



MISSOURI CREDIT UNION ASSOCIATION

February 20, 2006

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

Re: Third Party Servicing of Indirect Vehicle Loans

On behalf of Missouri's federally insured credit unions we appreciate the opportunity to comment on issues in the proposed rule. Our comments reflect the opinions of our member credit unions that have, or have had, relationships with third-party sub-prime lending programs.

We support thorough due diligence. We have accompanied and participated with credit union internal auditors, CFOs and CEOs on due diligence reviews of the nation's largest third-party servicer. In addition, we have identified 3<sup>rd</sup> party sub-prime expertise that specializes in due diligence including static pool analysis and we have participated in a special American Association of Credit Union Leagues (AACUL) task force charged with addressing issues surrounding NCUA's Risk Alert on indirect sub-prime lending programs.

Shortly after the issuance of Risk-Alert 05-RISK-01, twenty of our states credit unions received Documents of Resolutions, and since June 2005, have not been allowed to continue this type of lending activity. Credit unions have complied with the subsequent due diligence directives from the NCUA; but, regardless of the credit unions best efforts, not one participant has been allowed to resume funding activities. Due to the additional time and resource required to participate in sub-prime lending programs, most of the credit unions have abandoned this option for increasing loan activity that supported their social mission of helping people of modest means.

The recommended limits in the proposal appear to be reasonable since all twenty Missouri credit unions would come under the 100% of Net Worth limit. However, to add regulatory limits after evoking an exhaustive set of due diligence procedures appears to be unnecessary and excessive.

Again, thanks you for the opportunity to comment on the proposed rule. We believe that the existing due diligence procedures mandated for third party servicing of indirect vehicle loans are more than adequate to control this activity.

Sincerely,

Roshara J. Holub  
President/CEO

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2055 Craigshire Drive • St. Louis, Missouri 63146-4009 • T: 314-542-0555 • F: 314-542-1387  
6220 Blue Ridge Cut-Off, Suite 300 • Kansas City, Missouri 64133-3730 • T: 816-313-0005 • F: 816-313-0011  
1-800-392-3074 • www.mcua.org