



**National Association  
of Federal Credit Unions**  
3138 10th Street North  
Arlington, VA 22201-2149

NAFCU | Your Direct Connection to Education, Advocacy & Advancement

January 22, 2014

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

RE: Comments on Requirements for Contacts with Federal Credit Unions

Dear Mr. Poliquin:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association that exclusively represents federal credit unions, I am writing to you regarding the proposed rulemaking regarding requirements for contacts with federal credit unions. NAFCU agrees that NCUA needs to address important issues such as the need for responsive communication and employee safety. NAFCU also understands the need for credit unions to be able to compete in today's increasingly complicated financial world, but NCUA is going too far in requiring credit unions to obtain and maintain commercial office space. In order to strike a balance between the need to keep employees safe and not over burdening credit unions with unnecessary regulations, NAFCU suggests that NCUA should move examination sites to public locations if offices are not available, but not require credit unions to obtain and maintain commercial office space.

*Responsive Communication – Email and Phone*

NAFCU agrees with the NCUA that all credit unions should be required to have at least one of either an email and/or phone number dedicated for the credit union's business purposes and monitored regularly. NAFCU has one concern with this suggested change in the proposed rule where the email address or telephone number must be available "exclusively" for credit union's business purposes. NCUA should consider changing "exclusively" to "primarily". This would still ensure that members and the NCUA are able to contact credit unions while giving credit unions the flexibility to incorporate existing email addresses and/or phone lines to keep costs down for small credit unions.

*Employee Safety*

NAFCU understands the important responsibility that NCUA has to keep its examiners safe while on the job. No employee should be subject to the types of conditions listed in the proposed rule which included "aggressive animals, lack of proper seating, lighting, and restroom access" With safety in mind, these types of concerns are alleviated by requiring

examiner meetings in a public place and do not require the need for dedicated office space. The added expense of dedicated office space is not justified when a less expensive option is available as proposed in the rule.

#### Share Insurance Fund

This regulation requiring all home-based credit unions to obtain and maintain commercial office space will undoubtedly add annual overhead costs to small credit unions. Even with grants and other temporary assistance it is likely that the increased annual costs of maintaining these offices will cause many of these small credit unions to either liquidate or merge with other credit unions. While liquidating and merging credit unions does not necessarily impose on the National Credit Union Share Insurance Fund (NCUSIF) the entire cost of the assets of the failed or merged credit union, mergers do come at a price that will then be passed on to all credit unions.

In light of the costs for other programs that have recently been added to the NCUSIF, NAFCU is concerned about any additional regulations that may lead to increased fees for credit unions through the NCUSIF.

#### Expanded Legal Authority Analysis

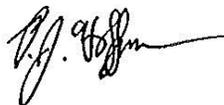
NAFCU is concerned about NCUA's legal authority involved with this rule. The proposed rule does not fully address the legal authority NCUA will be relying on to require credit unions to obtain and maintain a business office. NAFCU would request that NCUA perform an expanded legal authority analysis and possibly obtain an independent legal opinion letter that states the NCUA has the legal authority over federal credit unions to impose these requirements.

#### Disaster Plans

NCUA has never required commercial office space before this proposed rule and this change in policy will affect some small credit union disaster plans. Some member credit unions do not currently operate in residential locations, but for disaster and emergency planning have residential locations listed as possible temporary headquarters. This proposed rule would not allow credit unions the needed flexibility in times of emergency to serve their members by using residential addresses for temporary headquarters. NCUA should revisit the issue of disaster planning before finalizing this rule.

Thank you for your continued commitment to listen to feedback from credit unions. Should you have any questions or would like to discuss these issues further, please feel free to contact me at PJHoffman@nafcu.org or (703) 842-2212.

Sincerely,



PJ Hoffman  
Regulatory Affairs Counsel