



January 23, 2013

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

Sent via E-mail to: [regcomments@ncua.gov](mailto:regcomments@ncua.gov)

Re: Cornerstone Credit Union League Comments on Proposed Rule – Requirements for Contacts with Federal Credit Unions

Dear Ms. Rupp:

This letter represents the views of the Cornerstone Credit Union League ["Cornerstone"] regarding the NCUA's proposal on Requirements for Contact with Federal Credit Unions. Cornerstone is the official trade association serving approximately 575 federal and state credit unions in Arkansas, Oklahoma, and Texas combined, and more than 8.4 million credit union members. Cornerstone appreciates the opportunity to comment on this very important issue.

Although we understand that the NCUA wishes to ensure the safety of its employees, we cannot support the proposed rule as drafted. The rule is not justified based on safety and soundness concerns. Instead, it is a proposed rule issued to address isolated problems while ignoring the unique history of credit unions, an approach Cornerstone cannot support.

It appears that NCUA's concerns are based on a few isolated incidents that apply to a minority of home-based credit unions. Home-based credit unions are often run out of the home due to the nature and size of their membership and staff. They are not a large commercially run operation, and many do not seek to be. Those impacted within our membership will almost certainly be forced to merge with other credit unions or liquidate to meet the proposed regulation.

We encourage the NCUA to weigh strongly the consequences of this proposed rule against the potential convenience to examiners. While home-based credit unions may present certain challenges from an accessibility standpoint, these are issues best handled on a case-by-case basis. To place this issue in perspective, remember that many credit unions operate in unsafe neighborhoods that provide far less security than to examiners than a basement or home-office.

Home-based credit unions offer a limited selection of services, that best cater to the needs of their members. These include nonbusiness hours and atypical settings for doing business. Running a credit

union out of a home offers the ability to meet these demands without the increased overhead of a formal office, a cost these small credit unions simply cannot afford.

Should the proposed rule be enacted, members of affected credit unions will see a guaranteed rise in the cost of operating their credit union. In the short term, members may find it difficult to transport the needed records for an examination or audit to a public location. Transporting these records also opens up the credit union to a security breach or data loss. In the long term, the cost to rent and maintain office space, as required by the proposed rule, is likely to put credit unions out of business.

Cornerstone proposes that in the alternative, the NCUA consider guidance for credit unions that are home-based, to designate a safe, unobstructed area, with access to services, and to allow member access through U.S. Mail, in addition to telephone or email contacts. The NCUA Office of Small Credit Union Initiatives could assist these credit unions in bringing their home-offices up to the standards discussed above. This will allow our home-based credit unions to continue operation without forcing them into liquidation or merger, and most importantly would best serve credit union members.

The origins of the credit union movement centered around a group of people being allowed to take control of their own finances as a cooperative, and not to the most technologically or financially fortunate. We encourage the NCUA to look for options that continue this vision, and to protect credit unions that provide services to some of our smallest communities.

Sincerely,



Suzanne Yashewski

SVP Regulatory and Compliance

Cornerstone Credit Union League

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