

Mary Rupp, Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexander, VA 22314-3428
Email: regcomments@ncua.gov

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

Dear Ms. Rupp:

On behalf of the credit unions in the state of Iowa, I appreciate the Opportunity to comment on the National Credit Union Administration's (NCUA) proposed changes to Regulations 712 and 741. The Iowa Credit Union League (ICUL) is the non-profit trade association that represents the interests of Iowa credit unions and their nearly one million members. ICUL is concerned about the regulation of CUSOs as they play a vital role in the services Iowa credit unions are able to offer their members. ICUL is opposed to the new amendments concerning CUSOs for the following reasons.

We believe the NCUA's information disclosure and regulation of CUSOs may stifle the ability of CUSOs to innovate and provide collaborative solutions that will sustain credit unions. Regulatory considerations will often replace value factors in the decision to invest in a CUSO and not provide any substantial regulatory value beyond what already exists, especially for CUSOs that are regulated by other financial services regulators (e.g., SEC and insurance regulators).

In Iowa, at least 30 credit unions of all asset sizes have invested in or loaned money to CUSOs to provide better services to their members. Credit union members have better access to services such as insurance products, member business lending, and facilities to conduct their financial transactions as a result of CUSOs. For example, several small credit unions in Iowa collaborated to form a CUSO and construct a building for their members. Each credit union is able to minimize their expenses by sharing office space, with a drive-up window specific to each credit union. This may not have been possible with the additional regulatory burdens that the NCUA is now considering.

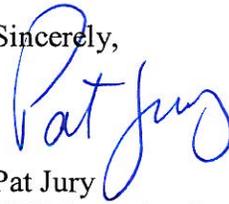
By imposing additional regulatory requirements, CUSOs are put at a competitive disadvantage with non-CUSO competitors. The NCUA is requesting CUSOs to submit their business plans, balance sheets, income statements and customer lists. In gathering and holding this information, NCUA may put CUSOs in a 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. The additional regulations may severely affect the credit unions' ability to seek solutions to their sustainability.

CUSOs help credit unions earn and save millions of dollars under the current regulatory model. CUSOs do not pose a systematic risk to the credit union industry. The aggregate amount invested in and loaned to CUSOs is only 22 bps of industry assets, which is less than the annual corporate stabilization assessments in any of the last three years. The 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.

We believe the additional costs of the proposed CUSO rule in staffing and the operational budget of NCUA would be an incredible burden to the industry. If the NCUA seeks to hire specialist in every field, the costs could be overwhelming.

Based on the points set forth above, we ask the NCUA to withdraw the proposed Amendment.

Sincerely,



Pat Jury
CEO Iowa Credit Union League

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

515.221.3000 *telephone*
800.860.6180 *toll-free*
515.221.3010 *facsimile*
1500 NW 118th Street
Des Moines, IA 50325
IowaCreditUnions.com



ICUL

IOWA CREDIT UNION LEAGUE