



February 3, 2014

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

Sent via email to: regcomments@ncua.gov

Re: Comments on Proposed Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Regulated Entities

Dear Mr. Poliquin:

As a credit union with \$30 in assets and only 12 employees with two locations to serve our growing membership, we face many challenges in today's financial market. For any credit union to remain competitive we need to be able to offer products and services that meet the needs of our membership. Often times this means contracting with a third party vendor. Through our due diligence and vendor management process we already look at factors to determine a cost effective vendor we believe will meet the need we are looking for. If a vendor does not have a current diversity policy in place or does not meet the new requirements the potential vendor would be removed from our consideration. By adding additional requirement of minority/women inclusion the pool of available vendors will reduce and may hinder our ability to find the most cost effective vendor.

With the continued burden of new rules and regulations, the additional burden of these due diligence requirements could hinder new business opportunities for our credit union industry. How would a credit union verify, track and monitor a vendor that ensures they are meeting the diversity policy and practices? This additional burden during a time when the economic indicators are showing improvements is not what we need. No matter what asset size a credit union is, this regulation will put additional time and costs to regulatory relief to allow our credit union industry to thrive to survive through more freedom to make choices that better meet our member's financial needs.

While I understand the need to create standards based on credit union asset size and complexity, this proposed regulation could create problems from a regulatory enforcement or attorney's point of view. What one credit union and or vendor may view as sufficient may not be considered sufficient in the eyes of an examiner or attorney.

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This could open us up to potential litigation because we did not select a certain vendor or failed to actively recruit a significantly diverse pool of suppliers.

My other concern is the proposed standards in the workplace diversity. Credit unions have in place personnel policies that ensure compliance with the Equal Employment Opportunity Commission (EEOC). However, there is no legal requirement for credit unions with fewer than 100 employees maintain a diversity policy or report information under the EEOC rules or Dodd-Frank. In my case, our credit union only has 12 full time employees. To require us to gather and report diversity data would take time away from our service to our membership at a time when we continue to struggle to comply with the ever increasing compliance burdens. The data gathered from small credit unions, such as ours, regarding diversity would have little impact and in my opinion would be meaningless. In addition, in our area, our pool of people to hire is limited. Our population is not like a metropolitan area where the resource pool would be much greater. This limited pool puts undo pressure on small credit unions in small communities to comply.

In summary, I hope NCUA will develop standards in a manner that will minimize the information gathering and reporting burden on credit unions. Each additional regulation pulls away funds that could be better utilized to service our membership and/or build our capital. A “one size fits all” approach is not the way to go. NCUA could establish standards that are appropriate to the unique nation of credit unions.

In addition, I hope NCUA will keep the credit union vision in mind. To remember that credit unions were formed to help people of modest means to promote thrift in a cost effective way to live up to our national slogan of “People helping People”.

Sincerely,

Jonathan P. Matthews
Chief Executive Officer