

October 15, 2013

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

Re: Comments on Notice of Proposed Rulemaking for Parts 703 and 721

Dear Mr. Poliquin:

I am writing on behalf of SchoolsFirst Federal Credit Union, which serves school employees and their families in Southern California. We currently have more than 570,000 Members and \$9.7 billion in assets. SchoolsFirst FCU appreciates the opportunity to once again provide comment and feedback on the NCUA Board's proposed rule on charitable donation accounts. Our areas of concern are cited below with our comments and recommendations.

Maximum Aggregate Funding

The proposal states, at all times, the aggregate book value of all CDAs may not exceed 3% of net worth. However, considering investments can increase throughout their 5 year term, the rule should be explicit as to whether the limitation is based on the initial investment amount or the future value of the investment. Credit unions will need better guidance in order to manage their CDA account limits or the rule should establish a two tier limit to provide for future appreciation since, we believe, the minimum distribution as currently proposed is more likely to occur at the end of the term.

Regulatory Oversight

We have hesitation regarding the proposed rule of requiring trustee banks to register with the SEC in addition to the OCC and FDIC. At the present time, banks are required to comply with the same regulations and laws that also govern firms that are required to register with the SEC. We feel that this proposed rule is not necessary based on the current requirements in which our trustee banks are already under the scrutiny of the OCC and FDIC. This proposed requirement will not only result in redundancy in regulatory oversight, but will also present additional costs to the trustee entity, which could potentially be absorbed by the credit unions. The possibility for more fees to be passed onto the credit union could present some hesitation for FCUs to participate in CDAs.

Minimum Distributions to Charities

The current proposal requires an FCU to distribute a minimum of 51% of the CDA's total return on assets over a period of 5 years. While we understand the purpose of a CDA is to aide in assisting various charitable organizations, the credit unions also take on a considerable amount of risk in investing and participating in CDAs. We would like to propose that the credit unions are allowed to decide on a flat donation amount where a minimum payout is based on a percentage of the investment versus the current proposal. The 51% minimum distribution could impose a larger donation to the charitable entity that could exceed the credit union boards' charitable donation policy. In addition, the rule should differentiate minimum distribution requirements based on whether the investment type is permissible or impermissible.

Distribution to the charitable trust should not be deferred until the fifth year, taking into consideration that if all CUs deferred payment until year five, it could potentially be detrimental to the charitable trust if they were unable to receive any payments until this time. Under the proposed rule a credit union may choose to wait up to 5 years for distribution due to the inability to predict annual results. We recommend that the deferred payment should not exceed one year to minimize any potential impact to the charitable entity.

Existing Charitable Donation Accounts

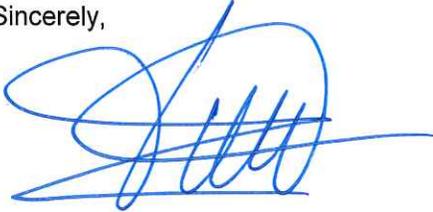
We are recommending within this proposed rule to allow existing charitable donation accounts to be grandfathered until their maturity. These existing CDAs were approved by the Board based on the term and conditions initially presented. Changing the terms prior to maturity may present confusion and disruption to the overall program. It would be more effective to have the new terms and conditions in place at the conception of the CDA.

Summary

In conclusion, we feel the above comments and recommendations addressing some of the seven conditions required within the proposed rule will assist FCU's with flexibility and manageability of CDA's moving forward.

Thank you for the opportunity to comment and provide recommendations on this proposed rule and for considering our perspective on charitable donation accounts.

Sincerely,



Francisco Nebot
Senior Vice President, Chief Financial Officer