

BOARD ACTION MEMORANDUM

TO: NCUA Board

DATE: November 19, 2008

FROM: Office of General Counsel

SUBJ: Final Rule: Credit Union Service Organizations (Parts 712 and 741)

ACTION REQUESTED: Board approval of final rule amending credit union service organization (CUSO) rule.

DATE ACTION REQUESTED: December 18, 2008.

OTHER OFFICES CONSULTED: Office of Examination and Insurance, All Regional Directors, Office of Small Credit Union Initiatives, Office of Capital Markets and Planning, Office of Corporate Credit Unions.

VIEWS OF OTHER OFFICES CONSULTED: Concur.

BUDGET IMPACT, IF ANY: None.

SUBMITTED TO INSPECTOR GENERAL FOR REVIEW: Yes.

RESPONSIBLE STAFF MEMBER: Ross Kendall, Staff Attorney, Office of General Counsel.

SUMMARY: The amendment would: add credit card loan origination and payroll processing as permissible CUSO activities; add several, new examples of permissible CUSO activities within existing categories and expand the scope of certain services to include persons eligible for credit union membership; impose limits on the ability of credit unions to recapitalize CUSOs in certain circumstances; revise and extend the agency access to records and corporate separateness provisions in the rule to federally insured, state chartered credit unions; clarify that CUSOs may buy and sell participations of loans they are currently authorized to originate; and delete as unnecessary the section in the current rule concerning amendment requests. The rule would also create a process by which a state regulatory authority may request an exemption from the access to records provisions for credit unions in that state.

RECOMMENDED ACTION: Recommend the Board issue the Final Rule.

ATTACHMENT: Final Rule.