

From: [Rick Strong](#)
To: [Regulatory Comments](#)
Subject: Rick Strong - Comments on Notice of Proposed Rulemaking for Part 701
Date: Wednesday, January 22, 2014 8:34:14 PM

Dear Board of NCUA,

It has come to my attention that you are considering changing your rules to mandate that all FCU's operate out of a business office, and specifically excludes any type of home or residence-based office. I have read the proposed rule and the reasons for this change. I am writing to strongly urge that this rule not be adopted as it stands.

I have been a member of Our Family Social Credit Union (OFSCU), located in & chartered by the State of Nebraska, for over 50 years. My parents were two of the founding members. Ours is a small credit union with less than \$600,000 in assets at present. It has been in operation for about 63 years, and to my understanding has one of the best loss prevention records of any credit union. Why? Because all of the members of the credit union are cousins. Even when circumstances force a default on a loan, family members historically continue to pay off the loan when they don't have to.

OFSCU has always operated out of a residence for several reasons.

First, all of the Board Members, officers, managers and committee members are all volunteer family members. No one receives a salary. Their work for OFSCU is thus necessarily done after the day job that all of them must have.

Second, even before the days of computers, operating out of a residence provided 24/7 access for all members. Although now many transactions are completed and communications provided via computer, during its entire history OFSCU members have been able to call the manager at any time of night or day to obtain a loan.

Thirdly, there have not been any complaints to my knowledge by any examiner, whether state or federal, about the safety or suitability of our residence-based office.

Finally, although the manager of OFSCU is given a small stipend to house the records in their home, it does not rise to the level of "conflict of interest". It merely reimburses expenses, as a token of all of the sacrifice necessary for the manager to perform their duties. This is because the management of the credit union is done out of love.

I urge you again to not adopt the rule as it stands, for the following additional reasons:

1. This rule takes a "one size fits all" approach to solving a problem. If there are safety or other concerns that examiners have with specific Credit Unions, I agree that those issues must be dealt with. Rather than one blanket rule, I suggest a rule that allows the Board to sanction in some way (possibly by revoking charter, fines, or penalties) each specific credit union that has received complaints. There may be other ways to solve the problem also.

2. The rationale for the rule makes much of the "long-term viability" of a credit union if they are not forced to operate in what the NCUA Board deems an appropriate business-like manner. Since OFSCU is not federally chartered (to my knowledge), this seems an overreach. Viability does not always look the same in every part of the country. According to the footnote in your proposed rule, there is only one state-chartered, home-based credit union in Nebraska. That must mean that we are that credit union. Small businesses (of which OFSCU is one) are the backbone of our economy. Imposing this mandate would quite probably mean OFSCU would have to shut it's doors, because the increased expenses can not be supported by the current operations. OFSCU prides itself on returning a high percentage of its income to the members in the form of dividends. It does not (nor does it currently have to) charge all of the fees that larger institutions charge their essentially anonymous members. At OFSCU, each member has a face, a name, and a family history that goes back generations. Don't take that from us.

3. In our current economy, especially since the passage of the Dodd-Frank bill, it is increasingly difficult

for the average American to obtain a small loan. These small loans often make the difference between having a car to enable someone to go to work or school, to helping fledgling small businesses with their cash flow. If the Federal NCUA would like to help our economy grow, it seems counter-productive to end one of the last avenues some average American have to make life work for them.

Finally, I appeal to your better nature to not take this 'shot-gun' approach to solving a problem. OFSCU was founded and is now run on our county's founding principles of local control and people helping each other. Please do your part to help restore trust in our Federal government by listening to our comments, and allowing Nebraska to regulate OFSCU as its proper sphere of responsibility. Please do not implement this rule.

Thank you,

Richard Strong,
OFSCU member