NASCUS Stateline

FIRST QUARTER 2012

The Official Publication of the National Association of State Credit Union Supervisors

State Law Should Continue to Govern Loan Participations

NASCUS recommends different and less preemptive approach to mitigating loan participation risk

While state regulators share some concerns regarding loan participations with the National Credit Union Administration (NCUA), NASCUS wrote in a recent comment letter that it cannot support the proposal in its current form. NASCUS believes that concerns regarding loan participations can be mitigated by focusing on strong underwriting, adequate program contract review and effective third party due diligence.

NASCUS agrees that some material risk with loan participations exists; however NCUA's proposed rule fails to make a convincing case that it's the best means to mitigate that risk, especially considering its impact on dual chartering and state law. Historically, state-chartered federally insured credit unions (FISCUs) have looked to state law and regulation to

PHOTO BY JUSTIN RUNQUIST

NASCUS Chairman Orla Beth Peck (UT), left, with Utah Credit Union Association President and CEO Scott Simpson, right.

govern their loan participation activities. With this proposal, NCUA is poised to sweep away another distinction between state and federal charters. "Taken together with NCUA's pro-

See LOAN PARTICIPATION Page 2

Six States Achieve Re-accreditation in 2011

NASCUS is pleased to announce the continued accreditation of states

In 2011, six state agencies achieved re-accreditation by NASCUS, demonstrating their ongoing commitment to supervision and examination excellence and adherence to the performance standards that measure the strength and effectiveness of their programs.

NASCUS accreditation is valid for a five-year period. In 2011, Accreditation Review Teams (ARTs) conducted on-site reviews in six states. The ARTs' findings concluded that the states of Georgia, Ohio, Pennsylvania, Texas, Wisconsin and Vermont met the NASCUS Accreditation Program performance standards, and the Performance Standards Committee (PSC)

See RE-ACCREDITATIONS Page 8

Meaningful Regulatory Relief for State Charters

By Mary Martha Fortney, NASCUS President and CEO

Mary Martha Fortney

Last fall, National Credit Union Administration (NCUA) Chairman Debbie Matz announced a Regulatory Modernization Initiative aimed at providing regulatory relief for credit unions. It was initiated in part to support President Obama's Executive Order 13579 urging regulators to revise or repeal outdated or insufficient regulations. Providing smart

See REGULATORY RELIEF Page 8

IN THIS ISSUE

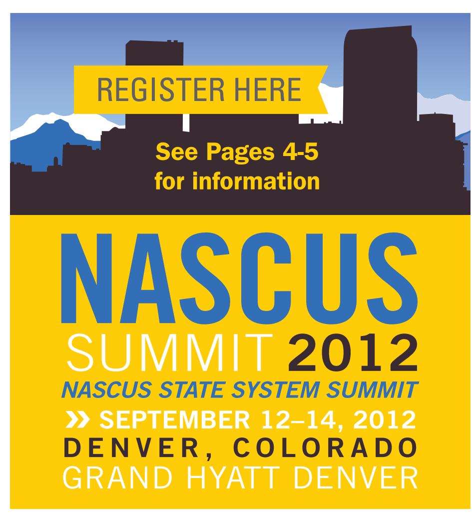


PHOTO BY JUSTIN RUNQUIST

Steve Antonakes of the CFPB, left, with Louisiana regulator John Ducrest at the 2011 State System Summit. Antonakes recently met with NASCUS to continue dialogue on the CFPB's coordination with the states on supervision of credit unions in the CFPB's jurisdiction.

NASCUS Discusses State System Issues with Treasury and CFPB Officials

NASCUS and state regulators met with Treasury Asst. Secretary Cyrus Amir-Mokri and CFPB's Depository Supervision Lead Steve Antonakes

Recently, NASCUS met with officials at the U.S. Treasury and the Consumer Financial Protection Bureau (CFPB) to continue dialogue with them on issues impacting the state credit union system.

Cyrus Amir-Mokri

"Our consistent interaction with officials at the U.S. Treasury, the CFPB and others helps to maintain their awareness of state system interests as the organization works on reforms and enhancements to the state credit union system," said NASCUS President and CEO Mary Martha Fortney.

