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May 17, 2005

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

RE: Comments on Proposed Rule 712, CUSO Audit Requirements

Dear Ms. Rupp:

The Pennsylvania Credit Union Association (PCUA) appreciates this opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposal to change its rule concerning credit union service organizations (CUSOs) audit requirements. The proposal provides that a wholly owned CUSO need not obtain its own annual financial statement audit from a certified public accountant if it is included in the annual consolidation audit of the federal credit union (FCU) that is its parent.

The PCUA is a statewide trade association that represents nearly ninety (90%) percent of the approximate six hundred and sixty (660) credit unions located within the Commonwealth of Pennsylvania.

To respond to the Board's request for comment, the PCUA consulted with its Regulatory Review Committee (the Committee). At the time comments were solicited, the Committee consisted of twelve (12) credit union CEOs who lead the management teams of Pennsylvania federal and state-chartered credit unions. Members of the Committee also represent credit unions of all asset sizes. The comments contained in this letter reflect the input of the Committee and PCUA staff.

Generally, PCUA and its members agree that the proposal is consistent with the NCUA's ongoing efforts to reduce regulatory burden and believe that this proposal is a step towards that goal.

Ms. Mary Rupp
Secretary of the Board

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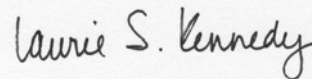
Notwithstanding the above, PCUA and its members encourage the NCUA Board to reconsider allowing for a consolidated audit, as permitted under generally accepted accounting principles (GAAP), where the credit union owns the majority of the voting shares of the CUSO but recommend that the final rule include provisions giving the minority owners the right to request an outside and/or separate opinion in the event that questionable practices, ethics, continued impaired performance, or other similar causes are present that necessitate an independent and separate review.

Overall, it is the opinion of PCUA and its membership that the proposal is straightforward. CUSOs are not generally complicated in nature, and therefore, do not require the imposition of additional or excessive regulatory restrictions or measures at this time.

Please feel free to contact me or any of the PCUA staff at 1-800-932-0661 if you have any questions.

Sincerely,

Pennsylvania Credit Union Association



Laurie S. Kennedy
Associate Counsel

LSK:llb

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