



August 23, 2011

SEP15'11 AM11:12 BOARD

Glenwood Branch
7906 W Marigold
PO Box 140809
Garden City, ID 83714
Phone:
(208) 493-0160
Fax:
(208) 375-0130

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

3rd St Branch
393 S 3rd St
Boise, ID 83702
Phone:
(208) 338-1186
Fax:
(208) 338-9768

Re: Comments on Notice of Proposed Rulemaking (CUSO)

Garden Valley Branch
321 Village Circle
Garden Valley, ID 83622
Phone:
(208) 462-4222
Fax:
(208) 462-4224

Dear Ms. Rupp,

On behalf of our Credit Union and the members of the Credit Union Service Organizations we partner with, I am writing to express a collective concern over the proposed amendment to 12 CFR Part 712 and 741, Credit Union Service Organization (CUSO).

Gowen Field Branch
4416 W Guard St
Boise, ID 83705
Phone:
(208) 343-3665
Fax:
(208) 343-7311

Currently, our Credit Union collaborates with and utilizes CUSOs that are deemed imperative to many facets of operation; the key services provided ranging from data processing to Financial and Retirement services. As a smaller, federally-chartered credit union, we heavily rely on third parties in order to streamline our processes and to discover new and innovative ways to better serve our membership.

Statesman Branch
1200 N Curtis Rd
PO Box 40
Boise, ID 83706
Phone:
(208) 493-0140
Fax:
(208) 493-0149

We feel that the imposed regulatory burden on CUSOs will impact those businesses in such a way that will certainly impede the growth of the CUSO, and subsequently, the credit unions that rely on them. CUSOs will most likely see the need to increase staffing, and possibly salaries for existing staff members. This in turn may cause the CUSO to drive up their costs. For instance, if a Financial Service Provider CUSO were to divulge their "trade secrets" or other proprietary information via the business plan and customer lists, that action may cause the CUSO to lose their "competitive edge" that they have against non-CUSO adversaries, leading to possible dissolution of business and ultimately, leaving a void in the credit union's operations.

E-mail:
cumail@lesboisfcu.org

Furthermore, we believe the NCUA would not be able to form an accurate picture of a CUSO's success, or be able to thoroughly assess the risk involved based solely on the financial statements provided to them. A CUSO that provides data processing services is of great operational importance to a credit union, but that value may not be apparent when judgment is passed based on the CUSO's balance sheet or income statement. Additionally, the third party risk assessments performed internally should be sufficient enough so that a credit union can make informed decisions as to whether or not investment in a certain CUSO would be prudent or otherwise.

www.LesBoisFCU.org

As previously mentioned, we are currently a federally-chartered credit union. However, our credit union is one that is actively seeking a state charter that would retain our

federally insured status. As a potential FISCU, we must also voice our contention over the proposed rulemaking that would require CUSOs to give NCUA access to their books and internal controls in order to obtain (or maintain) federal share insurance. While the concern that undercapitalized FISCUs investing in CUSOs is legitimate, the proposal seems extraneous; In accordance with Section 712 (d)(3), CUSOs that are owned by or have loans with FISCUs are already beholden to this "proposal".

In summation, the proposals set forth by the NCUA have the aspects of micro-managing. Inasmuch that the NCUA already has access to said records, and forcing CUSOs owned by FISCUs to submit their statements does not appear to solidify safety and soundness concerns, but rather increase the burden that is already shouldered; trading practicality for paperwork. CUSOs and credit unions work together synergistically to uncover and provide solutions that will secure the credit union's place in the industry.

Sincerely,

A handwritten signature in black ink, appearing to read 'Laurel Hitchborn', with a long horizontal flourish extending to the right.

**Laurel L. Hitchborn
Compliance Officer, CUCE
Les Bois Federal Credit Union
7096 W. Marigold Way * PO Box 140809
Garden City, ID 83714**