



6705 Sugarloaf Parkway, Suite 200  
Duluth, GA 30097  
(770) 476-9625 • (800) 768-4282 • (770) 497-9534 (Fax)



July 9, 2015

Mr. Gerald Poliquin  
Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, Virginia 22314-3428

RE: Comments on Proposed Rule Part 745 (Share Insurance/IOLTA Rule); RIN 3133-AE49

Dear Mr. Poliquin,

The Georgia Credit Union League (GCUL) appreciates the opportunity to respond to Proposed Rule Part 745 (Share Insurance/IOLTA Rule). As a matter of background, GCUL is the state trade association and one member of the network of state leagues that make up the Credit Union National Association (CUNA). GCUL supports approximately 136 Georgia credit unions that serve over 2 million members. This letter reflects the views of our Regulatory Response Committee, which has been appointed by the GCUL Board to provide input into proposed requests for comments such as this.

Previously, federally insured credit unions were placed at a competitive disadvantage regarding IOLTA accounts. However, with the enactment of the Insurance Parity Act, this disadvantage has been removed. GCUL believes that all aspects of share insurance for IOLTA accounts and other similar escrow accounts should be equivalent to Federal Deposit Insurance Corporation (FDIC) insurance.

GCUL agrees with NCUA's proposal that the statutory definition of pass-through share insurance should also be used for the regulatory definition.

We also agree that eligibility for pass-through share insurance for other escrow accounts should be based on whether a licensed professional or other individual is serving in a fiduciary capacity and holding funds for the benefit of a client as part of a transaction or business relationship. We agree that realtor escrow accounts and prepaid funeral accounts have attributes that are similar to IOLTAs and should also be entitled to pass through share insurance coverage.

In looking at what attributes an escrow account should have, we look at what an IOLTA account could bring to a credit union. The Georgia Bar Association collects funds to support legal services for the poor, to improve the administration of justice, to promote professionalism in law practice in order best to serve the public, to aid

children involved in the justice system, and to advance the legal system through historical study. These components line up well with the credit union's philosophy of service to our members. Maintaining IOLTA accounts and the accompanying reporting requirements in Georgia are reasonable, and considered to be an opportunity for our credit unions. Deposits on these accounts should be insured and given the same type of coverage the banking community receives. In addition, it is our opinion that funds in these member accounts do not count towards a limit on the receipt of payments on shares from nonmembers.

Unfortunately, IOLTA payments to foundations are at an all-time low due to very low interest rates. While not all credit unions chose to offer IOLTAs, this opportunity could have a positive impact on the rate of return if more credit unions offered these types of accounts (American Bar Association newsletter, *Dialogue*, Winter 2014). With the elimination of disparate treatment regarding coverage, attorneys would be more likely to choose a credit union knowing all funds within the account are insured.

This same holds true for other types of escrow accounts and prepaid cards for payroll purposes. These funds should also be provided the safety and security guaranteed by protection offered by the share insurance fund. Prepaid cards (whether for payroll payment purposes or other purposes) are a financial payment tool that is here to stay. Why would NCUA want to disadvantage credit unions by not providing insurance coverage when the FDIC has granted coverage to banks? NCUA's position effectively cedes this product/service segment to banks. It would be irresponsible for any business to take the unnecessary risk of placing their prepaid card business with a credit union when FDIC insurance coverage is provided by banks' offerings. Members, who have already worked very hard for their wages, should feel comfortable knowing those wages are protected. The current interpretation gives individuals and businesses reason to conduct their financial transactions somewhere other than a credit union.

FDIC insurance coverage has existed for stored value cards and other nontraditional access mechanisms since 2008 (see FIL-129-2008). We urge NCUA to not put credit unions at yet another competitive disadvantage by not providing parity with FDIC insurance on prepaid cards.

Whenever there is an opportunity for credit unions to provide services which expand upon our mission of 'people helping people' credit unions should have the same opportunity that banks do.

GCUL appreciates the opportunity to present comments on behalf of Georgia's credit unions. Thank you for your consideration. If you have questions about our comments, please contact Selina Gambrell or Cindy Connelly at (770) 476-9625.

Respectfully submitted,

A handwritten signature in cursive script that reads "Selina M. Gambrell". The ink is dark and the signature is fluid and legible.

Selina M. Gambrell  
Compliance Specialist