On March 21, NASCUS met with U.S. Treasury Assistant Secretary for Financial Institutions Cyrus Amir-Mokri. The U.S. Treasury's Office of Financial Institutions helps formulate policy on financial institutions and government-sponsored enterprises, critical infrastructure protection and compliance policy, and financial education.

NASCUS Chairman Orla Beth Peck (UT) and NASCUS Board Member John Kolhoff (MI) joined NASCUS management for the meeting to discuss the state credit union landscape and introduce Amir-Mokri to NASCUS. (He was confirmed by the Senate on October 31, 2011.) Over the years, NASCUS has met with leadership in the Financial Institutions Office to keep them informed of the health of the state credit union system and the need for reforms, such as supplemental capital for credit unions. NASCUS discussed H.R. 3993 with Amir-Mokri, legislation that would allow supplemental capital access for natural person credit unions. He was interested in continuing discussion with NASCUS and staying apprised of the financial condition of state institutions.

Also on March 21, NASCUS and several state regulators continued a series of meetings with Steve Antonakes of the CFPB to dialogue on the CFPB's coordination with the states and the examination program for credit unions with more than $10 billion in assets. Antonakes, a former member of NASCUS when he was the Commissioner of the Massachusetts Division of Banks, has been in close contact with NASCUS and state regulators since he began his position as the Assistant Director for Large Bank Supervision at the CFPB. He noted that the CFPB continues to focus on training and hiring examiners and that examinations of some large institutions had begun. He also again expressed the intent of the CFPB to coordinate closely with the states on examination and supervision of state-chartered credit unions in their jurisdiction.

State Regulators and NCUA Held National Meeting on Policy Issues

Annually, state regulators and the National Credit Union Administration (NCUA) gather for their National Regulators Meeting for regulator-to-regulator discussion on national policy issues affecting state-chartered credit unions. This meeting took place, Feb. 27-28 in San Francisco, California.

Nearly 75 state regulators, the NCUA Board and NCUA senior staff participated in the meeting, focusing on examination and supervision issues for state-chartered credit unions. NASCUS, state regulators and NCUA meet in person several times a year, as well as by teleconference. State regulators and the NCUA will meet in-person later this year during NASCUS' State System Summit, Sept. 12-14 in Denver, Colorado.

Loan Participation

continued from page 1

posed expansion of credit union service organization (CUSO) rules to cover state-chartered credit unions, this proposed rulemaking would leave very little flexibility for states to authorize distinct powers for their credit unions," NASCUS stated to NCUA.

Specifically, NASCUS makes several recommendations to NCUA on loan participations:

- Proposed rulemaking should focus on underwriting and effective adoption and implementation of policies;
- State law and regulation should continue to govern loan participations for state credit unions;
- The proposed rulemaking should focus on non-agriculture commercial lending;

See LOAN PARTICIPATION Page 6

NASCUS Applauds and Supports New Supplemental Capital Legislation for Credit Unions

H.R. 3993 would allow non-share capital accounts to be counted toward net worth

Reps. Peter King (R-NY) and Brad Sherman (D-CA) introduced the Capital Access for Small Businesses and Jobs Act, **H.R. 3993**, legislation that would allow credit unions to access supplemental capital, a reform long supported by NASCUS.

Rep. Peter King (R-NY)

Rep. Brad Sherman (D-CA)

For years, NASCUS has worked with policymakers and by testifying in Congress to keep this matter at the forefront. NASCUS' diligent work to build consensus on this issue within the credit union system has been attributed as one of the reasons a bill is now pending before Congress.

"NASCUS applauds the introduction of this bill and enthusiastically supports the ability of state and federal regulators to be provided with this regulatory parity enjoyed by other federal regulators," said NASCUS President and CEO Mary Martha Fortney.

