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August 23, 2011

Mary Rupp, Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, VA 22314-3428  
Email: [regcomments@ncua.gov](mailto:regcomments@ncua.gov)

Re: Comments to the Proposed Amendments to the  
NCUA Regulations re: CUSOs 12 CFR Parts 712 and 741

Dear Ms. Rupp:

I have reviewed the proposed amendments to the CUSO regulations and would like to express Workers' Credit Union's objection to these new regulations. We view these regulations as unnecessary and excessive. More importantly, these regulations could hinder the success of CUSOs which would adversely affect the Credit Union industry. The added regulatory burden to the CUSO industry could have a higher likelihood of causing a safety and soundness problem than these new regulations would have in mitigating this potential risk.

As highlighted below, Workers' Credit Union has recognized a material benefit from its ownership position in eight CUSOs and its business partnership with multiple other CUSOs (two examples are provided). CUSOs are one of the few competitive advantages that Credit Unions can take advantage of; they are the vehicle in which collaboration is delivered in our industry. It is through collaboration that credit unions can generate greater scale to reduce operating costs and capitalize on best practices to deliver innovation. These new regulations will put that collaboration at risk.

- Workers' Credit Union owns and uses the services of an insurance CUSO. This CUSO enables us to earn revenue on insurance sales to our members. **In 2010 this CUSO generated over \$200,000 of net earnings for the Credit Union.**
- Workers' Credit Union is an owner of a multi-credit union owned member business loan CUSO. This CUSO helps process member business loan applications for nine other credit union owners and multiple other credit union partners. **During 2010 this CUSO generated a profit and processed \$8 million of member business loans for our Credit Union.**
- Workers' Credit Union is an owner of a multi-credit union owned Research & Development CUSO. This CUSO develops new products and services, many of which have benefited our Credit Union and our members.
- Workers' Credit Union is an owner of a multi-credit union owned CUSO that was launched by the R&D CUSO to develop an innovative new card product to reduce plastic card losses. This CUSO has developed the technology to materially eliminate these losses and is now testing this new product.

- Workers' Credit Union is an owner of a multi-credit union owned broker/dealer. This CUSO helps to deliver investment and insurance services to our members and generate earning for the credit union. **During 2010 the Credit Union generated over \$1 million of investment revenue through this broker/dealer.**
- Workers' Credit Union is an owner of a multi-credit union owned student loan CUSO. This CUSO helps to deliver student loans to young adults and it provides loans for the Credit Union. **This CUSO has generated \$14 million of student loans over the last two years.**
- Workers' Credit Union is an owner of a second multi-credit union owned student loan CUSO. **This CUSO has generated \$5 million of student loans to our members since it was launched in 2008.**
- Workers' Credit Union is an owner of a multi-credit union owned insurance and investment services CUSO. This CUSO helps to deliver insurance services to our members and increase earnings for the Credit Union.
- Workers' Credit Union contracts with a CUSO to process and underwrite our mortgage loans which is significantly less costly than we could do on our own. **In 2010 this CUSO helped us process and underwrite \$108 million of mortgage loans for our members.**
- Workers' Credit Union contracts with a CUSO to save money on realtor fees for our members selling their home. **In addition to saving money for our members, in 2010 this service provided 52 mortgage leads to our Credit Union.**

Furthermore, rather than waiving the requirements of the Regulatory Flexibility Act, NCUA should study the potential impact of these regulations on individual CUSOs before it considers implementing them. Most CUSOs would be considered small entities and the impact that these new regulations would have on these entities could be material. I believe that this study would give NCUA a better understanding of the collateral damage that such regulations could create.

We ask the NCUA to withdraw the proposed Amendment.

Very truly yours,



Douglas J. Petersen  
President & CEO

DJP/sjb

c: The Honorable Debbie Matz, Chairman  
The Honorable Michael Fryzel, Board Member  
The Honorable Gigi Hyland, Board Member