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September 14, 2011

Mary Rupp, Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428
Email: regcomments@ncua.gov

SEP20'11 PM 3:32 BOARD

Re: Proposed Regulations re: CUSOs 12 CFR Parts 712 and 741

Dear Ms. Rupp,

This comment letter is presented in response to NCUA's call for comments to the proposed amendments to the Agency's CUSO Regulations.

We fail to see where CUSOs pose a risk to the credit union system. We feel the National Credit Union Administration should withdraw this proposal.

The CUSOs that have failed or had issues have not posed a systemic risk to our system or our NCUSIF. If there is other data that refutes this belief it has not been presented by NCUA. NCUA has access to the 5300 information to track problem areas within the system. Basic incorporation rules require a legal opinion that limits the credit union investment to no more than the legal amount invested or loaned to a CUSO.

Existing powers allow the NCUA options if a troubled CUSOs failure should cause credit unions harm. These powers should be exhausted before more regulations are imposed. The agency should target problem areas with their existing powers before creating more regulations.

The credit union system needs CUSOs to remain viable. Expanding regulatory burdens will make CUSOs less viable and less competitive than other system vendors.

We urge the withdrawal of this proposal.

Sincerely,

Roger Michaelis
President/CEO