



February 11, 2006

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

Re: Proposed Rulemaking – Third Party Servicing of Indirect Vehicle Loans

Dear Ms. Rupp:

We appreciate the opportunity to comment on NCUA proposed rule CFR – Parts 701 and 741 on third party servicing of indirect vehicle loans.

Connexus comments are based on the following experiences: Connexus Credit Union has been involved with third party indirect lending for 22 months (6 months of pre-funding due diligence and 16 months of actual funding and on-going due diligence). Connexus has a history of maintaining high CAMEL ratings. We had the NCUA review and examine our indirect loan program shortly after the July 05 Risk Alert and to my knowledge have had the lowest amount of suggested revisions of any program NCUA has examined since the Risk Alert was issued. Additionally, I had the pleasure to serve in a regulatory capacity for the State of Wisconsin for three years.

The NCUA – as stated in the proposal- has issued two letters and a Risk Alert to credit unions regarding this topic. These letters coupled with NCUA's vigorous examinations on specialized lending activities strongly require credit unions engaged in these activities to perform extensive due diligence. Additional requirements beyond those already outlined in your letters and risk alert have the propensity to kill these types of programs. Losing these types of programs would restrict credit unions from serving the underserved. Additionally, a well-run program creates earnings opportunities for credit unions.

We truly believe that the NCUA and state regulators currently have enough capabilities and authority to ensure that credit unions assess the risks inherent in these programs, perform the appropriate levels of due diligence and operate in a safe and sound manner. **We would strongly encourage you not to add any additional rules.**

If you choose to add to the rule making we would encourage you to make the following changes:

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2600 Pine Ridge Blvd, Wausau, WI 54401-7800
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- 1) Amend NCUA proposed rule Part 701.21(h)(1)(ii) to read: One hundred percent of the credit union's net worth after the initial 18 months of that third partying servicing relationship.

Rationale: The NCUA proposed rule-making comments state that approximately 20 credit unions are at or above the 100% of capital level. This would suggest that most credit unions are not interested in hitting this type of level and that those who want to be at higher concentration levels are taking the appropriate steps in ensuring a safe and sound program. Having nearly 18 months into our program, Connexus believes we have extensive documentation and history – both ours and our third party- to assess and project long term portfolio trends. Additionally, with NCUA and the state of Wisconsin having a sound examination program and competent examiners, we believe that amending this part of the rule makes sense.

- 2) Amend NCUA proposed rule Part 701.21(h)(2) to read: Regional Directors for federally chartered credit unions and state regulators for state chartered credit unions may grant a waiver of the limits.....

Rationale: Both federal and state regulators have a strong history of ensuring safety and soundness for credit unions and thus, their members. Leaving the primary regulator with the primary oversight of this type of program makes sense with the current way that state and federal agencies work together.

Thank you in advance for considering our suggestions.

Respectfully,

J. David Christenson
President/CEO
Connexus Credit Union
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Wausau, Wisconsin