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

Re: Public Unit and Nonmember Shares – 12 CFR 701, 741 [RIN 3313-AF00]

07/29/2019

To Mr. Poliquin,

The League of Southeastern Credit Unions & Affiliates (LSCU) appreciates the opportunity to comment on potential changes to the Public Unit and Nonmember Shares rule. We support the effort to clarify or update this rule for the betterment of credit union operations. The LSCU is a trade association that represents 244 credit unions in Alabama and Florida. Our mission is "to create an environment that enables credit unions to grow and succeed."

We support the increase of the 20 percent of total shares to 50 percent of the paid in and unimpaired capital and surplus, less any public unit and nonmember shares. We think this new approach will provide more flexibility to credit unions who need capital that can support more lending, or that may be spent on investing in products or services that attract new members in the competitive financial services market, both of which would lead to increased earnings. We also support the requirement to maintain a plan for the use of these funds in the interest of sound risk management.

We think the special exception for those small low-income and newly chartered credit unions allowing an optional $3 million limit would be an appropriate exemption. There are a number of reasons that support this. First, if the credit union is small, the 50 percent limit may not be a large sum as compared to $3 million. That difference could mean a significant degree in difference in how many and how much of the variety of loans are offered at the small credit union. This, in turn, would impact its earnings and the time needed to increase its net worth.

Second is the high cost of adopting some forms of technology (such as online banking or apps) or offering additional services (such as credit cards or mobile payments). These services are often cost prohibitive for small credit unions which in turn makes them less competitive in the financial marketplace. Because these products and services are so expensive, particularly in proportion to their size, it is important to maintain the $3 million exemption for these smaller credit unions.

We appreciate the opportunity to comment on this proposed rule and NCUA's continued efforts to reform the regulations that impact our credit unions. If we can assist NCUA in this or other matters, please feel free to contact us.

Sincerely,

Mike Lee

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