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NATIONAL CREDIT UNION ADMINISTRATION
Washington, D.C. 20416

June 27, 1988

Office of General Counsel

Ms. Donna Rivelli
Office of Management and Budget
New Executive Office Building
Room 10208
726 Jackson Place, N.W.
Washington, D.C. 20503

Dear Ms. Rivelli:

Pursuant to our telephone conversation, enclosed is a copy of the National Credit Union Administration's draft notice to eliminate the Community Development Revolving Loan Program for Credit Unions ("Program") from coverage under Executive Order 12372. As noted in the draft, a proposed notice was published in the Federal Register and sent to all state single points of contact. We received only one comment letter from a Federal credit union which supported our proposal to eliminate the Program from Executive Order coverage. We would appreciate any comments or suggestions you have on the draft final notice. Please call me with your comments at 357-1030.

Sincerely,

HATTIE M. ULAN
Staff Attorney

Enclosure

FOIA Vol. IV, BB CDCU Revolving Fund

NATIONAL CREDIT UNION ADMINISTRATION

12 C.F.R. PART 705

Community Development Credit Union Revolving Loan
Program

AGENCY: National Credit Union Administration ("NCUA").

ACTION: Notice of elimination of Community Development
Revolving Loan Program for Credit Unions from coverage
under Executive Order 12372.

SUMMARY: In 1986, the Department of Health and Human
Services ("HHS") inadvertently caused the Community
Development Credit Union Revolving Loan Fund Program,
("Program"), for which the agency had responsibility, to
be included in the list of programs subject to Executive
Order 12372. That Order, and Office of Management and
Budget ("OMB") implementing rules, set forth procedures
to assure that Federal agencies providing financial
assistance consult with officials of state and local
governments "directly affected" by Federal financial
assistance. NCUA, which has now been given

responsibility for the Program, has determined, after requesting and evaluating public comment, that the Program is not covered by the Order: (a) because it does not "directly affect" state or local governments; and (b) because, in any event, NCUA regulations require prior state or local consent for loans to state-chartered credit unions. OMB agrees.

EFFECTIVE DATE: [Upon publication in the Federal Register.]

ADDRESS: National Credit Union Administration, 1776 G Street, N.W., Washington, DC 20456.

FOR FURTHER INFORMATION CONTACT: Hattie M. Ulan, Staff Attorney, NCUA Office of General Counsel, at the above address, or telephone: (202) 357-1030.

SUPPLEMENTARY INFORMATION:

The Program

Congress established the Program: (1) to provide "basic financial and related services to residents" in needy communities; and (2) to stimulate "economic activities in the communities [served] which will result in increased income, ownership and employment opportunities for low income residents, and other community growth efforts." 42 U.S.C. §§9812(a), 9822; 12 C.F.R. §705.2.

Funding for the Program comes from Congressional appropriation. No state or local funds are required. A Federal or state-chartered credit union applies to NCUA for a loan from the Community Development Revolving Loan Fund. 12 C.F.R. §705.5(a). A state-chartered credit union seeking a loan must obtain "written concurrence from [its] . . . state regulatory authority." 12 C.F.R. §705.8. Moreover, a state-chartered credit union receiving a loan under the Program remains subject to supervision and examination by the state regulator.

Executive Order 12372

The Presidential directive "Intergovernmental Review of Federal Programs" (Executive Order 12372), issued July 14, 1982, was designed "to foster an intergovernmental partnership and a strengthened federalism by relying on state and local processes for the state and local government coordination and review of proposed Federal financial assistance and direct Federal development."

The Order requires Federal agencies:

[to] provide opportunities for consultation by elected officials of those state and local governments that would provide the non-Federal funds for, or that would be directly affected by, proposed Federal financial assistance or direct Federal development.

OMB is charged with assuring compliance with the Order. The agency is authorized to prescribe rules and regulations "deemed appropriate," and to maintain "a list of official state entities designated by the States to review and coordinate proposed Federal financial assistance and direct Federal development."

Inclusion of the Program Under Executive Order 12372.

In 1981, responsibility for administering the Program was placed in HHS. 12 U.S.C. §§9812(a), 9822. Under the Community Development Credit Union Revolving Loan Fund Transfer Act of 1986 (Pub. L. 99-609, 100 Stat. 3475), this responsibility was transferred to NCUA. Shortly before transfer, however, HHS inadvertently had the Program included in the official list of activities covered by Executive Order 12372 [General Services Administration, Catalogue of Federal Domestic Assistance #44.002 (1987)].

Exclusion of the Program from Executive Order 12372

Coverage

After preliminary review, NCUA and OMB agreed the Program was a good candidate for exclusion from coverage as not "directly affecting" state and local government. In December, 1987, pursuant to OMB guidance, NCUA published in the Federal Register

[52 Fed. Reg. 48387 (Dec. 23, 1987)] and sent to all state agencies designated to coordinate Executive Order 12372 compliance (called "state single points of contact") notice of intent to remove the Program from coverage.

One comment was received -- from a Federal credit union agreeing with the proposal. OMB has again been consulted; it agrees the Program should be deleted.

Accordingly, the Program will hereafter be deleted from Executive Order 12372 coverage.

By the National Credit Union Administration Board on _____, 1988.

Becky Baker,
Secretary of the Board