

Honorable J. Mark McWatters, Chairman
Honorable Rick Metsger, Board Member
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

RE: Review of NCUA Regulations

Dear Chairman McWatters and Board Member Metsger:

Workers Holdings, LLC is the holding company for the multiple Credit Union Service Organizations (CUSO's) operated on behalf of Workers Credit Union. Workers is one of the oldest credit unions in the United States and a principal proponent of facilitating the soundness of the credit union movement through cooperative activities enabled by CUSO's. We appreciate this opportunity to share our thoughts on the NCUA proposal to review existing regulations, and believe the credit union industry will greatly benefit from the Board's continued endeavors to update and modernize our regulatory environment.

The primary purpose of this letter is to convey our strongest support to expand the permissible activities to be conducted by CUSO's in Section 712.5 to include "loan origination of all types of loans that may be provided by a credit union." With this more encompassing definition, the specific origination authority for business loans, consumer mortgage loans, student loans and credit card loans would no longer be required.

The reason for our support is both strategic and tactical. Consumer expectations for financial services are expanding with unprecedented speed and technology is changing how companies are organized and run across all industries. Ours is no different, however the costs for research & development, acquisition and implementation of these new technologies and capabilities is beyond all but a very few of the largest credit unions. By collaborating to reduce acquisition and operating costs, CUSO's provide the means for credit unions to address these challenges and utilize developing technologies to better serve their membership.

It is our belief that the future health of the credit union industry is dependent upon the capability of meeting the service and convenience expectations of our membership, which in turn requires credit unions to develop a broader spectrum of capabilities. Clarifying confusing rules and eliminating an unfair impediment to the development of cooperative solutions by credit unions can only prove beneficial to member service and the health of the credit union industry.

For all these reasons we strongly support a recommendation to combine and simplify the lending rules. In our opinion, if a single credit union is authorized to undertake an activity, there really should be no reason way a group of credit unions cannot organize to undertake that same activity and benefit from leveraging technology & scale.

Along similar lines, Workers supports the ability of credit unions and CUSO's to package and sell loans to investment buyers. Credit unions are increasingly the source for home lending that puts the essential needs of the borrower first. We care about educating the member and



WORKERS
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Banking that works.

ensuring they are provided the right product to fit their unique needs. To continue cost effectively providing this member-focused service, credit unions need to participate in the securitization market. To obtain the volume required for securitization, credit unions need the capability to combine their loan production into multi-issuer packages. Enabling this cooperative activity would be another significant contributor to future financial health and stability for the industry.

Finally, we would respectfully request that the NCUA use the proposed regulatory review to examine and revise its current approach to the safety and soundness supervision of credit union CUSO investments. We are in agreement with the National Association of Credit Union Service Organizations (NACUSO) that this is best performed through the credit union supervisory framework – not the direct supervision of CUSOs themselves.

We thank you for the opportunity to comment and thank NCUA for being proactive in revising its regulations to provide regulatory relief.

Sincerely,



Robert S. Lockett, III
President
Workers Holdings, LLC