



September 23, 2011

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

Re: Comments to Proposed Amendments to the NCUA Regulations (12 CFR Parts 712 and 741)

Dear Ms. Rupp:

As the Executive Vice President of Vantage Credit Union, I appreciate the opportunity to comment on the NCUA's proposal to expand regulatory requirements for credit union service organizations (CUSOs). NCUA's proposed amendments to the current CUSO regulations raise significant concerns for Vantage Credit Union and its wholly owned CUSO Members Resource, LLC. Therefore, I am writing you today to express my strong opposition to the above referenced Amendments to the NCUA Regulations regarding CUSOs.

If a credit union is to successfully compete with other financial institutions, as well as the rapidly growing number of non-traditional/unregulated competitors, the credit union must provide a comprehensive offering of financial products and services. By offering a diverse product and service mix, the credit union – CUSO partnership provides numerous opportunities to innovate, collaborate and cross-sell, as well as generate additional efficiencies and revenue to obtain more business from Vantage Credit Union members.

Through our CUSO, Members Resource, LLC, Vantage Credit Union members, as well as members of 16 smaller credit union clients, have had access to valuable mortgage and insurance products that have made a real difference in these members' lives. In addition, Members Resource, LLC has been an important source of income for Vantage Credit Union. Not only has our CUSO paid all of its own operational expenses, it has also declared cash dividends payable to Vantage Credit Union and paid Vantage Credit Union intercompany reimbursements. These cash reimbursements are not insignificant and further regulation will erode the cash amounts that our CUSO is able to contribute back to Vantage Credit Union.

NCUA's legal authority to approve the proposed regulatory changes is questionable. NCUA does not have regulatory authority over CUSOs yet this proposal requires CUSOs to provide financial information directly to NCUA which NCUA will retain and evaluate. This sounds like vendor authority and direct regulation of CUSOs which has not been authorized by Congress.

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By imposing additional regulatory burdens on CUSOs, NCUA would essentially put CUSOs at a competitive disadvantage with non-CUSO competitors. NCUA wants CUSOs to submit their confidential business plans, balance sheets, income statements and confidential customer lists. In gathering and holding this information, NCUA puts CUSOs in a competitive disadvantage by exposing private business secrets to public dissemination through FOIA requests. CUSOs are the collaborative arm of credit unions trying to solve operational and financial issues for credit unions and credit unions should not have unnecessary hurdles placed in their path as they seek solutions to their sustainability.

CUSOs help credit unions earn and save millions of dollars under the current regulatory model. There is no evidence that CUSOs pose a systematic risk to credit unions that requires regulatory change. The aggregate amount invested in, and loaned to, CUSOs is only 22 bps of industry assets. It's inconceivable that this truly can represent "systemic risk" to the industry, especially when the total aggregate investment in, and loans to, CUSOs is considerably less than the annual corporate stabilization assessments in any of the last three years. Each credit union's CUSO investment risk is less than 1% of its assets. NCUA already has the ability to examine the books and records of CUSOs and exercise full leverage over the credit union owners to resolve any safety and soundness issues. NCUA cannot make the case that CUSOs had anything to do with the financial difficulties in the credit union industry.

NCUA's two reasons for imposing regulatory authority over all CUSOs are inadequate to justify new regulation. NCUA desires parity with banks' regulatory authority over bank operating subsidiaries yet there is no evidence that the banks' regulatory authority over bank operating subsidiaries mitigated bank losses during the economic crisis. NCUA cites substantial loan losses realized in a certain business lending CUSO. Even if CUSOs that make business loans pose a risk that need addressing, NCUA's attempt to apply a regulatory cure for a business lending CUSO to all CUSOs is misguided when business lending CUSOs are estimated to constitute less than 1% of total CUSOs.

The additional costs of the proposed CUSO rule in staffing and operational budget of NCUA is an unjustified and unnecessary expense the industry will have to bear. If NCUA expects to hire experts in every type of business CUSOs engage in, the costs will be staggering.

In closing, CUSOs do not need additional regulation and NCUA's reasons for regulatory authority over CUSOs does not make practical business sense.

On behalf of Vantage Credit Union and our wholly owned CUSO Members Resource, LLC, I respectfully ask that NCUA withdraw the proposed Amendment.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric Acree". The signature is fluid and cursive, with a large initial "E" and "A".

Eric Acree
Executive Vice President