June 30, 2008

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

Re: Comment on Proposed Rule 712, CUSO Amendments

Dear Ms. Rupp:

As the President and CEO of The Golden 1 Credit Union and a board member for the Credit Union Direct Lending Corporation (CUDL), this letter is sent to request that the Board edit the Proposed Amendments to 12 C.F.R., § 712.5 (issued by the NCUA Board on April 17, 2008) to add "the purchase of vehicle-secured retail installment sales contracts from vehicle dealers" as a pre-approved CUSO activity.

Meeting member financing needs, while maintaining a well-balanced and diversified loan portfolio, is an essential credit union activity. In addition to being a valued member service, point-of-sale auto loans provide credit unions a consistent cash flow repayment stream over fairly short timeframes with relatively low interest-rate risk. These short-term, secured loans are an essential component of a well-balanced loan portfolio and help mitigate 1) longer-term interest-rate risk generally more inherent in real estate related loans which typically provide slower cash flow repayments and entail a higher degree of interest-rate risk and extension risk, and 2) the increased credit risk which is inherent in unsecured lending activities (such as with credit cards and personal loans or lines of credit). In essence, point-of-sale credit union vehicle financing is a core business activity for credit unions that is an essential part of a well-balanced loan portfolio and must be advanced and protected for industry success.

Point-of-sale automobile financing is also a credit union industry hallmark reflecting member convenience coupled with top-notch service and savings. This benefit for credit union members has a positive effect on other consumers since credit unions provide good competition in the auto financing arena, especially when many consumers are eligible for credit union membership. To protect and further the interests of consumers nationwide, it is likewise critical that this credit union point-of-sale financing option remain a viable and convenient choice. To do so, credit unions must be able to serve as consistent and sustainable funding sources with adequate capacity to purchase RICs while simultaneously only accepting those that meet and exceed the credit union's own membership, underwriting and quality control standards.

While many credit unions conduct successful indirect lending programs through an existing CUSO such as CUDL, or directly with their local dealers, we find that this approach alone is unlikely to be sufficient for long-term continued success. By adding

the Golden 1 CREDIT UNION

PO BOX 15966 • SACRAMENTO CA 95852-0966

the purchase of point-of-sale vehicle financing to the regulation as a pre-approved CUSO activity, credit unions' ability to compete and succeed in the indirect arena will be strengthened. A CUSO, such as CUDL should be able to purchase RICs from vehicle dealerships to ensure the dealers have a consistent and reliable partnership with credit unions. The presence of CUDL as a constant back-up to purchase excess dealer RICs, when supply exceeds direct credit union capacity or willingness to purchase such paper, ensures credit unions remain credible, viable and reliable partners in this important core business segment that is essential to our safety and soundness.

Thank you for your consideration of this important issue.

Sincerely,

Teresa Halleck

Teresa A. Halleck
President and CEO