



April 29, 2022

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

Re: Prompt Corrective Action: Earnings Retention Waivers and Net Worth Restoration Plans; RIN 3133–AF19

Dear Ms. Conyers-Ausbrooks:

The Indiana Credit Union League (ICUL) appreciates the opportunity to submit comments on the Interim Final Rule providing relief regarding prompt corrective action (PCA). 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.

As stated in the joint CUNA/League letter on January 7, 2022, to the NCUA, the ICUL supports the extensions of NCUA's ability to waive the earnings retention requirement for federally insured credit unions (FICUs) that are classified as "adequately capitalized," and the modification of the documentation requirements for net worth restoration plans (NWRPs) for FICUs that become "undercapitalized." Extending these temporary modifications until March 31, 2023, is welcomed and continues to provide appropriate flexibility during a period of unprecedented deposit growth 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.

We also continue to urge NCUA to provide additional PCA relief by excluding certain assets for the net worth ratio. Credit unions continue to invest funds in zero- and low-risk assets that can result in a decreased net worth ratio. We ask that NCUA follow the lead of other federal banking regulators and exclude such investments, as well as 10% of deposits held at the Federal Reserve, from the net worth ratio calculation.

We also continue to urge NCUA to engage Congress with the intent to make statutory changes to the Federal Credit Union Act that would provide the NCUA Board with tools it needs to aid credit unions regarding PCA and other capital issues. Further, we urge NCUA to establish a new Regulatory Reform Task Force that includes industry representatives, along with NCUA staff, to evaluate regulatory burden. It is important to have all viewpoints represented and to pursue all avenues to eliminate outdated, ineffective, and excessive regulatory burdens.

The ICUL appreciates the opportunity to comment on the interim final rule. 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