



GREYLOCK FEDERAL

August 12, 2011

Ms. 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 & 741

Dear Ms. Rupp:

Greylock Federal Credit Union respectfully requests that NCUA reconsider the above referenced Amendment to the NCUA Regulations regarding CUSOs. Our CUSO provides insurance services to our members and marketing services. This year alone the CUSO has generated over \$420,000 in net profit, providing a significant boost to our net worth at a time when economic recession and NCUA assessments are placing pressure on earnings. Our CUSO provides an important source of revenue which does not expand our balance sheet.

Based on our experiences as CUSO owners and operators for nearly a decade, we oppose the draft Amendment for the following reasons:

- ***CUSOs do not pose a systemic risk to the credit union system.*** The aggregate amount invested in and loaned to CUSOs is only 22 bps of industry assets. Each credit union's CUSO investment risk is less than 1% of its assets, and many credit unions invest far less than the maximum allowed. Greylock, for example is a \$1.2 billion institution and could invest up to \$11.8 million into our CUSO. Today we have only invested \$4.125 million, an amount that is immaterial when compared to our total assets and net worth. In cases where a credit union's capital level is depleted or NCUA has a concern about excessive risk, your agency 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.
- ***New regulation will increase financial burdens at the worst possible time.*** Credit unions like Greylock are working hard to assist families and businesses working out of the recession. At the same time we are absorbing the costs of increased regulation and financial reform. New CUSO regulations will require more investment in administrative and legal expertise by Greylock, decreasing our fee income. NCUA's costs will also increase substantially as you add experts in the diverse service areas covered by CUSOs, such as insurance, investments, marketing and more. These are funds that you and we could put to much better use.

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- **Competitive Disadvantage.** The primary source of income for Greylock's CUSO comes from Property and Casualty insurance, as well as employer health plans. In our region, we see intense competition to provide these services. Having our business plans, balance sheets, and income statements submitted to NCUA, and therefore available to the public through FOIA requests, would place us at a significant disadvantage. We expect that the impact of additional regulation would lead directly to a loss of business for our CUSO's insurance operation.

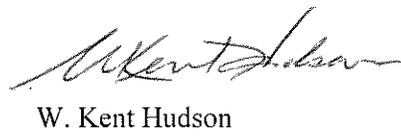
Greylock's CUSO is an important source of revenue for our institution, and is also provides significant value to our members and to our community. In a time of great uncertainty, families and businesses appreciate being able to secure insurance services and sound advice from local people they can trust, who are invested in this community over the long haul. We operate our CUSO in a safe and sound manner, with input from legal counsel as needed to ensure we remain compliant with all regulations. We are also diligent with regard to the extensive insurance regulations to be found in Massachusetts and New England. And our NCUA examiners, along with our independent auditors Wolf & Co., have taken the opportunity to review our CUSO operations, and provided helpful recommendations about strengthening our administration of the business even further.

We do not see any rationale for additional regulation of CUSOs, and we respectfully ask that NCUA withdraw the proposed Amendment.

Sincerely,



Marilyn L. Sperling
President and Chief Executive Officer
Greylock Federal Credit Union



W. Kent Hudson
President
Greylock Financial & Insurance Services, LLC.

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