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July 13, 2015

Mr. Gerard Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428

Comments on Proposed Rule—Part 745

Dear Mr. Poliquin:

On behalf of the New York Credit Union Association, I am writing this letter to comment on NCUA's proposed regulation implementing the Credit Union Share Insurance Fund Parity Act. Even though the law already permits credit unions to administer interest on their trust accounts, a well-crafted regulation will prevent confusion as to the powers that credit unions can exercise.

Since the underlying purpose of the act is to ensure that credit unions can exercise the same powers as banks with regard to escrow and similar accounts, NCUA should simply stipulate that credit unions can exercise the same powers authorized by banks pursuant to 12 CFR 300 et.seq. If NCUA feels that this approach surrenders too much power to the FDIC, it should instead authorize credit unions to have the right to request (and NCUA should have the right to grant) all trust powers that are exercised by banks. This language will establish a framework for credit unions to exercise parity with banks on an ongoing basis.

Another purpose of the regulation is to clarify what accounts are similar enough to IOLTAs to permit credit unions to offer them without additional regulatory approval. The best way to accomplish this goal is to specify that credit unions can administer accounts over which a trustee or agent has either a fiduciary or other legal obligation over funds on behalf of a third party. By specifying that the power of credit unions extends to all accounts in which a third party has a legal or fiduciary responsibility,



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NCUA will acknowledge that there are accounts that are similar to IOLTAs that also should be authorized for credit unions.

For example, employers are increasingly using payroll cards instead of issuing paychecks. Employers typically establish these accounts by having a master account with several individual distributions or subaccounts representing the salary payments of their employees. These accounts are similar to IOLTA accounts in that the employer has a responsibility to allocate funds to employees. By clarifying that credit unions can offer these accounts to their members, NCUA will be anticipating the needs of credit unions to provide this benefit for their employee-based institutions.

New York's credit unions also believe NCUA should clarify that accounts for prepaid burial expenses and other similar funeral expenses are not just examples of the type of accounts that can be offered by credit unions, but are in fact authorized to be offered by credit unions. The distinction, while highly technical, is important in light of the fact that the statute in fact does not include funeral accounts that are authorized to be offered by credit unions.

The New York Credit Union Association encourages NCUA to use the powers it has to level the playing field between credit unions and banks whenever the statute allows.

I hope these comments have been helpful.

Sincerely,

A handwritten signature in black ink, appearing to read "W. J. Mellin". The signature is written in a cursive, flowing style.

William Mellin
President/CEO
New York Credit Union Association