



The National Association of State Credit Union Supervisors

December 26, 2023

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

Re: NASCUS Comments on NCUA Notice of Proposed Rulemaking (NPRM) NCUA-2023-0082; NCUA Rule 745: Simplification of Share Insurance Rules (RIN 3133-AF53)

Dear Secretary Conyers-Ausbrooks:

The National Association of State Credit Union Supervisors (NASCUS)¹ provides the following comments on the NCUA NPRM; Simplification of Share Insurance Rules.²

The proposed amendments are intended to simplify NCUA share insurance regulations by establishing a new “trust accounts” category to provide aggregate Share Insurance Fund (SIF) coverage of both revocable and irrevocable trusts and provide clarification on coverage of mortgage service accounts (MSA) and lawyers’ trust accounts (IOLTAs) deposited at federally insured credit unions. Proposed amendments also include changes to general recordkeeping requirements that permit NCUA to review records held in the normal course of business when those records are maintained by parties other than the federally insured credit unions or their members. Many of these changes would align with FDIC adopted amendments set to take effect April 1, 2024.³

NASCUS believes the proposed rule amendments represent a very thoughtful and comprehensive analysis toward enhancement of the share insurance model.

NASCUS applauds NCUA merging the revocable and irrevocable trust categories into one unified category as an appropriate change to reduce the potential for confusion surrounding the insurability of trust related accounts generally. The elimination of certain rules related to revocable and irrevocable trusts also represents a reduction of regulatory burden through improved operational efficiency and a higher potential for improved customer service.

¹ NASCUS is the professional association of the nation’s forty-five state credit union regulatory agencies that charter and supervise over 1900 state credit unions. NASCUS membership includes state regulatory agencies, state chartered and federally chartered credit unions, and other important stakeholders in the state system. State-chartered credit unions hold over half of the \$2.2 trillion assets in the credit union system and are proud to represent nearly half of the 134 million members. The remaining 5 states lack state-chartered credit unions.

² www.govinfo.gov/content/pkg/FR-2023-10-25/pdf/2023-23481.pdf

³ 87 FR 4455 (Jan. 28, 2022).

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Consistent share insurance treatment for all mortgage servicing account balances held to satisfy principal and interest obligations to a lender is also a welcome provision that should provide additional standardization and ensure fair and equitable treatment along with clarity in insurance coverage. Extending insurance coverage to accounts maintained by third-party mortgage servicers if held in an agency, custodial, or fiduciary capacity further represents improved protection of the interests of all parties involved, aligns with best practices and offers additional security.

Finally, the proposed general principles outlining record keeping requirements, including maintaining appropriate documentation to support the relationship and interests of other parties on an account be maintained in good faith, is sound practice which should help ensure accountability and transparent record keeping while providing an approach consistent with FDIC pass-through deposit insurance expectations of “other similar escrow account” types that may exist, including sweep accounts.

Sincerely,

- signature redacted for electronic publication -

John J. Kolhoff
Senior Vice President,
Policy and Supervision
NASCUS