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August 22, 2011

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

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

Dear Ms. Rupp:

I write as counsel to the Maine Credit Union League, a trade association representing credit unions operating in the State of Maine. A great many of the League's constituent credit unions own in whole or in part, and operate, or participate in the operation of credit union service organizations. We observe that credit unions face tremendous challenges in the marketplace and in the credit union industry economy today.

Since the advent of credit union service organization enabling regulations, credit unions have utilized CUSOs to add additional financial services product lines and to generate net income necessary for survival in the ever increasing competitive financial services market. CUSOs have provided an avenue for many credit unions to take on new services, and to meet the demands of credit union members for particular financial services and/or related needs. The reality is that many Maine credit unions have supplemented net income through CUSO ownership, whether the CUSO is wholly owned or with shared ownership with other credit unions.

It is the League's position that the NCUA's proposed new amendments to Parts 712 and 741 do not provide legitimate *additional regulatory oversight beyond that in existence in today's Part 712.*

The July 21, 2011 Draft Board Action lists five broad categories of new proposed "required information."

Under “General Information,” the examples referenced are available today pursuant to Part 712 and its various components. These include 712.3(a) with respect to incorporation details and 712.3(d) for audit and financial information, including subsidiary information.

In the category entitled “Board and Management,” while this information would likely be readily proffered by any CUSO during an NCUA examination process, we fail to see a legitimate purpose for the compulsory production of this data.

CUSO “Services,” may be determined during an exam for compliance with Section 712.5. There is clearly no need to address service menus in a new regulatory overlay.

“Customer Listing” is troublesome from a number of standpoints. Listing clients by charter name, service or levels of activity is unduly intrusive and the public nature of this information can pose significant risks to business plans, competitive advantages and may chill the enthusiasm of vendors and “users” of CUSO services. Frankly, this smacks of more “big government” at a time when our industry, the economy and our country desperately need less government than more.

The “Balance Sheet and Income Statement” provision as proposed seeks to obtain information which may be obtained today by an examination targeting compliance with Part 712.2!

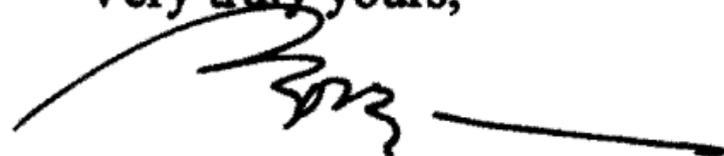
Today’s Regulations limit and cap credit union loans to and investments in CUSOs. The options or choices for permissible entities are strictly limited, as is the “customer base” of a CUSO. Credit unions are required to account for all transactions according to GAAP, to produce quarterly financials and a CPA audit. The NCUA limits permissible activities and requires due diligence in establishing “corporate separateness.” Part 712.3(d)(3) provides overarching authority to the NCUA and its examiners to access all CUSO books and records, internal controls, operations and administration to assure compliance with applicable law.

Maine CUSOs have served credit unions and credit union members very well. There are highly successful, wholly owned CUSOs in the general lines insurance industry, the mortgage servicing business and alternative financial services arenas. There are multi-credit union owned CUSOs in the mortgage origination and servicing business that are overwhelmingly successful and there are plans in the making for other credit union collaborative CUSO ventures designed to return profits to participating credit unions in exchange for the delivery of valuable and competitive financial services to credit union members and others, as permitted in applicable trade areas. To add additional layers of unnecessary regulatory review and access will discourage new credit unions from investing in CUSOs and add additional, unnecessary expenses, to those credit union entrepreneurs that have gone outside the boundaries of traditional credit union services to enhance income and to broaden the scope of member services. The proposed amendments to the NCUA Regulations will adversely impact current and future

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**CUSOs and the credit unions who form and operate them. We strongly encourage you and the NCUA Board to decline to act further on the proposed amendments and for good reason.**

Very truly yours,

A handwritten signature in black ink, appearing to read 'RRR', followed by a horizontal line extending to the right.

**Roderick R. Rovzar**

RRR/jad