NASCUS and state regulators have steadfastly supported supplemental capital for qualifying credit unions to enhance safety and soundness. Supplemental capital would also provide options for credit unions to meet necessary capital levels in a manner consistent with advanced financial systems worldwide. The majority of state credit union regulators supervise other depository institutions and have long recognized that credit unions are disadvantaged by an archaic capital structure limited to retained earnings.

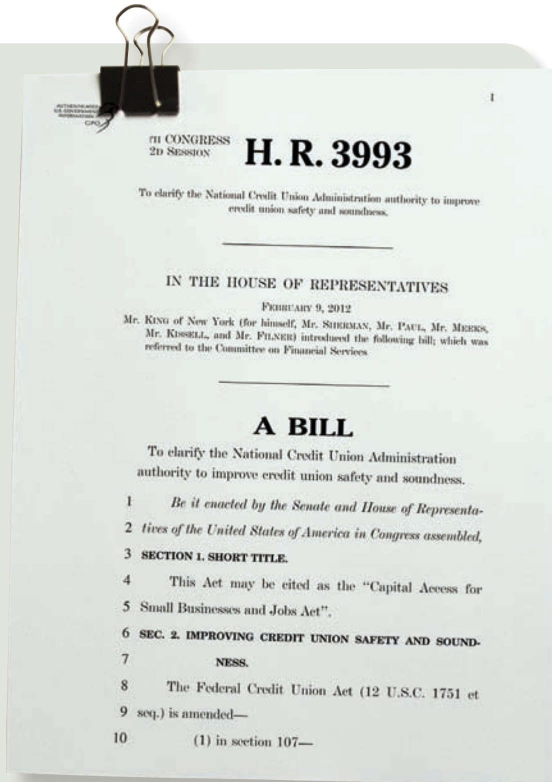
"For NASCUS and state regulators, access to supplemental capital for credit unions has always been a matter of safety and soundness. This critical reform gives credit unions the necessary capital flexibility to respond to economic conditions, both in good times and bad. For years, credit unions have been constrained by a capital system that is not complimentary to the modern regulatory environment credit unions operate in today," said Fortney.

NASCUS is pleased Congress has recognized the importance of this reform and how this enhancement can bolster credit unions' recognized role in economic recovery. "We recognize that there is more work ahead to make supplemental capital a reality, but the introduction of this legislation is an important milestone in our efforts to achieve this reform. NASCUS Chairman Orla Beth Peck (UT) and Credit Union Advisory Council Chairman Cathie Tierney, (Community First CU, WI), join me in expressing appreciation to all who have gotten us to where we are today. We look forward to continuing our efforts," added Fortney.

NASCUS has partnered closely with CUNA, NAFCU and the Coalition for Credit Union Access on this issue and also continues its work, as it has for several years, with the National Credit Union Administration (NCUA) on the regulatory considerations for supplemental capital access for credit unions.

H.R. 3993 At a Glance

- The bill would make a change to the definition of net worth in the Federal Credit Union Act to allow non-share capital accounts to count toward a natural person credit union's net worth. (The current definition of net worth is limited to retained earnings for natural person credit unions.) Some state laws already allow for supplemental capital; however, because of the current limitation in the FCUA, it cannot count toward net worth.
- H.R. 3993 states supplemental capital could include non-share capital accounts as authorized by the NCUA that meet certain criteria. (NASCUS will work to ensure that forthcoming regulations regarding approval of FISCU use of supplemental capital involve the state regulator, as well.)
- Supplemental capital would have to meet the following criteria:
  - ✓ Do not alter the cooperative nature of the credit union;
  - ✓ Are uninsured;
  - ✓ Are subordinate to all other claims against the credit union, including the claims of creditors, shareholders, and the Fund;
  - ✓ Are available to be applied to cover operating losses of the credit union in excess of its retained earnings and, to the extent so applied, will not be replenished;
  - ✓ Are subject to maturity limits as determined by the NCUA Board; and
  - ✓ Are offered by a credit union that is determined by the Board to be sufficiently capitalized and well-managed.



