

November 17, 2017

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

RE: Comments on NCUA Regulatory Reform Agenda

Dear Mr. Gerard Poliquin,

November 20, 2017

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

Ref: **Regulatory Reform Agenda**

Thank you for the opportunity to provide the agency with comments on the proposed, "Regulation Reform Agenda."

Credit Union of Southern California (CU SoCal) applauds NCUA's continued efforts towards clarity and ease of regulatory burden over the entire credit union infrastructure. Overall, we agree with the spirit and support the recommendations and prioritization of the proposed regulatory reform agenda, including NCUA's proposed four-year timeline. Please see CU SoCal's comments on the following sections found in Tier 1, 2, and 3 of the NCUA Reform Agenda.

CU SoCal agrees with the prioritization placement and efforts expressed for review and change; however, we feel the below areas are of the greatest importance for purposes of operational flow and enhanced member service.

Tier 1—Priorities for Year 1-2

- Loan maturity limits for federal credit unions—CU SoCal supports the proposed changes and urges the NCUA to consider providing longer maturity limits for 1-4 family real estate loans.
- Federal credit union bylaws—CU SoCal supports the proposed clarity and consistency.
- Chartering and field of Membership manual, chapter 1: federal credit union chartering—CU SoCal supports the proposed recommendations.
- Emergency mergers—CU SoCal supports the recommendation and believes credit unions that have strong leadership and have provided strong business and net-worth restoration plans deserve an adequate and appropriate length of time to achieve required goals.
- Capital planning and stress testing: raising the threshold—CU SoCal supports this important recommendation.
- Risk-based capital—CU SoCal supports delaying the implementation date.
- Securitization: incidental powers of the credit union—CU SoCal supports the recommendation.
- Purchase of assets and assumption of liabilities—CU SoCal agrees with NCUA's approach to alleviate burden in this category.
- Capital adequacy addresses: risk-based capital (substantive amendments)—CU SoCal supports the recommendation and encourages

continued relief, simplification, and clarity.

Tier 2 (Year 3 Priorities)

- Alternative capital addresses: alternative capital— CU SoCal supports the recommendation and encourages continued relief, simplification, and clarity.
- Investment and deposit activities addresses: investment and deposit activities— CU SoCal supports the recommendation and encourages continued relief, simplification, and clarity.

Tier 3 (Year 4 Priorities)

- Leasing addresses: leasing—CU SoCal encourages relief and improvement in this category to inspire more leasing in the industry.
- Requirements for insurance addresses: maximum borrowing authority—CU SoCal supports the recommendation.
- Security program, report of suspected crimes, suspicious transactions, catastrophic acts, and Bank Secrecy Act compliance addresses: security program, report of suspected crimes, suspicious transactions, catastrophic acts, and Bank Secrecy Act compliance—CU SoCal supports relief and clarity in Part 748 and encourages the formation of a working group to provide feedback and insight due to the complexity.

In addition to the above, CU SoCal would like to add four areas of interest not mentioned in the agenda.

1. CU SoCal mirrors CUNA's concerns regarding internal merger-related disclosures that may provide a false correlation between compensation and governance, given the proposed look-back extending two years prior to any voluntary merger. Like CUNA, CU SoCal supports a 12-month look-back, with forward-looking review time-limited rather than open-ended.
2. CU SoCal also agrees with CUNA's support of closing the Temporary

Corporate Credit Union Stabilization Fund (TCCUSF), with a rebated distribution to credit unions in 2018. CU SoCal also shares CUNA's belief that the Share Insurance Fund's net operating level can and should return to its historical 1.3% over the next several years.

3. As a third area of interest shared with CUNA; the Bank Secrecy Act and related anti-money laundering compliance. CU SoCal supports CUNA's recommendation to, "raise the thresholds for Currency Transaction Reports (CTRs) in an effort to ensure that effective and useful CTR and Suspicious Activity Report (SAR) data is transmitted, and field examiners can provide consistent guidance during examinations."

4. CU SoCal encourages the NCUA to begin discussions about establishing a risk-based share insurance fund structure to better align risk to individual credit unions.

CU SoCal sincerely thanks the NCUA again for the opportunity to comment on what we believe to be a step in the right direction towards regulatory relief among the credit union movement. CU SoCal looks forward to an outcome that achieves more clarity, relief from overburden, and elimination of duplication and confusion.

We look forward to continued communication of this proposed agenda as it moves through the process and offer our feedback as a credit union active in the support of regulation relief and clarity.

Sincerely,

Dave Gunderson

President/CEO

Sincerely,

Donn Grizzle and Dave Gunderson
VP, Advocacy, Strategic Initiatives
Credit Union of Southern California

cc: CCUL