

From: [James Boyd](#)
To: [Regulatory Comments](#)
Cc: syashewski@tcul.coop
Subject: Abilene Teachers Federal Credit Union Comments on Notice of Proposed Rulemaking (CUSO)
Date: Monday, September 26, 2011 4:09:31 PM

Dear Chairman Matz,

Abilene Teachers Federal Credit Union (ATFCU) is a \$322+ million, 33,000+ member credit union located in Abilene, Texas serving sixteen counties of public school employees as well as two underserved counties. I'm writing due to our concerns over the proposed rulemaking on CUSOs. ATFCU does not have a CUSO, nor do we plan on forming one at any time in the near future.

We oppose the requirement that CUSOs provide financial statements directly to NCUA and state regulators on the grounds that this exceeds NCUA's authority. However, we support enhanced transparency for credit unions, including more information from CUSOs to participating credit unions. We also support an exemption or waiver process from the requirements to follow GAAP and GAAS for small CUSOs for which such requirements would impose a significant burden.

We oppose the proposed provisions concerning National Credit Union Share Insurance Fund (NCUSIF) coverage as punitive and regulatory overkill.

Several questions are brought up by this proposed government agency overreach:

- What is meant by a subsidiary? Does a CUSO have to have controlling interest in a company or does a 1% ownership in a company make the company a subsidiary?
- NCUA will curtail the power of credit unions with less than 6% capital to invest in CUSOs if the aggregate cash outlay to a CUSO exceeds the CUSO investment limitation on a cumulative basis. How far back does the cumulative calculation go? What if a credit union invested in a CUSO ten years ago, does that count? How do investments in other CUSOs figure in to the analysis?
- What is the procedure to obtain NCUA approval to make additional investments? What are the standards of review that NCUA will use? Is there a time period in which NCUA must respond to a request or can the request go unanswered?

Many successful CUSOs that drive significant savings and income to credit unions do not have a sizable capital structure or generate income and they create additional 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?

In closing, it's our belief that NCUA is again overreaching. Rather than trying to regulate and pry into every CUSO, maybe NCUA should try and concentrate on those that have demonstrated problems in the past and solve that issue.

Sincerely,

James Boyd
President / CEO

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