



February 20, 2024

Melane Conyers-Ausbrooks
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428

Submitted electronically via
<https://www.regulations.gov>

RE: Request for Comment on the Methodology Used to Determine the Overhead Transfer Rate (OTR);
Docket ID NCUA-2023-0142

Dear Mrs. Conyers-Ausbrooks,

Honorable Regulators of the National Credit Union Administration,

The Dakota Credit Union Association (DakCU), serving as the representative body for both state-chartered and federally chartered credit unions within North and South Dakota, herewith submits its considered observations and recommendations concerning the methodology adopted for calculating the Overhead Transfer Rate (OTR).

We commence by extending our gratitude for the enhancements made to the transparency and intelligibility of the OTR methodology, as evidenced in the recent Request for Comments (RFC). The provision of detailed explanations and additional clarifications has significantly facilitated a deeper understanding among our member credit unions of the OTR's computation and its consequential significance. Such strides toward augmented clarity are commendable and have been well received by our constituency.

The Dakota Credit Union Association (DakCU) fully supports the continuous reassessment and evaluation of both the 50% and 100% insurance-related allocations for Federal Credit Unions (FCUs) and State-Chartered Credit Unions (FSCUs), acknowledging the importance of adaptability and fairness within the evolving credit union industry. This stance extends to agreeing with the classification of costs as outlined, specifically affirming that the 0% insurance-related allocation for activities such as granting federal charters and enforcing non-insurance based laws, and the 100% insurance-related allocation for the National Credit Union Administration's (NCUA) supervision or evaluation of risks and administration of federal share insurance are appropriate. The Dakota Credit Union Association believes that these measures are crucial for ensuring that regulatory frameworks remain responsive and equitable, fostering a robust, sustainable credit union system.

Considering the analysis, Dakota Credit Union Association advocates for the establishment of a triennial review process dedicated solely to evaluating the OTR methodology. Given the significant impact of the



OTR on the NCUA's budget formulation and, by extension, on our member credit unions, a regularized review interval is essential to ensure the continued relevance and responsiveness of the methodology to the changing landscape of the credit union sector.

The Dakota credit Union Association appreciates the NCUA's commitment to enhancing transparency and engagement in the process of determining the OTR. We believe that our feedback underscores the need for a nuanced and equitable approach that more accurately reflects the varied activities undertaken by credit unions. Furthermore, the implementation of a structured review process will enable ongoing dialogue and adaptation, addressing the sector's evolving requirements.

We look forward to a continued productive dialogue with the NCUA and are committed to fostering a regulatory environment that supports the sustainable growth and operational effectiveness of credit unions across the Dakota region.

Thank you for this opportunity to share our comments and concerns.

Respectfully,

A handwritten signature in black ink, appearing to read "Jeffrey Olson".

Jeffrey Olson
CEO/President

A handwritten signature in black ink, appearing to read "John Alexander".

John Alexander
Director of Legislative and Regulatory Affairs