



New England Federal Credit Union

September 26, 2011

Ms. Mary Rupp
Secretary of the Board
NCUA
1775 Duke Street
Alexandria, VA 22314-3428

RE: CUSO Rulemaking

Dear Ms. Rupp:

Thank-you for the opportunity to comment on NCUA's proposed rule regarding Credit Union Service Organizations (CUSOs). At New England Federal Credit Union, we believe that CUSOs are an important part of the credit union business model. They represent opportunities to augment credit union services and can provide diversified sources of fee income.

We do not agree with the proposed requirement that all CUSOs file reports directly with NCUA. We view this as unnecessary overhead for a CUSO and even for the NCUA. Rather, NCUA should work with credit unions and examiners to help ensure they are both fulfilling due diligence requirements and avoiding any problems by using existing supervisory authority. In fact, we believe it is only within the context of an exam that CUSO risk be effectively analyzed. This seems a far more efficient model for both the credit union and the NCUA.

We do agree that it should be a condition of federal share insurance for FISCUs to require their CUSOs to give NCUA access to their books, to require annual audits and to follow GAAP accounting. We do not believe that there should be an inconsistency between the way Federal and State chartered credit unions are treated in this area.

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We also agree with the “Special Rule for Less than Adequately Capitalized FCUs.” Credit unions that have lower levels of capital are more of a risk to the system and should be more closely scrutinized. Management of these credit unions should be more constrained in the ways they can choose to use their limited capital.

We do not think that the proposed exemptions that SSAs can seek for FISCUs is meaningful. We believe that all rules should be applied consistently to any federally insured credit union. Similarly, we believe that subsidiaries of CUSOs should be subject to NCUA’s CUSO regulations to the same extent as a normal CUSO.

Sincerely,

A handwritten signature in black ink that reads "Susan E. Leonard". The signature is written in a cursive, flowing style.

Susan E. Leonard
Chief Financial Officer
Senior Vice President