



**National Association
of Federal Credit Unions**

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June 10, 2016

Mr. Troy Hillier
PRA Clearance Officer
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314

**RE: Response to Information Collection Request Regarding Secondary
Capital for Low-Income Designated Credit Unions; OMB Number:
3133-0140**

Dear Mr. Hillier:

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 agency's information collection request related to secondary capital for low-income designated credit unions (LICUs). *See* 81 FR 21404 (April 11, 2016).

Under section 701.34(b) of NCUA's regulations, a LICU may accept secondary capital under certain conditions, so long as the LICU develops and submits a plan to NCUA for its acquisition, use, and repayment. The information collected by NCUA is used to determine if the secondary capital will be managed by the credit union without risk to the National Credit Union Share Insurance Fund. As part of its responsibilities under the Paperwork Reduction Act related to information collections, NCUA is inviting comments on, among other things, the ways to minimize the burden of collecting the information, and whether the agency's estimate of the burden of information collection is accurate.

In regards to reducing the burden of collecting information related to secondary capital, NAFCU believes the agency has done a commendable job of streamlining the process by which credit unions receive a low-income designation and apply for secondary capital. In particular, NAFCU appreciates the agency's recent revision of the National Supervision Policy Manual, which eased secondary capital application requirements and accelerated the approval process. These changes have made it far easier for LICUs to obtain secondary capital, providing much needed relief for those LICUs that see the benefit of obtaining

secondary capital.

Additionally, NAFCU believes that the agency's estimate of the burden hours related to secondary capital is generally accurate. The agency's estimate of 15.92 hours needed to draft and submit a secondary capital plan generally aligns with the feedback that NAFCU received from our LICU members, which ranged from 12 hours to 17 hours.

However, NAFCU believes that NCUA's estimated number of respondents is underestimated at 72. First, the agency should acknowledge that according to NCUA's most recent Call Report, there are 75 LICUs that currently hold secondary capital as part of their net worth. Additionally, the agency's estimate should contemplate additional LICUs that will apply for and obtain secondary capital within the next several years, especially when considering the significant growth rate of the number of LICUs in the past few years. It is likely to follow that the number of LICUs that apply for and obtain secondary capital will also increase. Accordingly, NAFCU urges the agency to re-estimate the number of respondents to this information collection after the agency forecasts the number of LICUs that will apply for secondary capital in the near-future.

NAFCU appreciates this opportunity to provide comments as the agency continues to solicit feedback and input from credit unions regarding unnecessary or unduly burdensome requirements of its rules and regulations. We look forward to continuing to work with NCUA to address more ways that the agency can streamline and refine existing regulations in order to more effectively grow and support the dynamic credit union industry. Should you have any questions or would like to discuss these issues further, please do not hesitate to contact me at memancipator@nafcuhq.org or (703) 842-2249.

Sincerely,

Michael Emancipator
Senior Regulatory Affairs Counsel