

October 18, 2013

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

RE: Comments on Notice of Proposed Rulemaking for Parts 703 and 721 on Charitable Donation Accounts for Federal Credit Unions

Dear Mr. Poliquin,

The Georgia Credit Union League (GCUL) appreciates the opportunity to comment on the NCUA Notice of Proposed Rulemaking for Parts 703 and 721. 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 serves approximately 139 Georgia credit unions that have over 1.9 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 regulations such as this.

GCUL strongly supports the establishment of a Charitable Donation Account (CDA). The creation of these hybrid charitable and investment vehicles would allow federal credit unions (FCU) to be able to make investments that are otherwise prohibited and could possibly have a higher rate of return, as long as the majority of the returns are provided to charities. We would also ask the Board to consider some additions to the proposals that would benefit FCUs even further, in regards to this rule.

Limitations on a FCU's aggregate contribution to CDAs are proposed to be 3 percent of the net worth and would apply against the total value of the account(s) for the duration of the account. We believe this limitation is too restrictive and will reduce the benefit both to the charity and the credit union. If the investment generates sizeable gains, a credit union may be forced to reduce holdings in its CDA(s) prematurely if the 3% net worth cap has been exceeded. We recommend additional flexibility in this rule. As an alternative, we would like for NCUA to consider specifying the net worth limitations be measured at the time of purchase or placement of the investment; or at the time of any subsequent additional investment. We also feel that 3% is too low of a limit and would like to suggest that a FCU be allowed to invest up to 5% of the credit union's net worth in CDA investments. This higher limit will allow additional flexibility for FCUs, but will not raise safety and soundness concerns either for the individual credit union or the credit union system.

GCUL agrees that appropriate oversight of these assets is important. While the rule allows credit unions to make their own investment decisions, the rule provides that if another entity is managing the

account, that entity must be a Registered Investment Advisor with the Securities and Exchange Commission (SEC). We have some concerns regarding the impact of this requirement. The Office of Comptroller of Currency (“OCC”) supervises national banks, federal savings banks or federal thrifts engaged in trust and investment activities. These institutions have been exempted by Congress from registration as a registered investment advisor with the SEC, with certain exceptions. For trust companies that are also banks, federal savings banks or federal thrifts, the proposed SEC oversight is redundant. It is not likely that an institution already regulated by the OCC will undertake the actions and expenses necessary to receive SEC registration in order to be eligible to manage CDAs for credit unions. The requirements for SEC registration will likely limit credit union options and likely minimize the utility of CDAs. Therefore, GCUL urges NCUA to eliminate the unnecessary requirement that outside entities that manage CDAs for FCUs be registered with the SEC.

Creating and managing a trust can be expensive. The trust may be professionally managed and require legal documents or agreements to be developed. Therefore, we believe the definition of “Total Return” should be modified to specifically permit credit unions to recoup administrative costs associated with the creation and management/maintenance of CDAs, as this will impact the Total Return for the credit union.

Last, but not least, NCUA’s proposal does not address part 704 or contemplate investment from corporate credit unions. We feel the rule should include 704 exclusions to allow corporate participation in CDAs.

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 signature is written in dark ink and is positioned above the typed name and title.

Selina M. Gambrell
Compliance Specialist