

American Airlines Federal Credit Union

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June 4, 2007

Mary F. Rupp
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428

RE: Comments on Proposed Rule Parts 748 and 749

Dear Ms. Rupp:

I am writing on behalf of American Airlines Federal Credit Union (AA Credit Union). AA Credit Union has over \$4 billion in assets, is the ninth largest credit union in the United States and has over 209,000 members. I am writing in response to the National Credit Union Administration's (NCUA) request for public comment regarding the proposal to amend the regulations on records preservation.

Part 749

Under the proposed definition of "vital records," in 12 CFR 749.1(a)(3), the NCUA needs to be cognizant that while a credit union always strives to have a member's current address and telephone number, it is not always feasible. Members move without notifying their credit union, members change their telephone number without notifying the credit union or inadvertent errors may occur when a member's address or telephone numbers are entered into a credit union's system. Therefore, a credit union usually finds itself in the position of having a few invalid addresses and telephone numbers where it is not possible to contact a member.

While credit unions are always in the process of refining its records system and work closely with the U.S. Postal Service or even contract with third parties to obtain a member's current address, sometimes it is just not possible to obtain an address or telephone number. NCUA needs to be mindful that a requirement for a credit union to always have sufficient information to contact its members can become a very expensive project in terms of

JUN 10 2007 AM 10:13 BODDED

29

Mary Rupp
June 4, 2007
Page 2

resources and manpower. However the NCUA should also note that a credit union is *always* in the process of trying to get its members' most updated contact information so that a member can be contacted for the purposes of mailing of a member's periodic statement, for advertising, to verify a transaction and so on.

Under the proposed Part 749.2, the vital records preservation program requirement that the procedures must contain a "records preservation log **detailing for each record stored, its name, storage location, storage date and name of person sending the records for storage,**" does not take into consideration that records may also be stored using other types of media such as electronic images, cds, tapes and so forth. For example, at AA Credit Union almost all of our records are stored as image documents on our system. This process entails scanning the paper document into our imaging system. Except for where an original paper document is required to be kept such as a deed of trust or mortgage, once a paper document is imaged, that paper document is then destroyed. Additionally, every night, the Credit Union makes a tape copy of that day's transactions that occurred on our core system and it is delivered and stored at a third party's location.

For the imaged data, it is not helpful to list the name of the person who imaged the document because it is not relevant whether loan officer A or loan officer B was **the person** who imaged the loan document. Also, since the imaged documents are stored at the "same place" on our imaging system, listing the storage location is not helpful. For imaged documents that are stored by a member's name, the documents are grouped by document type such as consumer loan, mortgage loan and so forth. To again list this separately would not be helpful to us.

For our backup tapes, again it is our IT department who makes copies of these tapes, and it would not be helpful to list the name of the IT person responsible for making these backup tapes.

When finalizing this proposed rule, it should be taken into **consideration that credit unions** use various types of media to preserve its records in the event of a **catastrophe** and therefore, the NCUA should make recommendations only on the types of information that should be listed in a credit union's procedures, but there should be no detailed mandate as to the specific information that should be captured, since the importance of the information recorded by a credit union will largely depend on the type of media used to **store** the records.

Appendix B to Part 749

We recognize the importance of planning for business interruptions – **both** small and large. Our concern is the proposed Appendix B might be setting a standard that is almost **unattainable** for smaller to mid-size credit unions. AA Credit Union has **dedicated** resources

Mary Rupp
June 4, 2007
Page 3

and hired outside expertise that a smaller credit union might not be able to employ to complete a formal risk assessment and business impact analysis. Also, a formal risk assessment and business impact analysis can be very time-consuming depending upon the complexity of a credit union in terms of internal and third party applications used.

While it is expected that a larger credit union may have more complexity than a smaller one, it is possible for a smaller credit union that uses various internal and third party applications to also have the same type of complexity.

In the draft of Appendix B, we see the elements of the FFIEC Guidelines which all large credit unions are sure to address -- but perhaps element 3 requiring a written plan, element 4 reviewing the plan, and element 5 conducting annual testing are more in keeping for the broader audience of credit unions than elements 1 and 2, the business impact analysis and risk assessment respectively, which can be very time consuming and costly. We would also recommend that dependent upon the outcome of a credit union's annual review of its written plan that it may not be necessary to test the plan annually, but only periodically, especially if its program did not change.

Thank you for all of your diligent efforts on this Proposal. We appreciate the opportunity to comment on this matter. If you have any questions, please call me at 817-931-7004.

Sincerely,



Faith L. Anderson
Vice President & General Counsel

cc: J.M. Tippets
CUNA
NAFCU