

February 7, 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:

In response to the above reference proposal, Houston Federal Credit Union would like to offer the following comments:

1. Houston Federal Credit Union believes that NCUA should develop standards that consider the unique nature of credit unions rather than simply participating in a joint standard as currently proposed. In its current form, the burden of information gathering and reporting will be significant on all credit unions that are already stretched by other mandates brought about by the Dodd-Frank Act and other requirements imposed by the Consumer Financial Protection Bureau. We respectfully request that NCUA evaluate how such plans will be developed, implemented and maintained in credit unions with the intent of achieving the desired result of the Act while minimizing the regulatory burdens on credit unions.
2. We are opposed to the inclusion of supplier and contractor diversity practices, which was not mandated by Dodd-Frank. We have no method for measuring the diversity practices of our suppliers and contractors, and believe that such inclusion of supplier and contractor relationships will be harmful in terms of cost-efficiencies. Cost containment efforts have been critical to a sound system in recent years, and in the case of Houston Federal Credit Union, we have driven our operating expense ratio down by almost 100 basis points. By limiting choices, such results may not be achievable and could lead to safety and soundness issues if cost-efficiency is adversely impacted. Further, it favors larger institutions that have sufficient resources to meet the requirements, and will adversely impact smaller institutions that will not be able to create competitive advantage in light of a burdensome regulatory environment.
3. HFCU frequently assists smaller credit unions that struggle with the many burdens that are placed on the industry as a whole. It is difficult enough for larger credit unions to meet the requirements, let alone a small credit union that may only have a few employees. Based upon the current proposal, we understand that all credit unions will be required to meet the standards, which is contrary to Equal Employment Opportunity Commission standards that exempt

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smaller entities with fewer than 100 employees. Therefore, we respectfully request that credit unions with fewer than 100 employees be exempted from the section 342 assessments.

4. Dodd Frank does not require that financial institution diversity policies be posted publicly. We are opposed to the requirement, and do not believe that it is necessary in order for NCUA to assess whether a credit union is in compliance with diversity and inclusion mandates. We also believe that such a requirement is fraught with compliance issues in its current form and may give rise to discrimination and reverse discrimination claims, especially since the proposal does not clearly state what represents an acceptable level of "diversity and inclusion" in the organizational practices of regulated institutions.

Houston Federal Credit Union appreciates the opportunity to offer these comments and thanks NCUA for its consideration. If you have any questions, please do not hesitate to contact me at (281) 243-0750.

Regards,



Christopher Choat
President/CEO