



**National Association
of Federal Credit Unions**
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August 19, 2016

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

RE: Comments on Proposed Amendments to the Community Development Revolving Loan Fund

On behalf of the National Association of Federal Credit Unions (NAFCU), the only national trade association focusing exclusively on federal issues affecting the nation's federally insured credit unions, I am writing to you regarding the National Credit Union Administration's (NCUA's) proposed amendments to rules on community development revolving loan funds (CDRLF). NAFCU appreciates this opportunity to provide input. Most of the amendments are purely technical in nature and do not produce substantive changes, but still enhance the clarity of the rule. Although NAFCU supports the proposed changes, we urge NCUA to consider several recommendations that will improve the implementation of this rule.

Technical Changes – Organization and Clarification

The proposed amendments to §705.1 and §705.2 include reorganization, removal of unnecessary language, and removal of term definitions already provided elsewhere in §705 or §700 of NCUA regulations. NAFCU supports these technical changes to the rule, particularly those that remove ambiguity. However, NAFCU recommends that NCUA reevaluate the removal of the definition of 'Fund.' It is specifically relevant to §705 and should remain in this section's set of definitions.

NAFCU appreciates the proposed removal of the aggregate loan funding limit in §705.5(b). As the proposal's preamble notes, because there is no actual limit in practice, this change provides the agency with greater flexibility in setting or eliminating limits in the Funding Opportunity Notice. However, NAFCU is concerned that this may lead to NCUA instituting lower aggregate limits and therefore hurt credit unions that depend on their ability to receive as much as \$300,000 in funding. NAFCU proposes that language be included in §705.5 that explicitly instructs that there is no aggregate funding limit.

Additionally, NAFCU suggests similar language regarding aggregate limits for technical assistance grants in the newly proposed §705.6 (Terms and Conditions for Technical Assistance Grants). NAFCU would also appreciate more substantive language around the Terms and Conditions for technical assistance grants, as the proposed section is scarce in comparison to the corresponding section for loans.

Removal of SSA Concurrence Requirement

NAFCU believes that removing the supervising Regional Director concurrence requirement for technical assistance grant applications in §705.7(c) (currently §705.6) will make the grant application process less burdensome for credit unions. The section will also consolidate language from current §705.8 into the newly proposed §705.7 that specifies a State Supervising Authority (SSA) concurrence process for state-chartered credit unions.

The proposed amendment which allows federally-insured, state-chartered credit unions (FISCUs) to submit an application without seeking SSA concurrence beforehand is particularly helpful for NAFCU's members. The fact that NCUA will now seek concurrence directly from the relevant SSA after an application is submitted will relieve credit unions of some burden. While the change is certainly helpful, the beginning of this provision also states that FISCUs also need concurrence from the credit union's Supervising Regional Director. The language makes it seem as though both can be obtained after an application is submitted, but the intent described in the notice is for FISCUs to forgo only SSA concurrence before submitting an application, not to forgo pre-application concurrence from the Regional Director. Further clarification of the language in this section by separating those requirements would be helpful to avoid confusion and submission of incomplete applications.

Recommendations Regarding Appeals Process Language

NAFCU appreciates the consolidation of the provisions regarding the appeals process for both CDRLF loans and technical assistance grants into a single subsection (§705.10). This change makes the appeals process easier to locate and identify. Similarly, the reorganization of §705.7(g) by incorporating the disbursement process for technical assistance grants from the current §705.10 makes both sections easier to find, read, and understand.

Because the language in the current §705.10(a) regarding the permissible uses of technical assistance grant funds will be eliminated, NAFCU suggests that §705.4 (permissible uses of loan funds) be amended so that it is also applicable to grants or that it be amended to include provisions specific to grants. Such changes were not included in this proposal and the absence of such a section creates a gap in information credit unions should have.

Again, NAFCU supports the creation of the newly proposed §705.10 specific to Appeals. However, the newly proposed §705.10(b) is only applicable to grants and is designated as such.

It seems the process for appeals provided in §705.10(a) is different from §705.10(b), and could be interpreted that §705.10(a) is only applicable to loans. The heading for §705.10(a) does not specify that it is only applicable to loans though, and the subsection actually still references grants, which can create confusion. The language in §705.10(a) requires further clarification on what this particular process is applicable to.

Clarification of Reporting Process

The amendments in §705.9(b) that flesh out the reporting process by identifying exactly what needs to be reported to NCUA and what needs to be reported to members by loan and grant recipients respectively is helpful. The sentiment behind changing the reporting requirement for grant recipients to a recommendation is appreciated as it does alleviate some of the reporting burden on those credit unions, as intended.

Overall, the proposed amendments to the Community Development Revolving Loan Fund rules in 12 CFR Part 705 are beneficial and make the rule easier to read and comprehend. NAFCU asks that NCUA consider the recommendations discussed in this letter, and incorporate them into the final amendments. Should you have any questions, please do not hesitate to contact me at (703) 842-2249 or memancipator@nafcu.org.

Sincerely,



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