



January 23, 2014

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

Subject: Comments on Notice of Proposed Rulemaking for Part 701 – Requirements for Contacts with Federal Credit Unions

Dear Mr. Poliquin:

This letter represents the views of the Kansas Credit Union Association regarding the proposed requirements for contacts with federal credit unions. KCUA represents the views of 90 of the 97 state and federal credit unions in Kansas.

NCUA Should Focus on Safety and Soundness Issues

The KCUA believes that NCUA should focus on the issues in a way that will not threaten the viability of home-based credit unions. While NCUA is likely able to cite individual instances where a credit union may be less convenient for a visit by an examiner, we do not believe this justifies an action so significant that it may lead to the end of all home-based credit unions.

We agree that NCUA must address any issue that threatens confidentiality and privacy of member information, but we disagree that banishing home-based credit unions is the proper approach.

NCUA has cited records preservation as a concern and to that end we believe they are able to address this issue without requiring a credit union to alter the entire physical nature of the credit union. If an individual credit union has a records preservation issue such as privacy of member information or the preservation of member confidentiality, those issues must be addressed case by case. If NCUA continues its attempt at a wholesale solution to this individualized issue, some might argue that home-based credit unions are being punished for continuing to operate in a traditional, thrifty manner.

Examiner Convenience Should not be the Main Goal of the Regulation

It appears the main reasons for the proposal are concerns for examiner safety and for the convenience of the examiner. But NCUA has not made their case to show that home-based credit unions are either unsafe or less convenient than commercial work environments. The proposal seems to place the convenience of the examiner above the convenience of the credit union and the credit union members, all at the expense of the credit union.

Should a credit union's location pose a threat or hazard to any examiner, NCUA should address this with the individual credit union. NCUA can resolve the issue without creating financial issues for all home-based credit unions.

Adding a New Regulation is Unnecessary

NCUA already has authority to deal with any problems presented by a home-based credit union on a case-by-case basis. Examiners should address issues in a home-based credit union in the same manner as other credit unions, that is to say, a safety and soundness issue is identified then the credit union is required to resolve problems on a timely basis.

Concluding Comments

Thank you for the opportunity to address this proposed regulation. We believe strongly that no additional regulation is needed to address this issue and to that end, we would ask that this proposed regulation be removed from consideration by the NCUA board.

Sincerely,

Jerel Wright
AVP – Consulting and Compliance