



Illinois Credit Union League

April 26, 2016

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

Delivered electronically to: boardcomments@ncua.gov

RE: OTR Methodology and Operating Fee Schedule Comments

Dear Mr. Poliquin,

The Illinois Credit Union League, representing over 300 credit unions doing business in Illinois, appreciates the opportunity to respond to the National Credit Union Administration (NCUA) request for comments regarding the methodology used in determining the Overhead Transfer Rate (OTR). We recognize the importance of devising an appropriate allocation formula used to determine which expenses are charged to the National Credit Union Share Insurance Fund (NCUSIF), versus those expenses collected through annual operating fees levied upon federally chartered credit unions.

Our commentary is driven by the desire to ensure that a fair and balanced approach is used in determining the allocation formula for both the state and federally chartered institutions we represent. Just as we seek equity on the state level for state chartered institutions, fairness with regard to federal rules and regulations governing federally chartered and federally insured institutions operating in Illinois is of utmost importance to our organization.

Of primary concern to ICUL is the notion that all safety and soundness related costs are attributable as only "insurance-related" costs, as a result, increasing the expense to the NCUSIF. The NCUSIF and NCUA have distinct functions, and while their common areas of interest may overlap, each was created independently and it cannot be said that *all* safety and soundness costs related to federal credit unions can be identified as insurance-related. Some safety and soundness functions and resulting expense should be assessed onto federally chartered institutions based upon the inherent oversight obligations by the NCUA as their prudential regulator.

ICUL supports the notion of assessing OTR based upon an identified formula, however, we urge the NCUA to ensure that any such formula is free of any flaws which would result in an unfair apportionment to state or federally chartered credit unions based upon the determination of

“insurance-related” costs. ICUL would encourage the NCUA to devise its formula to accurately allocate costs to federally insured, state-chartered credit unions (FISCUs), taking into account the primary responsibility of each respective prudential regulator to perform examination and supervision. To that end, the OTR and operating fees could be reduced by seeking additional efficiencies in working with state regulators to avoid duplicative work product and resulting cost.

Additionally, ICUL urges the NCUA to review asset determination thresholds and projected asset growth forecasts on an annual basis, with the opportunity for interested parties to comment.

The vast majority of Illinois credit unions are state chartered, and we continuously strive to ensure that those credit unions do not operate at a competitive disadvantage to federal credit unions. As a result, any methodology which could be construed as subsidizing federal credit unions at the expense of FISCUs would be cause for concern. We strongly urge the NCUA to carefully craft an allocation formula taking into account the considerations brought forth in this memo.

Thank you for soliciting comments on this matter. We look forward to improving the operating environment for both state and federally chartered credit unions.

Respectfully submitted,

ILLINOIS CREDIT UNION LEAGUE

By:



Ashley Niebur
Legislative Counsel

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