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September 16, 2011

The Honorable Deborah Matz
Chairman
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

VIA E-MAIL: regcomments@ncua.gov

RE: Credit Union Service Organization Proposed Rule

Dear Chairman Matz:

The Minnesota Credit Union Network (MnCUN) appreciates the opportunity to comment on the National Credit Union Administration's (NCUA's) proposed rule regarding credit union service organizations (CUSOs). By way of background, MnCUN represents the interests of Minnesota's 146 credit unions and their 1.5 million members. MnCUN urges the Board to withdraw the proposed rule or revise it substantially and respectfully offers the following comments in support of our position.

MnCUN is not opposed to reasonable supervision designed to protect credit unions and their members. However, MnCUN is opposed to implementing regulations that do not specifically target the regulatory concern for which they are proposed and instead create a blanket effect over many regulatory areas.

We are concerned that the proposed rule will hinder the true cooperative spirit of the credit union movement. Many Minnesota credit unions make loans to and invest in CUSOs to provide a wide range of financial services and product lines to their credit union members. This collaborative effort is necessary for many Minnesota credit unions to survive in today's increasingly competitive financial services marketplace. However, the proposed rule and its regulatory burden will deter the collaboration that CUSOs provide and credit unions rely on.

MnCUN is also concerned that the proposed rule will stifle the creation and development of CUSOs and therefore stifle the development and competitiveness of credit unions in the financial services industry. The regulatory burden placed upon CUSOs through

555 Wabasha Street North
Suite #200
St. Paul, MN 55102

Phone:
(651) 288-5170
(800) 477-1034

Fax:
(651) 288-5171

Web Site:
www.mncun.org

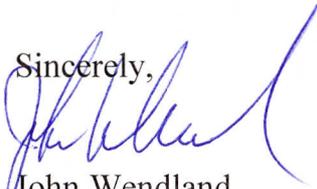
the proposed rule could potentially result in viability concerns for pending or start-up CUSOs.

It remains unclear whether NCUA has the authority to examine the books and records of federal credit union CUSOs. Now, under the proposed rule it is again unclear whether NCUA has the authority to require CUSOs to directly report to NCUA and state regulators. Given the fact that Congress removed NCUA's examination authority over CUSOs many years ago leads to the belief that NCUA should not have general examination power over CUSOs, including the power to require direct reporting to NCUA.

MnCUN also fears that the proposed rule will have a negative impact on NCUA's budget. With the added requirements imposed upon CUSOs through this proposed rule, NCUA would likely need additional staff to review and analyze the information provided. This would add costs associated with the requisite additional staff time that would eventually be passed on to credit unions that are already dealing with a difficult economic environment.

Again, MnCUN appreciates NCUA's efforts in trying to protect credit unions and their members. However, this proposed rule will not only hinder the cooperative spirit of the credit union movement but will stifle both credit union development in providing new services to its members and credit union competitiveness in today's financial services marketplace. Therefore, MnCUN urges the Board to withdraw the proposed rule or revise it substantially. If you have any questions about our comments and suggestions, please do not hesitate to contact me at (651) 288-5170.

Sincerely,



John Wendland
General Counsel