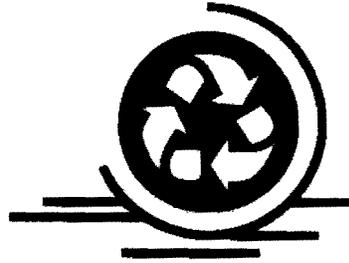




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September 20, 2011

SEP26'11 AM11:00 BOARD

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

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

Ms. Rupp:

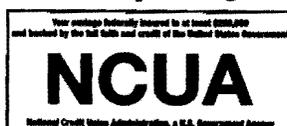
As a credit union CEO, I wish to express my opposition to the NCUA proposal to amend the regulations for credit unions service organizations (CUSOs), 12 CFR Parts 712 and 714. CUSOs are independent corporations owned by credit unions and provide backbone services for the credit union industry through data processing and other relevant services.

NCUA's legal authority to approve the proposed regulatory changes is suspect. 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 looks and feels like vendor authority and direct regulation of CUSOs which has not been authorized by Congress.

The proposed rule would require all CUSOs to file quarterly reports not only with the NCUA but in every state where a credit union has ownership in a CUSO. In practice, this means a CUSO with a national presence would have to file quarterly reports with dozens of states. This requirement is costly and unduly burdensome not only to the CUSO, but also to the states that receive these quarterly reports. In addition, the supplemental 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.

Furthermore, the NCUA already has indirect supervisory ability through their direct oversight of credit unions. The NCUA can request the financials of credit unions and the financials of every investment the credit union has made. Thus the NCUA already has all the information needed to provide credit union with guidance regarding CUSO investments.

Many very successful CUSOs that drive significant savings and income to credit unions do not have a sizable capital structure or generate income. Operational CUSOs are designed to save the credit union's operating costs and not to make money. Financial

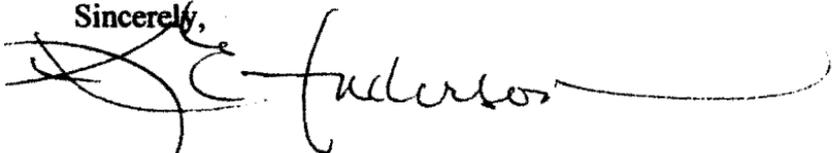


service CUSOs are often formed solely for marketing or license purposes and income flows from a third party vendor directly to the credit unions. If NCUA is to review CUSOs based solely on balance sheets and income statements, there are questions that must be answered. How does NCUA expect to see the value of CUSOs to credit unions or analyze risk solely through a balance sheet or income statement? What will be the NCUA's standards of review for CUSO success? Does NCUA intend to shut down a CUSO that does not have a large balance sheet or income statement regardless of the positive financial or service impact the CUSO has for its credit union owners?

Please vote no against this proposed regulation. The proposal does not effectively address any key concerns within the credit union industry, and merely adds unnecessary burdens to CUSOs, devaluating our credit union investment. Because credit unions are owned by our membership, anything harmful to the credit union ultimately is harmful to our members.

Thank you very much for your time and consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Karen E. Anderson", with a long horizontal flourish extending to the right.

Karen E. Anderson, CCUE
CIFCU CEO

cc. The Honorable Debbie Matz, Chairman
The Honorable Michael Fryzel, Board Member
The Honorable Gigi Hyland, Board Member