

August 18, 2016

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

Re: Comments on Proposed Rule 705, CDRLF Amendments; RIN 3133-AE58

To Whom It May Concern:

On behalf of America's credit unions, I am writing regarding the National Credit Union Administration's (NCUA) proposed rule that would make amendments to Part 705, NCUA's rule governing the Community Development Revolving Loan Fund (CDRLF). The Credit Union National Association (CUNA) represents America's credit unions and their more than 100 million members.

NCUA's CDRLF is a source of financial support, in the form of loans and technical assistance grants, for credit unions serving predominantly low-income members. It also serves as a source of funding to help low-income credit unions respond to emergencies arising in their communities.

NCUA has proposed several technical changes to Part 705, which is the regulation governing the CDRLF. The proposed amendments are intended to make the regulation more succinct and to improve its transparency, organization, and ease of use by credit unions.

Proposed Amendments

The proposal makes some purely technical and reorganizational changes. These changes would remove duplicate definitions included elsewhere in NCUA's rules and regulations as well as clarify that certain sections apply only to CDRLF loans, and not also to technical assistance grants. CUNA supports the proposed technical changes.

In addition, the proposal would move some information from the current regulation to the Notice of Funding Opportunity. This refers to the notice NCUA publishes that invites interested qualifying credit unions to submit applications to participate in certain CDRLF programs or initiatives.

Specific Changes in the Proposed Rule

§ 705.5 – *Terms and Conditions*: While NCUA has discretion to grant CDRLF loans in any amount it sees fit, § 705.5(b) includes a maximum aggregate loan amount of \$300,000 for such loans. Since the dollar amount of individual CDRLF loans may continue to rise in connection with need and economic conditions, the proposal would remove reference to a specific dollar amount in the regulation. Instead, it would state that any CDRLF loan limits will be published in the Notice of Funding Opportunity.

We support this proposed change, as we believe this approach is more practical than having to update the regulation each time the loan funding limit changes.

§ 705.10 – *Technical assistance grants*: Current § 705.10 details the terms and conditions that apply to technical assistance grants. The proposal would transfer much of this information from the regulation to the Notice of Funding Opportunity.

Again, we support this proposed change, as we feel these amendments would provide NCUA with flexibility to issue grants based on the needs of credit unions.

§ 705.6 – *Application and award processes*: With respect to CDRLF loan approval for federally insured, state-chartered credit unions (FISCU), the proposal intends to make the concurrence process more efficient. Specifically, rather than requiring a FISCU to obtain concurrence from its state supervisory authority (SSA) before NCUA considers the FISCU's loan application, the proposal would clarify that, while SSA concurrence is still required, a FISCU is not required to obtain such concurrence before applying for a loan. Under the proposed rule, NCUA would obtain concurrence directly from the SSA rather than through the FISCU. However, the regulation would encourage a FISCU applying for a loan to notify its SSA of its application.

We strongly support this proposed amendment. We believe this change would make the overall application process slightly less burdensome for FISCU. However, we ask NCUA to include a timeframe by which NCUA would be required to obtain concurrence from the SSA. This proposed change has the potential of making the approval process faster, so long as NCUA obtains concurrence within a reasonable period of time.

This proposed change is an example of a simple shift in process that is unlikely to affect the quality or timing of information to NCUA but may ease the compliance burden on participating credit unions. We encourage NCUA to seek similarly impactful changes to other requirements in its rules and regulations, particularly during the agency's annual review of a third of its regulations as well as its periodic reviews under the Economic Growth and Regulatory Paperwork Reduction Act, which we ask NCUA to continue conducting even though not statutorily required to do so.

§ 705.9 – *Reporting and Monitoring*: This section requires all participating credit unions to report to their members their progress in providing community support. Section 705.9 requires a credit union that receives a CDRLF loan to update its members at least once

a year on such progress. In an effort to encourage credit unions to be as transparent as possible to members, the proposal would encourage rather than mandate credit union reporting to members with respect to technical assistance grants. This does not change the reporting requirement related to CDRLF loans.

We support this proposed change. In many circumstances, such as this, we agree with an approach that provides general guidance without an explicit compliance requirement. Further, we agree with NCUA's notion that a credit union's members should receive reasonable, summary updates on the impact of a loan or technical assistance grant on the credit union's community.

Conclusion

On behalf of America's credit unions and their more than 100 million members, we thank you for the opportunity to express these views to the NCUA regarding its proposed changes to Part 705. If you have any questions about our comments, please do not hesitate to contact me at (202) 508-6743.

Sincerely,

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

Luke Martone
Senior Director of Advocacy & Counsel