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TH CONGRESS
2D SESSION

H. R. 3993

To clarify the National Credit Union Administration authority to improve credit union safety and soundness.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 9, 2012

Mr. KING of New York (for himself, Mr. SHERMAN, Mr. PAUL, Mr. MEEKS, Mr. KISSELL, and Mr. FILNER) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To clarify the National Credit Union Administration authority to improve credit union safety and soundness.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Capital Access for Small Businesses and Jobs Act".

SEC. 2. IMPROVING CREDIT UNION SAFETY AND SOUNDNESS.

The Federal Credit Union Act (12 U.S.C. 1751 et seq.) is amended—

(1) in section 107—

NASCUS

SUMMIT 2012

NASCUS STATE SYSTEM SUMMIT

» SEPTEMBER 12–14, 2012

DENVER, COLORADO

GRAND HYATT DENVER

THIS IS A CONFERENCE YOU WILL NOT WANT TO MISS!

This is the only national opportunity for state-chartered credit unions, regulators and system leaders to dialogue on ways to strengthen and advance the state credit union charter. NASCUS invites you to join the system's leaders to address the top challenges confronting state credit unions and regulators at the 2012 NASCUS State System Summit in Denver.

Here are just a few reasons why you should attend:

- Network with your fellow state credit unions and state regulators
- Exchange leading practices that make state credit unions great
- Learn the latest on financial regulations impacting your credit union
- Hear the latest from credit union industry insiders and national policymakers
- And more!

Lodging

The Summit will take place at the Grand Hyatt Denver Downtown Hotel (1750 Welton Street, Denver, CO).

For reservations, dial 402-592-6464 and ask for the NASCUS room block at the Grand Hyatt Denver Downtown. The NASCUS rate is $219. NASCUS regulator members qualify for a reduced rate based on the government per diem currently $140.

These room rates expire at midnight on August 13, 2012 but may sell out prior to this date — make your reservations early.

Agenda

Please note our program begins at 8:00 a.m. on Wednesday, September 12 and concludes at 12 p.m. on Friday, September 14, 2012. A full schedule of speakers and events will be forthcoming at www.nascus.org.

In addition, on Wednesday, September 12, 2012 attendees are invited to join NASCUS at Coors Field for the Colorado Rockies against the San Francisco Giants. The game is at 6:40 p.m. NASCUS will provide additional information at a later date.

REGISTER ONLINE

Registration Form

Register at www.nascus.org or by faxing this form to (703) 528-3248.
Please copy for additional registrants.

REGISTER ONLINE

Name

Name preferred on badge

Title

Organization

Mailing Address

City State Zip

Phone Email

Spouse/Guest name

Registration Fee Summary:	Before July 31, 2012	After July 31, 2012
NASCUS Members*	$795	$995
First Timer Free	$0	$0
Non-Members	$995	$1,045
Spouses/Guest Program**	$300	$400

**A special state agency rate is available for state regulators. Contact Isaida Woo at isaida@nascus.org for details. Also, Credit Union Advisory Council members can bring a colleague for half price with a paid registrant.*

***NASCUS' Spouse/Guest Program includes:*

- Breakfast with attendees on September 12-14
- Networking Luncheon on September 12
- NASCUS Chairmen's Lunch on September 13

Cancellation Policy
All refunds/cancelations must be made in writing by September 1, 2012 and are subject to a $75 administrative fee. No refunds will be accepted after this date. Substitutions are permitted at any time.

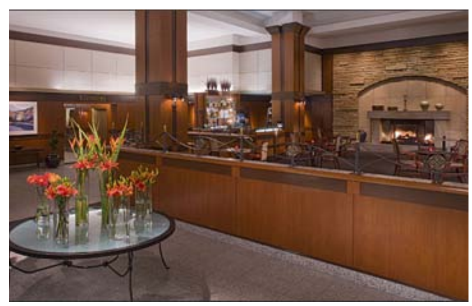
Method of Payment

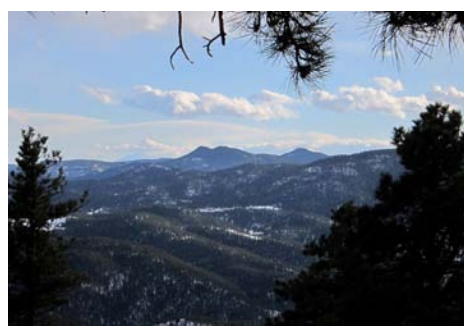
- Check/Share Draft____________________
- Send me an invoice____________________
- Charge my credit card ________________ Exp. Date______

Questions? Contact NASCUS at (703) 528-0796 or email **isaida@nascus.org**.

