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September 25, 2006

Mary Rupp  
Secretary of the Board,  
National Credit Union Administration  
1775 Duke Street  
Alexandria, Virginia 22314-3428

Re: Proposed Rule on Investment Repurchase Transactions

Dear Ms. Rupp,

The Georgia Credit Union League (GCUL) appreciates the opportunity to comment on the National Credit Union Administration's (NCUA) proposal to expand the authority of Federal Credit Unions (FCUs) to enter into investment repurchase transactions. GCUL is the state trade association and one member of the network of state leagues that make up the Credit Union National Association (CUNA). GCUL serves approximately 188 credit unions that have over 1.7 million members. This letter reflects the views of our Regulatory Response Committee, which has been appointed by the GCUL Board to provide input into proposed regulations such as this.

Summary of GCUL's Position:

GCUL supports allowing FCUs to invest in mortgage note repurchase transactions. However, because significant and sufficient underwriting criteria already exists in the FCU Act by way of the Secondary Mortgage Market Enhancement Act (SMMEA), we believe no further underwriting guidance is necessary from NCUA.

We believe NCUA should exclude the long-term credit requirements for counterparties in mortgage note repurchase transactions. We also encourage NCUA to extend the maximum term from the proposed 30-day limit to a maximum of up to 90 days in order to allow for full utilization of the investment vehicle by the FCU.

NCUA has specifically requested comments on these issues.

- 1. By what means can the party investing in mortgage note repurchase agreements easily identify the underlying loans, and is it necessary to require more than a tri-party custodial arrangement to accomplish this? If so, what additional requirements should be identified?**

Since detailed loan schedules are provided to the investing parties as standard information in the tri-party custodial agreements, we see no need for additional requirements.

- 2. What minimum underwriting criteria, if any, should the rule address?**

We believe that the rule should not address minimum underwriting criteria. Each FCU's board of directors and management personnel should have the ability to establish additional underwriting criteria it deems necessary. The FCU Act already addresses minimum criteria by way of the SMMEA.

- 3. What requirements, if any, should the rule address regarding the quality of the mortgage notes and their monitoring?**

Again, this is already addressed in SMMEA. Therefore, we believe no further requirements are necessary.

- 4. The proposed minimum long-term credit rating for the counterparty is higher than has been previously including in Part 703 regarding investments for municipal securities. Given that the mortgage note repurchase transactions are typically short-term, should NCUA consider excluding long-term credit requirements for counterparties in mortgage note repurchase transactions?**

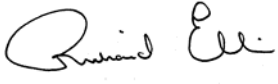
We believe NCUA should exclude the long-term credit requirements for counterparties in mortgage note repurchase transactions. In addition, because investment repurchase transactions have a normal term of 45-90 days, we encourage NCUA extend the maximum term for mortgage note repurchase transactions up to 90 days in order to allow FCUs to maximize utilization of the investment vehicle. We do not believe that extending this term limit up to 90 days produces any significant amount of additional risk.

- 5. What effect will permitting investment repurchase transactions using mortgage notes have on the safety and soundness of FCUs, the feasibility of the proposed standards for risk management, and the ability of FCUs to manage these investments safely?**

If sound underwriting has been performed, given the proposed limitation of 30-days (or an extension of that term limit of up to 90 days as we suggest), we believe the effect on the safety and soundness of the FCU will be minimal.

Thank you for the opportunity to comment on the proposal to expand the authority of FCUs to enter into investment repurchase transactions. If you have questions about our comments, please contact Cynthia Connelly or me at (770) 476-9625.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Richard Ellis", is positioned above a vertical red line that serves as a separator between the signature and the typed name below.

Richard Ellis  
Vice President/Credit Union Development  
Georgia Credit Union League