August 21, 2024

Melanie Conyers-Ausbrooks
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

**Re: Regulatory Review: Regulatory Publication and Voluntary Review; NCUA-2024-0014**

*Filed electronically via: https://www.regulations.gov*

Dear Ms. Conyers-Ausbrooks:

CrossState Credit Union Association (CrossState) appreciates the opportunity to share comments from our members on the National Credit Union Administration's (NCUA) voluntary regulatory review.

CrossState is a regional trade association that advocates for nearly five hundred credit unions located in the State of New Jersey and Commonwealth of Pennsylvania. Credit unions were formed for the purpose of making credit available to Americans and promoting thrift through a national system of nonprofit, cooperative financial institutions. Credit unions are owned by their members and governed by volunteer boards of directors elected by their membership. Earnings of credit unions are returned to members through fewer and lower fees, higher yields on savings, and lower loan interest rates.

CrossState and its member credit unions appreciate the NCUA Board voluntarily initiating a review of the regulations. As you are aware, credit unions and other financial institutions have been the subject of increased regulations from the Consumer Financial Protection Bureau (CFPB). Increased regulatory burdens raise costs for credit unions, negatively affecting their products and services. Even when CFPB regulations don't directly target smaller institutions, credit unions still feel the impact due to the competitive financial market. It is vital for credit unions to offer affordable loans, products and services, especially in low-income areas where larger banks have withdrawn.

One of the regulations under review is Part 701.36, the federal credit union occupancy rule. Part 701.36 provides that a federally chartered credit union must partially occupy acquired premises or land within a reasonable period of time, but no later than six years after the date of acquisition. Partially occupy is defined as being at least 50% of the premises. NCUA last made changes to this rule prior to the COVID-19 pandemic.

However, since the pandemic, there has been a shift in the way people work. Many companies, including credit unions, permit partial remote work. Due to these changes, credit unions may have excess space to lease beyond the 50% limit. Despite the waiver process, lowering the partially occupy definition to 25% or less, would give credit unions more flexibility and opportunities when seeking new retail space, alleviating concerns about occupying 50% of the premises.

This review also encompasses Part 723, the member business rules. While we understand a legislative change needs to occur to the Federal Credit Union Act, we continue to advocate for the passage of H.R. 4867, the *Veterans Member Business Loan Act*. H.R. 4867 will provide veterans with more business loan options and greater access to capital through their trusted credit union. Credit unions are often frustrated in their lending ability due to the member business lending cap of 12.25% of credit union assets. This legislation will permit credit unions to provide loans to veterans without counting them towards the member business lending cap. Allowing credit unions to provide much needed capital to veterans seeking to start a business is a win for credit unions, veterans, and the communities they serve. We ask NCUA to amend Part 723 expeditiously when this important Act is enacted.

Additionally, the review includes Part 741.6, the requirement for filing a call report with NCUA. Although not directly addressed in Part 741.6, CrossState asserts strong opposition to the recent call report changes. Recently NCUA amended the instructions for the Call Report 5300 to require credit unions with $1 billion or more in assets to allocate how much of their fee income is attributed to overdraft and non-sufficient funds fees. CrossState requests that the NCUA remove the requirement to include this information in the NCUA call report. Unlike banks, credit unions use fee income to support their operations rather than maximizing profits for shareholders. At the very least, the fee income information submitted on the call report in these designated fields should not be made available to the public.

Thank you for the opportunity to comment.

With best regards,

Patrick C. Conway

Patrick C. Conway
President & CEO

cc: CrossState Board
CrossState Government Relations Committee
CrossState Regulatory Review Committee