you for your attention to this matter. I appreciate the Board's continued efforts to bring greater transparency to the activities and decisions of the NCUA which I hope will continue in the new year. If you have any questions, please have your staff contact Andy Taylor at (202) 225-3365.

Sincerely,



SEAN DUFFY  
Member of Congress

cc: The Honorable J. Mark McWatters