



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 Ohio Credit Union League (OCUL) represents the collective interests of Ohio's 243 credit unions and their more than three million members. Of those 243 credit unions, 134 are federally-chartered; 63 state-chartered, federally-insured; and, 46 state-chartered, privately-insured.

OCUL applauds the National Credit Union Administration's (the "NCUA") issuance and extension of the interim final rule regarding Temporary Regulatory Relief in Response to COVID-19—Prompt Corrective Action ("PCA"). As additional stimulus payments have increased the share deposit ratio of credit unions, and with more federal relief possibly on the horizon,¹ the extension of the temporary PCA changes to March 31, 2022 provide both NCUA staff and credit unions with additional and necessary flexibility, while adhering to the statutory requirements set forth in the Federal Credit Union Act (FCUA).

OCUL strongly supports the two proposed changes to PCA requirements made in the interim rule. First, OCUL supports NCUA's temporary change to the Section 702.201 earnings retention requirement, as it allows credit unions more flexibility if they fall to the PCA "adequately capitalized" level due to historical, abnormal share deposit influges. This amendment changes the existing requirement for an "adequately capitalized" credit union to increase the dollar amount of net worth by a specified amount until the credit union becomes "well capitalized," and instead, provides a blanket waiver by the NCUA Board of the earnings retention requirement for all "adequately capitalized" credit unions.

Second, OCUL supports the NCUA's temporary change to section 702.206(c)—Net Worth Restoration Plans, which waives the net worth restoration plan content requirements for credit unions that become "undercapitalized" primarily due to share deposit growth. In such cases, a credit union may submit a significantly simpler net worth restoration plan to its NCUA Regional Director. This change is reasonable, as it reduces the burden on credit unions that have reduced net worth capital ratios primarily because of share deposit growth during the pandemic.

Finally, like the recommendations proffered in the June 11, 2021 comment letter by the Credit Union National Association, and due to the unprecedented increase in share deposit growth caused by federal relief efforts, we urge the following recommended NCUA actions:

- Extend these temporary PCA measures until the later of: (1) the end of the COVID-19 pandemic as determined by the U.S. Centers for Disease Control and Prevention or other federal entity authorized to make such a determination; or (2) March 31, 2022 as provided in the interim final rule.
- Follow the lead of other federal banking regulators and provide additional PCA relief by temporarily excluding certain assets, such as zero- and low-risk assets like shorter-term Treasury securities, as well as 10% of deposits held at the Federal Reserve, from the net worth ratio calculation.
- Amend the definition of "total assets" to exclude certain zero- and low-risk assets.

¹ Colby, C., 2021. *Will a 4th stimulus check be in the cards for 2021? Who's pushing for another payment.* [online] CNET. Available at: <<https://www.cnet.com/personal-finance/will-a-4th-stimulus-check-be-in-the-cards-for-2021-whos-pushing-for-another-payment/>> [Accessed 16 June 2021]. ("Some lawmakers . . . are calling for more pandemic relief money, either as a onetime direct payment or a recurring payment, citing broad support from the public and financial analysts.")



- Explore ways to reduce the denominator of the net worth ratio—including the exclusion of certain assets from the calculation—given that savings growth is a result of the current economic environment as opposed to activity encouraged by credit unions.
- Consider other nimble safety and soundness benchmarks to accommodate transient economic dynamics artificially and temporarily inflating normal operating level standards.

OCUL appreciates the NCUA's willingness to provide regulatory flexibility to credit unions regarding PCA requirements. It is crucial that the NCUA continue to help credit unions navigate the unpredictable economic environment by paying attention to the reality of their circumstances, such as increased share deposits due to federal stimulus relief. We urge you to consider the recommendations in this comment letter that may help the NCUA provide more flexibility in the future. If you have further questions or would like to discuss OCUL's comments in more detail, please feel free to contact us at (800) 486-2917.

Respectfully,

A handwritten signature in black ink, appearing to read "Paul L. Mercer".

Paul L. Mercer
President

A handwritten signature in black ink, appearing to read "Chris Noble".

Chris Noble
Regulatory Counsel