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June 30, 2008

Ms. Mary F. Rupp
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Sent via email

Re: Comments on Proposed Rule 712, CUSO Amendments

Dear Ms. Rupp:

The Pennsylvania Credit Union Association (PCUA) and its member credit unions appreciate this opportunity to provide comments to the National Credit Union Administration (NCUA) regarding its proposed rule on credit union service organizations (CUSOs).

The PCUA is a statewide trade association that represents almost eighty-five percent (85%) of the approximate 589 credit unions located within the Commonwealth of Pennsylvania. To respond to the request for comments, Association staff conferred with their colleagues at the National Association of Credit Union Services Organizations (NACUSO).

The PCUA recognizes the familiarity and intimacy that NACUSO has with regard to CUSOs and the needs of CUSO professionals. Accordingly, the PCUA supports and echoes the comments raised by NACUSO in its comment letter to the proposed rule.

PCUA also applauds NCUA for initiating a review of parts 712 and 741 of its regulations and for its effort in updating the regulations to reflect the needs of the credit union market place. Pennsylvania, like other states, is seeing an increase in the establishment of CUSOs by groups of credit unions desiring to collaborate and join their resources in order to aggregate volume and manage risk, obtain economies of scale, and develop greater levels of expertise in specific areas. For example, Pennsylvania has seen the establishment of several member business lending CUSOs over the past two years that involve credit unions of all asset sizes.

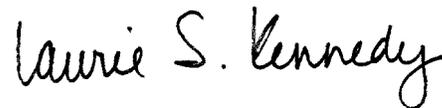
As note by NACUSO, as the number of credit unions decrease, the number of CUSOs grows in response to the pressures of the financial marketplace. PCUA strongly encourages NCUA to

consider extending the permissible loan activities of CUSOs to cover all of the permissible lines of lending authority granted to credit unions. We have found in Pennsylvania that groups of credit unions, particularly smaller ones, could benefit from joining their resources in the form of lending CUSOs. PCUA agrees with NACUSO that the restrictions in this area are historical relics that are not relevant in the current market.

Under the Pennsylvania Credit Union Code, federally-insured state-chartered credit unions (FISCUs) are granted parity with federally-chartered credit unions in the area of activities, investments, and ownership interests in CUSOs. *See*, 17 Pa. C.S.A. § 501(e)(3). PCUA appreciates the need of NCUA to develop a comfort level with FISCUs' CUSOs for safety and soundness purposes. However, in order to ensure that FISCUs are not unduly burdened, we echo NACUSO's position that compliance with the federal rule should only be enforced if the Pennsylvania Department of Banking does not have the ability to collect and share the necessary information with NCUA.

Thank you again for this opportunity to comment on behalf of Pennsylvania credit unions. Please feel free to contact me or any of the PCUA staff at 1-800-932-0661 if you have any questions or if you would like to discuss our comments.

Sincerely,

A handwritten signature in black ink that reads "Laurie S. Kennedy". The signature is written in a cursive, flowing style.

Laurie S. Kennedy
Associate Counsel

LSK:llb

cc: Association Board
Regulatory Review Committee
J. McCormack
R. Wargo
M. Dunn, CUNA