



# THORNAPPLE VALLEY COMMUNITY CREDIT UNION

August 15, 2011

Ms. Mary Rupp  
Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, Virginia 22314-3428

Dear Ms. Rupp:

I was recently made aware of the NCUA's proposed revisions to the CUSO Regulation (12 CFR Parts 712 and 741). The proposition is alarming in its implications of direct CUSO regulation by the NCUA despite no Congressional authority to do so, and to the negligible benefit it provides when compared with the harm it poses to credit unions and the CUSO model.

Although the NCUA may be well-intentioned as it acts in the name of "safety and soundness," the proposal has provided little evidence to support the need for direct regulation of CUSOs. As the NCUA has the ability to indirectly influence CUSOs through its regulation of credit unions, I see little value in the addition of requiring CUSO business plans, balance sheets, income statements, and customer lists. Not only does this place CUSOs at a competitive disadvantage to non-CUSO competitors by exposing private business secrets to public dissemination through FOIA requests, but it overlooks the core principles of the CUSO industry and the value they provide to their credit union partners.

The "systematic risk" CUSOs are suggested to pose seems an exaggeration as the aggregate amount invested in and loaned to CUSOs is only 22 bps of industry assets. Business lending CUSOs constitute less than 1% of total CUSOs and existing statute limits a credit union's CUSO investment to less than 1% of its assets. Given the lack of evidence to support CUSOs' involvement in the difficulties of the financial industry, I find the proposition an unnecessary risk to the CUSO industry and an unnecessary cost to the NCUA operational and staffing budget in light of recent economic developments—an expense the credit union industry would likely bear.

CUSOs have helped credit unions earn and save millions of dollars, and embody the spirit of cooperation that formed the industry that the NCUA now governs. These regulatory burdens do not protect credit unions; they damage their ability to seek innovative means of attaining sustainability.

Please reconsider the need, value, and burden of this proposal.

Sincerely,

Cassandra Thayer, Manager of Operations and Accounting

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