



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

NAFCU | Your Direct Connection to Education, Advocacy & Advancement

February 7, 2014

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

RE: Comments on Proposed Interagency Policy Statement Establishing Joint
Standards for Assessing Diversity Policies and Practices

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 request for comment on the proposed interagency policy statement establishing joint standards for assessing the diversity policies and practices of entities regulated by the agencies. NAFCU understands that these joint standards act as a guide for credit unions to assess their own existing diversity policies.

NAFCU understands that this proposed interagency policy statement is required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act). Section 342(b)(2)(C) of the Dodd-Frank Act directs the Offices of Minority and Women Inclusion of the agencies included in this multiagency policy statement to develop standards for assessing the diversity policies and practices of entities regulated by those agencies.

The Dodd-Frank Act also includes Section 342(b)(4) which mandates that nothing in section 342(b)(2)(C) “*may be construed to mandate any requirement on or otherwise affect the lending policies and practices of any regulated entity, or to require any specific action based on the findings of the assessment.*” NAFCU asks that the NCUA more clearly state that the proposed standards are not regulations or regulatory requirements, and are not subject to examinations.

Examinations

This proposed policy statement states “...the Agencies will not use the examination and supervision process in connection with these proposed standards.” While this language can be construed broadly, NAFCU would urge NCUA to provide more targeted language either in the final policy statement or in guidance to follow that explicitly states credit unions will not be held responsible for having this as part of their examinations. This

includes an assurance that credit unions will not be required to keep documentation for examiners and that this is not added to the examiner's checklist.

Procurement and Business Practices – Supplier Diversity

Working with vendors and developing third-party relationships are essential in enabling credit unions to meet the needs of their membership. NCUA has addressed third-party relationships in *Supervisory Letter 07-01*, which lays out detailed guidance for how to evaluate third-party relationships including how to understand risk and balance credit union safety and members' best interests. More specifically, *Supervisory Letter 07-01* informs most vendor selection practices by requiring a federal credit union to consider best value selection criteria, which is generally a combination of factors, including quality of services, value pricing, and delivery schedule. Complying with existing guidance under the standards established by *Supervisory Letter 07-01* ensures that federal credit unions can deliver products and services to their membership at premium value.

The proposed interagency policy statement, and more specifically the Procurement and Business Practices – Supplier Diversity section, does not take into consideration where this guidance may be inconsistent with or in contravention to *Supervisory Letter 07-01*. NAFCU urges the NCUA and the participating agencies to clarify how these policies and previous guidance can more clearly be implemented in concert.

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 mcoleman@nafcu.org or (703) 842-2244.

Sincerely,

A handwritten signature in cursive script that reads "Michael J. Coleman".

Michael Coleman
Director of Regulatory Affairs