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National Association of Federal Credit Unions | nafcu.org

November 2, 2016

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

RE: Refunds to Credit Unions

Dear Chairman Metsger:

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, we are writing to you regarding the current status of the Temporary Corporate Credit Union Stabilization Fund (TCCUSF) and the timeline for the agency to make refunds to credit unions. As members of NAFCU's Board of Directors, we would appreciate the opportunity to speak with you in-person during our Board meeting on Tuesday, November 29, 2016, at NAFCU's offices in Arlington, Virginia, or by conference call at your earliest convenience. Our goal is for NCUA and the NAFCU Board of Directors to work together to develop solutions that benefit all credit unions.

Last month, NCUA announced its intent to fully repay to the U.S. Department of the Treasury the \$1 billion balance currently outstanding on the agency's borrowing line. NAFCU quickly applauded this turn of events as a testament to the safety and soundness of the industry and an important step in the history of credit unions. While the agency had previously maintained 2021 as the earliest credit unions could receive a refund, NCUA's recent statements and actions open up the possibility that some refunds could occur prior to that. We would like to reiterate that NAFCU strongly supports the issuance of rebates prior to 2021. In fact, as NAFCU Board members, we have heard from our credit union peers more on this issue than on any other in recent history.

Given NCUA's payment to Treasury and the continued improvement of the U.S. economy and credit union industry, NAFCU strongly recommends the agency thoroughly examine and sincerely consider any and all options for a refund to credit unions well before 2021. We would like the opportunity to meet and work with you in exploring those options.

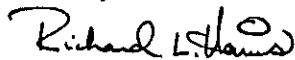
As NAFCU noted in a previous letter, it appears the NCUA Guaranteed Notes (NGNs) program is currently over-collateralized, which affords the agency a window to explore additional options. In addition, NCUA has recently stated that two NGNs are expected to mature by the end of 2016, freeing up 133 securities 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.

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Now that the debt to the U.S. Treasury has been fully repaid, it is imperative that the agency develop a concrete plan to dissolve the Stabilization Fund. During this process, we strongly urge the agency to be fully transparent in its management of the Stabilization Fund and pursue a course of action focused on an expeditious refund to credit unions.

We look forward to meeting with you in-person on November 29, 2016, or by conference call in the near future to discuss this important matter. Should you have any questions or would like to discuss these issues further, please feel free to contact Dan Berger, NAFCU's President and CEO, at (703) 842-2215 or dberger@nafcu.org.

Sincerely,



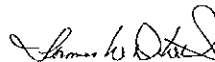
Richard L. Harris
Chair
President/CEO, Caltech Employees FCU




Jeanne Kucey
Vice Chair
President/CEO, JetStream FCU



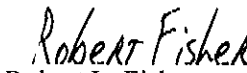
Debra Schwartz
Treasurer
President/CEO, Mission FCU



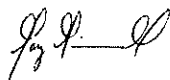
Tom W. DeWitt
Secretary
President/CEO, State Farm FCU



Martin Breland
President/CEO, Tower FCU



Robert L. Fisher
President/CEO, Grow Financial FCU



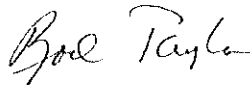
Gary Grinnell
President/CEO, Corning FCU



Jan N. Roche
President/CEO, State Department FCU



Charles A. Rutan
President/CEO, Southwest Airlines FCU



Rod Taylor
President/CEO, Barksdale FCU



Daniel Weickenand
President/CEO, Orion FCU

cc: The Honorable J. Mark McWatters
NCUA Board Member