



MISSOURI CREDIT UNION ASSOCIATION

January 23, 2014

Mr. Gerard Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428
www.regulations.gov

**RE: Don Cohenour - Requirements for Contacts with Federal Credit Unions;
RIN 3133-AE34**

Dear Mr. Poliquin:

On behalf of the 1.3 million credit union members, the Missouri Credit Union Association (MCUA) would like to take this opportunity to express our views the National Credit Union Administration Board's (NCUA's) proposed requirements for contacts with federal credit unions.

MCUA believes that rules should not be issued to address singular or isolated problems. We believe that this proposal does not fit the requirements for a comment call. The proposal is not justified on safety and soundness grounds. We disagree with the NCUA's assumption that problems among home-based credit unions are characteristic of all members of that group and that problems among home-based credit unions are so threatening to the National Credit Union Share Insurance Fund that they can only be satisfactorily handled through the issuance of a new rule.

As proposed, NCUA would require federal credit unions to have a business office outside of a personal residence or have another public location that is appropriate for contacts with NCUA, if they do not already. Also, the federal credit union would be required to have in place a dedicated phone number or email address for contact with NCUA and members.

Within two years of the rule's effective date, all federal credit unions would be required to maintain a business office that is not located in a personal residence and would not be able to store required records at residential locations. Small, home based credit unions feel that the proposal, particularly the requirement that all federal credit unions maintain an office that is not within a personal residence beginning two years after the rule is implemented, is unjustified and punitive.

Even though the proposal is not justified on an across-the-board safety and soundness basis, the harm of the proposal to the affected credit unions and their communities could be very destructive. Many home-based credit unions serve undeserved, at-risk fields of membership and communities that absent a credit union, would have very limited access to mainstream financial services. Yet the relative costs of compliance with the proposal in terms of the affected credit unions' available resources and lack in some cases of affordable business space in certain areas could mean covered credit unions will be forced to end their services, including to communities that need them the most.

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We think that imposing new rules to address anecdotal examiner safety issues should be avoided. Thus, we believe that NCUA staff has the capability and duty to go to all credit unions regardless of location to perform their jobs. If the location of a credit union presents hazards for NCUA staff - for any legitimate reason - then NCUA should address the issue directly with the credit union on an individual basis. NCUA has authority under the Federal Credit Union Act to address NCUA staff safety without imposing this proposal.

The proposed rule requires federal credit unions to maintain and monitor telephone numbers or electronic mail addresses, or both. While this requirement sounds reasonable, we feel there should be some flexibility provided by way of exceptions, if the rule is adopted. We also feel that member access through the U.S. mail should be an option. Most home-based credit unions offer a very limited selection of services. Some operate during nonbusiness hours to accommodate their members' needs. Such limited access is apparently acceptable to members who continue to belong to the affected credit unions. In light of this, we feel NCUA should work with a credit union which can demonstrate that the requirements for providing and monitoring telephone or email access would be unduly burdensome.

NCUA is concerned that many home-based federal credit unions are storing records in areas where they are at risk for accidental destruction. If home-based credit unions are meeting NCUA's requirements for records preservation and privacy then there should be no greater or lesser risk to members from a credit union with commercial office space.

We believe that NCUA has sufficient authority to deal with any problems presented by a home-based credit union on a case-by-case basis. If, however, NCUA goes ahead with a final rule, we urge NCUA to justify sufficiently the need for such a rule based on safety and soundness concerns.

We also urge NCUA to make the following changes:

- Grandfather existing home-based credit unions or allow for exceptions to the rule's requirements to be granted under a fair and expeditious process;
- Allow member access to be through U.S. mail as well as the telephone or email; and
- Allow affected credit unions the option to correct legitimate problems identified by the examiner on a timely basis or move to retail space.

As always, we appreciate the opportunity to respond. We will be happy to respond to any questions regarding these comments.

Sincerely,

A handwritten signature in cursive script that reads "Don Cohenour".

Don Cohenour
President