



September 22, 2011

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

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

Dear Ms. Rupp:

Credit Union Student Choice is the leading provider of private student lending solutions to America's credit unions. Now serving more than 210 clients, our CUSO enables credit unions to provide their college-bound members with a fair-value alternative student lending option, while also delivering a solid return to the credit union's balance sheet. To date, these credit unions have helped more than 24,000 families fund their education at nearly 1,400 colleges and universities around the country.

Offering a school-certified private student loan is a complex process and requires a significant investment of resources. Without Student Choice, many credit unions would not have the financial or operational resources to create and maintain an in-house student lending solution. The inability to offer this product would force members to borrow from banks and private student lending companies rather than their local, not-for-profit, credit union.

Our CUSO structure provides tremendous benefit to owners, clients, and ultimately, credit union members. With 15 total owners, including 12 credit unions and two CUSOs, the investment risk was lowered significantly. In addition, our credit union owners (who are also clients) are able to leverage their business expertise, in conjunction with governance authority and enhanced transparency with key service providers, to build a solution that successfully addresses the myriad challenges faced by today's credit unions.

Additionally, Student Choice supports the success of other CUSOs. Credit Union Direct Lending (CUDL) and PSCU Financial Services, serving an additional 1,500 plus credit unions, both provide key services within our solution.

In light of our strong support of CUSOs and their role within the credit union industry, the proposed additional regulation of CUSOs is of grave concern to us. This proposal, which requires CUSOs to begin directly reporting to NCUA, states that the reporting supplied will become the



foundation for distribution of resources in preparation of CUSO reviews. This proposed requirement and the subsequent review have the effect of placing the CUSO under the direct regulation of the NCUA.

While we certainly understand NCUA’s interest in obtaining accurate information, we believe NCUA already has this ability by examining the books and records of CUSOs, as well as accessing any due diligence performed by a credit union on the CUSO. Implementing additional regulatory burdens on CUSOs will essentially impose a “CUSO tax”, stifling innovation and competition, and negatively impacting the significant income and cost savings that CUSOs currently generate for thousands of credit unions.

Additionally, providing our business plan, balance sheets, income statements, and client lists would pose a direct threat to Student Choice. Through the Freedom of Information Act (FOIA) our non-CUSO competitors would have access to this information, which would put us at a competitive disadvantage.

With only 2% of individual credit union assets and 22 basis points of total industry assets invested in CUSOs, it is inconceivable to believe that CUSOs pose a systematic risk to credit unions. Accordingly, we strongly believe that NCUA can achieve desired outcomes by working with credit unions and CUSOs within the regulatory framework that currently exists, as opposed to implementing additional regulation that will have many unintended negative consequences.

CUSOs like ours embody the true spirit of cooperation, and it is this spirit in which credit unions were originally formed—the same credit unions that NCUA now regulates.

Credit Union Student Choice respectfully requests NCUA withdraw its CUSO regulation proposal.

Sincerely,

Jon Jeffreys  
President  
Credit Union Student Choice

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