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B. Dan Berger
President & Chief Executive Officer

National Association of Federal Credit Unions | www.nafcu.org

July 28, 2014

The Honorable Debbie Matz
Chairman
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

RE: NCUA 2014 Mid-Year Budget Review

Dear Chairman Matz:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association that exclusively represents federal credit unions, I am writing to you regarding the National Credit Union Association's (NCUA) 2014 mid-year budget review as well as a request for greater transparency.

As the NCUA conducts its mid-year budget review in anticipation of the July 31, 2014 Board meeting, NAFCU strongly urges the NCUA Board to look at each item of the budget with the explicit goal of achieving cost-savings. As we expressed at the release of 2014 operating budget, NAFCU remains concerned regarding the pattern of NCUA's overall increases in its operating budget for 2014 following significant increases in 2013. Those increases represented a \$16.9 million or 6.7% increase over the prior year and an increase of more than \$109.7 million since 2008.

The dramatic increase in the agency's budget over the past few years is simply not sustainable. We believe the mid-year review offers the agency a great opportunity to buck the trend by cutting costs.

It is incumbent on NCUA, as the steward of the money it receives from federally-insured credit unions and their members, that each penny it collects is administered with the utmost diligence and respect to credit unions and their members that pay for the operating expenses and administration of the agency. NAFCU would also like to express our concerns about the lack of transparency with the funds that NCUA manages in addition to the operating budget, including the National Credit Union Share Insurance Fund (NCUSIF), the Temporary Corporate Credit Union Stabilization Fund, and the Central Liquidity Facility. For example, NAFCU and our members believe NCUA should be more transparent about the monies transferred from the NCUSIF through the overhead transfer rate in 2013 were allocated to the 2013 NCUA Operating Budget. NCUA should take this opportunity to provide greater transparency to all of the monies that it manages.

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I look forward to hearing from you regarding this important matter. Should you have any questions or would like to discuss these issues further, please feel free to contact Regulatory Affairs Counsel, PJ Hoffman at (703) 842-2212 or by email at pjhoffman@nafcu.org.

Sincerely,



B. Dan Berger
President and CEO
National Association of Federal Credit Unions

cc: Board Member Rick Metsger and Board Member Michael E. Fryzel