

**FRANKLIN REGIONAL SCHOOLS
FEDERAL CREDIT UNION**

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January 14, 2014

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

RE: Requirements for Contacts with Federal Credit Unions

Dear Mr. Poliquin:

The board of directors, volunteers and staff of our credit union appreciate this opportunity to comment on the NCUA proposal on contacts with federal credit unions. A significant outcome of the proposed rule would require our credit union to move from our current home-based operation to a commercial location. While we appreciate NCUA's concerns for overall safety and soundness, we oppose the proposal to force our credit union to move into commercial office space for the following reasons.

Our credit union has been in existence since January 1968 and during that entire time, in our judgment; we have met the financial needs of our members as a home-based credit union. Our current net worth is \$381,034.78. We have no loan accounts that are more than 60 days delinquent. Our net loss to charge offs, over our more than 40 year history, is \$61,070.65 compared to a total of loans since organization of \$2.8 Million. We are a very sound operation.

Over the years our credit union has worked hard to control expenses and operated in a safe and sound manner. During examination cycles we have always maintained a clean, safe and healthy working environment for our own staff and for visiting NCUA staff.

We have a dedicated phone and fax machine line, we keep credit union records safe and secure and we have never had any supervisory problems in any of these areas in the past. Although our office is in the treasurer's home there is an entrance that gives direct access to the lobby and office area of this credit union. We have sanitary facilities available in the office area so that staff, examiners, and members have ready access to a "powder room." We maintain that our credit union's history demonstrates that we pose no safety and soundness threat as a home-based credit union.

We have significant concerns that your proposal will needlessly force our credit union to incur an unwarranted and substantial increase in operating expenses to satisfy the rule. One advantage we have as a home-based credit union is minimal expenses for fixed assets such as a building or

lease expenses. Moving out of our current offices into some type of retail or similar space will have a dramatic impact on our budget should this rule be finalized.

In addition, as a home-based credit union our treasurer monitors email and phone messages throughout every day, including weekends and holidays. This essentially provides our members 24/7 access to credit union services. One of the few competitive edges that we have over the car dealerships is that we can transact loan business on weekends. We were able to take care of an emergency loan for a member (travel expenses due to a death in the family) on Christmas morning. **THIS WILL BE LOST IF WE ARE FORCED TO MOVE TO A COMMERCIAL SITE.**

Finally, the proposal states that the Federal Credit Union Act authorizes NCUA to direct conditions under which its employees operate. We do not agree that the Federal Credit Union Act empowers NCUA to compel an FCU to obtain, lease or otherwise occupy any type of office facility. Again, our credit union provides a clean and safe environment for our staff and examiners. If other home-based credit unions do not or cannot provide such an environment, NCUA should apply its supervisory enforcement powers on an individual basis. A blanket mandate prohibiting home-based credit unions is not appropriate.

In summary, we respectfully oppose your proposal to require our credit union to move into commercial office space for two reasons. First, we currently have a healthy net worth and have control over our expenses and are operating in a healthy and safe environment. To require us to rent or lease commercial office space will significantly impact our net worth and could jeopardize the safe and sound operations of our credit union. Second, we do not believe the NCUA has the legal authority under the Federal Credit Union Act to require a credit union to operate in any particular type of office space or working environment. We trust you will consider our comments in good faith, and will ultimately determine not to require our credit union to move into commercial office space.

Very truly yours,

Barbara Lellucci
Board Member