



January 23, 2014

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

RE: Comments on Notice of Proposed Rulemaking for Part 701

VIA ELECTRONIC MAIL: www.regulations.gov

Dear Mr. Poliquin,

The Michigan Credit Union League (MCUL), the statewide trade association representing 98% of the credit unions located in Michigan and their 4.55 million members, appreciates the opportunity to comment on the National Credit Union Administration's (NCUA) proposal for requirements for home-based federal credit unions (FCUs).

The NCUA proposes to require examinations and other contact between NCUA staff and staff or officials from a FCU to occur in a FCU's business offices or other public locations, prohibiting meetings at a private residence. The NCUA is proposing this rule because they perceive that they have no way of ensuring that a private residence is a safe environment for its employees, or conducive to working efficiently and securely. The proposed rule raises concerns over lack of proper seating, lighting, and exposure to allergens, among others. Although the MCUL sympathizes with the concerns expressed by NCUA to the extent that it is important to ensure a safe environment for its employees conducting examinations, we don't believe requiring a business office addresses the NCUA's concerns. Having a business office does not negate the risk that NCUA examination staff would face travelling to credit unions in high crime areas, rural and desolate areas or office buildings that lack poor lighting and lack of seating. Safety issues for examination staff should be addressed directly with the credit unions where problems have been identified. The MCUL could support regulation where the NCUA examiners have justified and documented a safety concern with the credit union, provided an opportunity or timeframe for compliance to address the issues identified and took action to require retail space upon non-compliance with the NCUA's recommendations. The MCUL cannot support a proposal that employs an unwarranted, "one size fits all" approach.

The proposed rule also requires FCUs to maintain at least one method of communication (either telephone or e-mail) which is dedicated exclusively for the credit union's business purposes, and authorized credit union officials must monitor them "regularly." The MCUL does not object to this proposal, with the exception of the requirement to monitor them "regularly." If FCUs have disclosed office hours and days of operation available to their membership, does "regularly monitor" mean responses to e-mails and/or voicemail messages within those regular hours of operations? We encourage the NCUA to be cognizant of the

fact that many small credit unions operate during a limited number of days and hours in a given week, and will require flexibility.

The MCUL does not believe that the member privacy or record storage concerns the NCUA has addressed in their proposal are alleviated by the requirement of an office location. Maintenance of records in an office location could pose the same risks the NCUA has identified in home FCUs. There are many credit unions who store their member records in the basement of their "office" building, these records would be susceptible to the same risks the NCUA identified in a "home" basement. All credit unions are required to comply with record retention guidelines, including proper storage of those records. The NCUA should be addressing these identified issues individually with the credit unions and proposing proper solutions and resources to specifically those credit unions who may be violating these requirements or do not have the proper safeguards in place. In the NCUA's proposed rule, a home-based FCU complying with the record retention requirements, with a locked fireproof filing cabinet to store their records in their home office would be required to obtain office space to store their records. The NCUA indicates that they are sensitive to the challenges small credit unions face and want to ensure the long term viability of those institutions, but their rulemaking in this instance appears draconian and doesn't effectively address the issues identified. Instead of proposing an all-inclusive regulation to require all home-based FCUs to maintain office space, they should effectively seek a way to address those specific credit unions that have been identified as violating these requirements.

The MCUL strongly disagrees with the NCUA's approach to broadly apply regulations that will detrimentally impact many credit unions for issues that could easily be addressed on an individual, institutional basis. Unfortunately, the impact of these rules, if passed as proposed, will force in-home FCUs to end their services, merging or liquidating because they cannot afford the cost of compliance.

Sincerely,

A handwritten signature in black ink, appearing to read 'K. Ross', with a stylized flourish at the end.

Ken Ross
Executive Vice President & Chief Operating Officer