



**National Association
of Federal Credit Unions**
3138 10th Street North
Arlington, VA 22201-2149

NAFCU | Your Direct Connection to Education, Advocacy & Advancement

July 25, 2011

Mary Rupp
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

RE: Proposed Rule on the Community Development Revolving Loan Fund

Dear Ms. Rupp:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association that exclusively represents federal credit unions (FCUs), I am writing to you regarding the National Credit Union Administration's (NCUA) proposed rule on the Community Development Revolving Loan Fund (CDRLF).

The proposed rule would make comprehensive changes to Part 705 of NCUA's rules and regulations, which contains the rules governing the CDRLF, including the process and requirements for qualified credit unions to obtain a loan or a grant. Specifically, the proposal would clarify eligibility requirements, sets out permissible uses of funds, describes the terms and conditions for a CDRLF loan, and establishes the application and award process. In addition, the proposed rule would address how a qualifying credit union can obtain funds from the CDRLF on an emergency basis. Further, under the proposal a recipient of a loan or grant would be subject the monitoring by NCUA for appropriate use of the funds and would also be subject to reporting requirements as directed by the agency.

NAFCU generally supports the proposed rule. As the agency indicates, the substance of Part 705 has remained unchanged since 1993. With the myriad changes that have occurred and progress that has been made in the nearly two decades since then, especially on the technology front, it is important that the agency updates its regulations to ensure that archaic and unnecessary provisions are removed, every part of its regulations is clear and, to agency fosters a regulatory environment that achieves efficiencies. We believe the proposed rule achieves these goals and will ultimately be beneficial for qualifying credit unions.

As NCUA finalizes the proposal and implements the various components, however, we urge the agency to consider the fact that most credit unions that qualify for

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CDRLF loans or grants have very limited resources. Because of this, added flexibility as to the process and requirements is needed. It is critical that Part 705 is crafted in a manner and appropriately tailored so that obtaining a CDRLF loan or fund is not overly burdensome and would require qualified credit union to allocate too much of their limited resources. As such, we would urge the NCUA to, by regulation or policy, to offer as much assistance as necessary to credit unions that seek CDRLF funds.

NAFCU appreciates the opportunity to comment on the proposed rule. Should you have any questions, please contact me by telephone at (703) 842-2268 or ttefferi@nafcu.org.

Sincerely,

A handwritten signature in cursive script that reads "Tessema Tefferi". The signature is written in black ink and is positioned above the printed name.

Tessema Tefferi
Associate Director of Regulatory Affairs