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April 26, 2016

Mr. Gerald Poliquin, Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428

RE: Comments on Overhead Transfer Rate (OTR) Methodology and Operating Fee Schedule

Dear Mr. Poliquin,

The Georgia Credit Union League (GCUL) appreciates the opportunity to respond with comments on NCUA's Overhead Transfer Rate Methodology and Operating Fee Schedule. As a matter of background, GCUL is the state trade association and one member of the network of state leagues that make up the Credit Union National Association (CUNA). GCUL supports more than 120 Georgia credit unions that serve over 2 million members. This letter reflects the views of our Regulatory Response Committee, which has been appointed by the GCUL Board to provide input into proposed requests for comments such as this.

Credit unions, whether state or federally chartered, have long wondered what factors are used to determine the fees they pay to regulators. Over the years, many credit union CEOs have shared their frustrations over the fact that they have no input into the criteria used to determine the fees. With that being the case, Georgia credit unions are now pleased to see NCUA bring the Overhead Transfer Rate Methodology and Operating Fee Schedule up for comment and discussion. As the OTR and Operating Fee Schedule are so closely tied together, we would like to take this opportunity to comment on the proposals simultaneously. Georgia credit unions want to ensure that the calculations for both methodologies are fair and equitable for both charters.

The main concern that state chartered credit unions have with the current determination of the OTR methodology is activities that fall under "safety and soundness" are being covered under "insurance related" activities. In 1970, when Congress passed legislation and the President then signed into law the creation of the NCUA as an independent agency, it was clear that the agency was charged with chartering, supervising and examining federal credit unions. It would seem that those duties would include ensuring that federally chartered credit unions operate in a safe and sound manner. In addition, the legislation to establish the new agency was not to be a cost to taxpayers or to result in any

appropriations by Congress. All the operating cost of the agency would come from fees and assessments paid by federal credit unions.

In later legislation, the National Credit Union Share Insurance Fund (NCUSIF) was created. With that, NCUA was given additional responsibilities to manage a deposit insurance program for member accounts for both state and federally chartered credit unions that qualified for the insurance. The purpose of the fund was to insure the deposits of credit union members at those credit unions and to protect the depositors if an insured credit union failed. It does not appear that one of the undertakings of this legislation was to transfer NCUA's responsibilities for the safety and soundness of federal credit unions to the insurance fund. The current perception is that NCUA is grouping functions under "insurance related" which do not belong there and this, in turn, benefits federally chartered credit unions over state chartered credit unions. We believe that NCUA must assign activities that fall under "insurance related" more accurately and clearly so that state chartered credit unions are not penalized by inequitable allocations.

It is very important to all credit unions that transparency exists, and continues going forward, with both of these methodologies. We would like to see the OTR continue being calculated by a formula-driven approach. We feel that any changes to the formulas should be presented for public comment before being approved by the Board. How these methods are calculated is of such great importance to credit unions that we do not believe any aspect of the methodologies should be delegated to NCUA staff.

We would like to emphasize, again, that Georgia credit unions are very appreciative that NCUA is opening up these methodologies for comment. Credit unions want to see the methodologies clearly spelled out so that allocations for both charters are even and just.

GCUL appreciates the opportunity to present comments on behalf of Georgia's credit unions. Thank you for your consideration. If you have questions about our comments, please contact Cindy Connelly or Selina Gambrell at (770) 476-9625.

Respectfully submitted,

A handwritten signature in black ink that reads "Cindy Connelly". The signature is written in a cursive style with a distinct underline for the last name.

Cynthia A. Connelly
Senior Vice President/ Government Influence