

Illinois Credit Union League

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VIA E-MAIL TRANSMISSION
regcomments@ncua.gov

May 10, 2007

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

Re: Proposed Amendments to Parts 748 and 749—Records Preservation Program

Dear Ms. Rupp:

The Illinois Credit Union League represents over 400 federal credit unions and federally insured state chartered credit unions in Illinois. We are pleased to respond on behalf of our member credit unions to the proposed amendments to part 748 and 749 regarding record retention and catastrophic act preparedness.

The proposed amendments would require credit unions to include in the vital records required to be maintained offsite, a list of share, deposit, and loan balances for each account identified by member's name or account number as of the most recent business day (proposed §749.1(a)).

While the majority of credit unions will be able to comply with the proposed requirement, a substantial number of smaller credit unions with limited or no automated data processing capability will find it difficult or impossible to comply with the requirement. There are still a number of credit unions that post books manually. NCUA's call report includes a question on the method of maintaining share and loan accounts. The responses by Illinois credit unions to the call report for year-end 2006 indicates that 14 credit unions in Illinois still maintain share and loan accounts manually.

Preparing such a list manually would require a substantial amount of time and it would be impossible for such credit unions to prepare a complete list of shares, loans and account numbers every business day. In addition there are credit unions using a data processing system provided by the employer that is the basis of their common bond. Such systems

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are often provided that at no cost to the credit union and the provider may not be willing to undertake the required programming changes.

We suggest NCUA provide an exception similar to the exception provided in NCUA's truth in savings rule for credit unions that maintain their share and loan accounts manually or are not sufficiently automated to comply with the proposed requirement to prepare a list each business day.

Such credit unions should be allowed to prepare the list of account numbers and share and loan balances on a monthly basis rather than daily. (In the late 1970s, at a time when a majority of credit unions were still posting books manually, NCUA required quarterly preparation of a list of individual account numbers, share balances and loan balances for off-site storage.)

In the "Regulatory Flexibility Act" portion of the Supplementary Information accompanying the proposed rule, NCUA states it has determined that the proposed rule will not have a significant economic impact on a substantial number of small credit unions. While the number of credit unions that cannot comply may not meet the NCUA's definition of "substantial", the negative impact on those credit unions employing a manual system and on inadequately automated credit unions will be extremely significant if not disastrous.

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We appreciate the opportunity to respond to NCUA's request for comment on record retention and catastrophic act preparedness. We will be happy to respond to any questions regarding these comments.

Very truly yours,

ILLINOIS CREDIT UNION LEAGUE

By: Cornelius J. O'Mahoney
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