Louisiana Credit Union League

October 21, 2013

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

RE: 12 CFR Parts 703 and 721, Charitable Donation Accounts

Dear Mr. Poliquin:

The Louisiana Credit Union League (LCUL) appreciates the opportunity to comment on the National Credit Union Administration's notice of proposed rulemaking for Parts 703 and 721, Charitable Donation Accounts. LCUL serves 200 credit unions across the state and we are committed to protecting and perpetuating the credit union movement in Louisiana.

LCUL supports the proposed rule authorizing federal credit unions to fund Charitable Donation Accounts (CDA), which may hold investments that would otherwise be impermissible for an FCU, as a charitable contribution or donation under its incidental powers authority. We appreciate the board's intention to help facilitate an FCU's charitable activities and agree that the structure of the investment must preserve safety and soundness, and limit the credit union's exposure to the risks of otherwise impermissible investments.

In 2007, LCUL partnered with the National Credit Union Foundation (NCUF) to create America's first statewide disaster relief reserve fund for credit unions, the Louisiana Credit Union Foundation (LCUF). The LCUF provides financial assistance for statewide disaster relief efforts, and funds educational opportunities for credit union employees and volunteers. Through CDAs, credit unions would be able to make investments that could have a higher rate of return with proceeds primarily benefitting charitable organizations, such as the LCUF.

We would like to share the following comments on the proposed rule:

- The proposal calls for a maximum aggregate funding of 3% of the credit union's net worth for the duration of the accounts. It is highly possible that the CDA would grow above the 3% cap over time. As the rule is proposed, when the cap is exceeded the credit unions would be forced to prematurely reduce its CDAs, which could cause unintended negative outcomes. We recommend that the rule specify the 3% limitation is measured at the initial time the investment is made and at the time of any subsequent additional investment.

- Further, rather than imposing a limit of 3% of net worth, we would like to see federal credit unions given the authority to invest up to 5% of their net worth in CDA investments. Again, this 5% would be measured at the time the initial investment is made.
- Lastly, we would also encourage the board to consider requiring distributions to be made to qualified charities more frequently than the proposed every five years, perhaps on an annual basis.

We feel like these recommendations will maintain NCUA's safety and soundness concerns while enabling credit unions to provide more support for charitable organizations.

Thank you for the opportunity to comment on the proposal, and for your consideration of our recommendations. If you have any questions or would like to discuss our recommendations, please do not hesitate to contact me at (800) 452-7221, ext. 3002.

Sincerely,

Anne M Cochran

Anne Cochran, President/CEO
Louisiana Credit Union League

cc: The Honorable Debbie Matz, Chairman, NCUA
The Honorable Rick Metsger, Board Member, NCUA
The Honorable Michael E. Fryzel, Board Member, NCUA

AC/jg