

BOARD ACTION MEMORANDUM

TO: NCUA Board

DATE: April 14, 2008

FROM: Office of General Counsel

SUBJ: Proposed Rule: Credit Union Service Organizations (Parts 712 and 741)

ACTION REQUESTED: Board approval of proposed rule to make various amendments to the credit union service organization (CUSO) rule.

DATE ACTION REQUESTED: April 17, 2008.

OTHER OFFICES CONSULTED: Office of Examination and Insurance, All Regional Directors, Office of Small Credit Union Initiatives, Office of Capital Markets and Planning, Office of Corporate Credit Unions.

VIEWS OF OTHER OFFICES CONSULTED: Concur.

BUDGET IMPACT, IF ANY: None.

SUBMITTED TO INSPECTOR GENERAL FOR REVIEW: Yes.

RESPONSIBLE STAFF MEMBER: Ross Kendall, Staff Attorney, Office of General Counsel.

SUMMARY: This proposed rule would: add credit card loan origination and payroll processing as permissible CUSO activities; add several, new examples of permissible CUSO activities within existing categories and expand the scope of two categories of services to include persons eligible for credit union membership; impose limits on the ability of credit unions to recapitalize CUSOs in certain circumstances revise and extend the agency access to records and corporate separateness provisions in the rule to federally insured, state chartered credit unions; clarify that CUSOs may buy and sell participations of loans they are currently authorized to originate; and delete as unnecessary the section in the current rule concerning amendment requests.

RECOMMENDED ACTION: Recommend the Board issue the Notice of Proposed Rulemaking.

ATTACHMENT: Proposed Rule.