Willamette BUSINESS GROUP
503.375.2448
P.O. Box 12398
Salem, OR 97309
fax: 503.779.1817
www.willamettebusinessgroup.com

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

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

Dear Ms. Rupp,

We write this letter to you today to respectfully ask NCUA to reconsider the proposed amendments to the CUSO regulations. As an entity, we represent eight credit unions that came together to consolidate their efforts around business lending through one, best practices CUSO, Willamette Business Group, LLC. Through our united efforts, we have created a vibrant, professionally managed, financially strong organization that provides significant benefit to all investors – something that could not have been achieved independently.

Executives with all of our credit union investors have read where the NCUA has cited failed business lending CUSOs (or perhaps just one business lending CUSO spoken of very generically) as a threat to the NCUSIF, calling CUSOs a systemic risk to the credit union industry. We know that the total investments in CUSOs pose no significant threat to the NCUSIF. Through statements made by NCUA Board members to support the NCUA's request to raise in the MBL cap, we know that vast majority of credit unions and CUSOs are providing performing business loans that serve members, drive needed income to credit unions and help our economy. We are concerned that alarmist statements concerning systemic risks and the danger of CUSOs providing business lending expertise is not supported by NCUA's own assertions. Further, these statements can only provide fodder for those who would like to see the credit union industry eliminated as a competitive presence in the marketplace. NCUA should withdraw such comments immediately.

We also recognize that these broad statements are generally a reflection of NCUAs position on the Texan's Credit Union business lending CUSO – which was, in fact, a shell CUSO run by Texas Credit Union executives. A company that is sick has a habit of making any department within it sick. The Texan's business lending CUSO was essentially a department totally controlled by a single credit union – not a fully independent CUSO with a team of dedicated experts reporting and accountable to a professional board of directors/managers from multiple credit unions. The Texans CUSO experience does not support the argument that the entire CUSO industry is in need of further regulation.

The reality of an entity such as Willamette Business Group is that the NCUA already has considerable authority over it. In the State and or Federal examination of each Credit Union investor, the examiners review the loans underwritten by the CUSO that are held by the Credit Union investor. Clearly, in business lending CUSOs, the biggest threat to insolvency is underwriting quality – something that is reviewed by examiners at every examination. Further, because Maps Credit Union bears the responsibility of the ongoing operation, the State of Oregon Division of Finance and Corporate Securities, in combination with the NCUA, has made it clear that they hold Willamette Business Group and Maps Credit Union to a higher underwriting standard. At each Maps Credit Union examination, Willamette Business Group is examined with an eye toward this higher underwriting standard.

A simple review of the performance of Willamette Business Group, since its inception in 2005, can only be described as a success story. Return on investment for Credit Union owners has ranged between 5% and 10% since inception while contributing some of the strongest performing assets in our investor's portfolios. To date, Willamette Business Group has not sustained a delinquency. We are not alone in these statistics – the vast majority of Business Lending CUSOs have quietly performed remarkably well through one of our country's most difficult economic times.

If there is a concern related to the performance of CUSOs, a more prudent direction to take would be to look at the risk imbedded in industries where CUSO's serve credit unions and to devise a way to mitigate this risk. If business lending CUSOs are the riskiest CUSOs, determine a protocol designed to assess key weaknesses and then work through its credit union owners to resolve those weaknesses. NCUA already has this power and has demonstrated repeatedly that when it wishes to have impact, it does so very successfully. There is nothing healthy about blanket regulatory policy designed to manage CUSOs down to the lowest common denominator – in fact, it has the effect of creating greater weakness in the majority of CUSOs that are healthy.

Please know that we would welcome any further conversation with you on this matter. We can be reached at 503.588.0181 and would love to play a role in insuring that our CUSOs are not further burdened by additional blanket regulatory oversight.

Thank you,

Patty Walker
President
Willamette Business Group

Robert Blumberg
President/CEO
Wauna Federal Credit Union
Board Member – Willamette Business Group

Shirley Cate
President/CEO
Providence Federal Credit Union
Board Member – Willamette Business Group

Georgene McAlhany
Chief Administration Officer
Central Willamette Credit Union
Board Member – Willamette Business Group

Mark A. Zook
President/CEO
Maps Credit Union
Board Member – Willamette Business Group