



August 16, 2022

Mr. Frank Kressman
General Counsel
Office of the General Counsel
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

Re: NCUA 2022 Regulatory Review

Dear Mr. Kressman:

On behalf of Virginia's 107 credit unions and their 15 million members, we are writing to the National Credit Union Administration (NCUA) regarding its annual review of one third of its regulations. We appreciate the NCUA's openness to comment on their regulations and support their continued review to ensure they remain up to date and appropriate. Virginia's credit unions, the vast majority of which are federal credit unions (FCUs), operate under a regulatory burden that has never been higher, and we urge the NCUA to keep this burden in mind as they review this year's set of regulations. As a regulator, the NCUA uses many tools to create a regulatory regime for credit unions: notice and comment rulemaking; exam findings including enforcement actions; informal and formal guidance, including legal opinion letters and letters to credit unions, and reliance on market forces. The sum total of "regulation" usually includes a much greater universe than just the rules set out in the Code of Federal Regulations. Accordingly, we would ask that the NCUA expand its scope of its review of its rules to include a broader look at how it regulates its credit unions. To assist with this review, we recommend that the NCUA stand up a committee of credit union representatives to give practical feedback throughout the year.

In general, we associate ourselves with comments by the Credit Union National Association (CUNA) in their letter. In particular we support:

- Modernizing the definition of a Well-Defined Local Community in Appendix B to Part 701.
- Requiring virtual hearings for members who may be expelled for cause, due to safety concerns for Board members, in Part 701.2.
- Providing more flexibility for credit unions to work with members to cure overdrafts by amending the firm 45-day requirement in Part 701.21(c)(3).
- Revisiting the NCUA's 2005 determination that government-sponsored enterprises are not government agencies for the purpose of loan maturity restriction in Part 701.21(c)(4).
- Issue an ANPR to gather information on replacing Part 701.21(c)(7)'s existing fixed loan interest rate cap with a floating cap.
- Reviewing Part 701.22 and providing clarification on the requirements and limitations on loan participations, as well as reconsidering some of that section's aggregate lending limits.
- Modernize Part 701.23 and clarify several issues commonly raised by credit unions.

- Review the thresholds for qualification as a low-income designated credit union (LICU) in Part 701.34 and provide additional methods for credit unions to achieve this designation.
- Review Part 702's framework of capital adequacy requirements as credit unions handle the elevated deposit growth of the pandemic, and allow the NCUA to provide additional tools to credit unions encountering net worth difficulties.
- Revisit Part 702.104(d)'s qualifying criteria for the complex credit union leverage ratio.
- Expand credit unions' investment authority in Part 703.
- Gather input from the industry on funding initiatives of Part 705's Community Development Revolving Loan Fund.
- Formalize the process for requesting a waiver of interest payments on deposit accounts.
- Update Part 707 to include new clarify how disclosure rules apply to new technology, such as digital advertising, and update language regarding disclosure of certain fees.
- Improve transparency of the Regulatory Review process by posting public comments received as well as NCUA's response.

In addition to these recommendations, we also urge the NCUA to continue to work with other regulatory agencies to improve efficiency and reduce the burden on credit unions- and at times stand apart from the determinations of other regulators when appropriate- to recognize the unique nature of credit unions. We strongly support an independent NCUA and continue to believe it should be the sole primary regulator of credit unions.

Thank you for your consideration, and if you have questions about our comments, please don't hesitate to contact me.

Sincerely,



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