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B. Dan Berger
President & Chief Executive Officer

NAFCU
National Association of Federal Credit Unions | nafcu.org

October 20, 2016

The Honorable Richard Metsger, Chairman
The Honorable Mark McWatters, Board Member
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

RE: Payment to the U.S. Treasury and Refund to Credit Unions

Dear Chairman Metsger and Board Member McWatters:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only national trade association focusing exclusively on federal issues affecting the nation's federally insured credit unions, I am writing to you regarding the recent announcement that the National Credit Union Administration (NCUA) will fully repay to the U.S. Department of the Treasury the $1 billion balance currently outstanding on the agency's borrowing line. The agency has previously said that 2021 is the earliest credit unions could receive a refund, however NCUA's release makes it appear that some refunds could occur prior to that. NAFCU fully supports rebates prior to 2021.

NAFCU and our members would like to commend the NCUA Board on its leadership through the corporate credit union crisis, a turbulent time in the agency's history, and for its steadfast stewardship of the Temporary Corporate Credit Union Stabilization Fund (TCCUSF or Stabilization Fund). This month's payment to the Treasury represents the final and full payment of the agency's outstanding borrowings and is a testament to the safety and soundness of the credit union industry.

Given NCUA's imminent payment to Treasury and in light of the continued improvement of the U.S. economy and credit union industry, NAFCU strongly recommends the agency leave no stone unturned with an eye towards providing a refund to credit unions well before 2021.

For example, as it appears the NCUA Guaranteed Notes (NGNs) program is currently over-collateralized, this affords the agency a window to explore all available options. In addition, NCUA has recently stated that two NGNs are expected to mature by the end of 2016, freeing up 133 securities with a total market value of $1.1 billion. In addition to the securities that became available earlier this year and last, NCUA will actively manage about 225 securities with a total market value of approximately $1.7 billion by year end.

While NAFCU recognizes there could be legal obligations relative to these securities, we urge the agency to see if any modifications to these obligations may be made.

After the debt to the U.S. Treasury has been fully repaid, it is imperative that the agency develop a concrete plan for the years leading up to the dissolution of the Stabilization Fund. During this planning process, we strongly urge the agency to be fully transparent in its management of the Stabilization Fund. NAFCU and our members recommend the agency pursue a course of action focused on increased transparency and public input, with the goal being an expeditious refund to credit unions. As always, we continue to look forward to working with NCUA to find additional ways that the agency could manage the Stabilization Fund in a manner that is most beneficial to credit unions.

I look forward to hearing from you in the near future regarding this important matter. Should you have any questions or would like to discuss these issues further, please feel free to contact me, or Carrie Hunt, Executive Vice President of Government Affairs and General Counsel, at (703) 842-2234 or chunt@nafcu.org.

Sincerely,

B. Dan Berger
President and CEO

Thanks for your continued leadership!