



Credit Union National Association

cuna.org

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July 25, 2011

Ms. Mary Rupp
Secretary of the Board
National Credit Union Administration Board
1775 Duke Street
Alexandria, VA 22314-3486

Re: RIN 3133-AD91, Proposed Rule 705, Community Development
Revolving Loan Fund (CDRLF)

Dear Ms. Rupp:

This comment letter represents the views of the Credit Union National Association (CUNA) regarding the National Credit Union Administration's (NCUA's) proposed rule to reorganize and amend the regulations for the Community Development Revolving Loan Fund (CDRLF). By way of background, CUNA is the largest credit union advocacy organization in this country, representing approximately 90% of our nation's 7,400 state and federal credit unions, which serve about 93 million members.

CUNA supports efforts to improve the process for "low-income" credit unions to apply for loans and technical assistance grants from the CDRLF. While we generally support this proposed rule intended to improve the CDRLF application process for credit unions, we have concerns about aspects of the proposed rule that would increase burdens and offer recommendations for NCUA's consideration to improve the proposed rule.

Reporting and Monitoring

We urge NCUA to minimize CDRLF reporting and monitoring burdens on "low-income" credit unions and utilize existing reports to the greatest extent possible in light of the many compliance challenges credit unions already face with the numerous Dodd-Frank and other regulatory initiatives. The proposed rule requires additional reports from credit unions in the CDRLF program and a review of information NCUA already has access to, such as existing call reports and examination information.

Terms and Conditions

We support greater flexibility in the terms and conditions of each CFRLF loan. We support these changes:



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- A non-exhaustive list of permissible loan fund uses, such as development of new products or partnership arrangements with community organizations;
- An increase in the maximum loan limit to provide loans in excess of the current limit of \$300,000;
- A reference to the CDRLF Interest Rate Policy and a specific interest rate on the notice of funding; and
- Removal of the current requirement on matching funds.

We also ask NCUA to clarify when a loan should be recorded as a note payable or nonmember deposit, which is at NCUA's discretion as proposed.

Application and Awards

Also, we support the removal of the current requirement of a Community Needs Plan to decrease the burden on credit unions to apply for CDRLF funds. We agree credit unions should be able to provide a narrative instead on the intended uses of the funds to enhance the products and services to its members.

NCUA should continue to publish an annual notice of program opportunities in the Federal Register in addition to the Notice of Funding Opportunity, website notices from NCUA and other government sites, and email lists.

A credit union that is considered nonqualified on the CDRLF application should continue to have the ability to appeal to the NCUA Board on the question of qualification.

Evaluation and Selection

We are concerned that requiring financial projections will increase applicants' costs of requesting funds. If NCUA will require financial projections, it should provide a template or spreadsheet to assist credit unions with financial projections.

We appreciate the proposed rule describes additional information on the criteria NCUA will generally use to evaluate competing applications, which includes financial performance, use of funds, and likelihood of success.

Eligibility

All federal and state-chartered "low-income" credit unions should continue to be eligible for the CDRLF program, including privately-insured credit unions. Like other participating credit unions, privately-insured credit unions that wish to apply for the CDRLF should agree to be examined by NCUA for the limited purpose of compliance with the CDRLF program.

Unplanned or Unexpected Expenses

We support efforts to provide CDRLF funds for credit unions with unplanned or unexpected expenses they are not able to meet with its own resources with a purpose consistent with the CDRLF.

Thank you for the opportunity to comment on this proposed rule. If you have any questions concerning our letter, please feel free to contact Senior Vice President and Deputy General Counsel Mary Dunn or me at (202) 508-6733.

Sincerely,

A handwritten signature in blue ink that reads "Dennis Tsang". The signature is written in a cursive, flowing style.

Dennis Tsang
Regulatory Counsel