



Indiana Credit Union League
The association of Indiana credit unions

June 17, 2021

Ms. Melane Conyers-Ausbrooks
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

Re: Temporary Regulatory Relief in Response to COVID-19—Prompt Corrective Action; RIN 3133–AF19

Dear Ms. Conyers-Ausbrooks:

The Indiana Credit Union League (ICUL) appreciates the opportunity to submit comments to the National Credit Union Administration in support of the interim final rule (IFR) providing temporary regulatory relief regarding prompt corrective action (PCA) to credit unions. We encourage the NCUA Board to pursue additional relief. The ICUL member credit unions represent 99% of assets and members of Indiana’s credit unions, with those memberships totaling more than 2.7 million consumers.

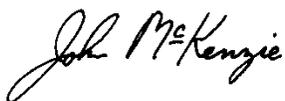
We believe the two temporary changes (earnings-retention requirement and net worth restoration plan) provide assistance to credit unions that have experienced hardship due to the pandemic. Both changes provide flexibility during an unprecedented deposit growth period by creating blanket waivers for increasing net worth by a specific dollar amount and by allowing a simpler net worth restoration plan.

We encourage NCUA to refrain from setting a specific end date for these temporary relief measures, because there is uncertainty about the pandemic’s end, market responses and whether the new deposit increases are long term. Keeping the end date open would assure that the pandemic PCA relief measures are available through the resulting economic changes and volatility.

NCUA should also consider additional PCA relief by temporarily excluding certain assets from the net worth ratio. For example, credit unions are increasingly investing funds in zero- and low-risk assets. NCUA should consider ways of reducing the denominator of the net worth ratio, because deposit growth has been unprecedented and has been due largely to the government’s stimulus. Some credit unions are in the unfortunate position of having a declining net worth ratio and having to consider turning away member deposits.

In closing, the ICUL supports the IFR providing temporary PCA regulatory relief and encourages the NCUA Board to consider additional relief. We believe the regulatory relief enables credit unions to continue to engage in their mission of people helping people during the pandemic without discouraging the member deposits. If you have any questions about our letter, please do not hesitate to give me a call at (317) 594-5320.

Sincerely,



John McKenzie
President, Indiana Credit Union League