Scholarships Available for State Regulators

Due to the generosity of the NASCUS Credit Union Advisory Council members who donate to NISCUE, Summit scholarships are available for state regulators. Contact Jenny Champagne at jenny@nascus.org for information and an application.





NASCUS Thanks 2011 NISCUE Donors

The National Institute of State Credit Union Examination (NISCUE) funds training programs designed specifically for state credit union examiners. These programs are offered throughout the year at locations across the country and via the Internet to ensure that training is available when examiners in all states need it most.

The NASCUS Education Committee thanks all those who contributed to support our educational programs. We want to specifically thank the NASCUS Credit Union Advisory Council members who donated in 2011 to fund programs for state examiners through donations to NISCUE.

Alabama Telco Credit Union, AL
Fort McClellan Credit Union, AL
Arizona State Credit Union, AZ
Educational Employees Credit Union, CA
San Francisco Fire Credit Union, CA
San Mateo Credit Union, CA
Sooper Credit Union, CO
Envision Credit Union, FL
Delta Community Credit Union, GA
Flowers Employees Credit League Credit Union, GA
Savannah Postal Credit Union, GA
A+ Credit Union, ID
Public Employees Credit Union, ID
ADM Credit Union, IL
Bloomington Postal Employees Credit Union, IL
Central Credit Union of Illinois, IL
Great Lakes Credit Union, IL
Urbana Municipal Employees Credit Union, IL
Forum Credit Union, IN
Kokomo Post Office Credit Union, IN
Cedar Falls Community Credit Union, IA
Dupaco Community Credit Union, IA
Bluestem Community Credit Union, KS
Medical Community Credit Union, KS
New Century Credit Union, KS
Beacon Community Credit Union, KY
Louisiana Central Credit Union, LA
Michoud Credit Union, LA
River Cities Credit Union, LA
Tangipahoa Parish Teachers Credit Union, LA
Astera Credit Union, MI
Chippewa County Credit Union, MI
CO-Op Services Credit Union, MI
Eastern Michigan University Credit Union, MI
Great Lakes Members Credit Union, MI
Kalsee Credit Union, MI
My Postal Credit Union, MI
Sterling-Van Dyke Credit Union, MI
Thornapple Valley Community Credit Union, MI
Total Community Credit Union, MI
Bear Paw Credit Union, MT
Blue Flame Credit Union, NC
Charlotte Fire Department Credit Union, NC
Hanesbrands Credit Union, NC
Members Credit Union, NC
State Employees' Credit Union, NC
Akron Firefighters Credit Union, OH
BSE Credit Union, OH
Greater Cincinnati Credit Union, Inc., OH
Kemba Credit Union, OH
Millstream Area Credit Union, OH
PSE Credit Union, OH
Universal 1 Credit Union, OH
Benton County Schools Credit Union, OR
Rivermark Community Credit Union, OR
Unitus Community Credit Union, OR
First Credit Union of Scranton, PA
Incol Credit Union, PA
Norristown Bell Credit Union, PA
Northampton Area School District Employees Credit Union, PA
Dupont Community Credit Union, TN
Dyersburg Credit Union, TN
Kimberly Clark Credit Union, TN
Knoxville News Sentinel Employees Credit Union, TN
Knoxville Post Office Credit Union, TN
Leaders Credit Union, TN
Life Credit Union, TN
McNairy County Employees Credit Union, TN
Nashville Firemen's Credit Union, TN
Southeast Financial Credit Union, TN
The Tennessee Credit Union, TN
Cooperative Teachers Credit Union, TX
Corpus Christi Postal Employees Credit Union, TX
Light Commerce Credit Union, TX
Memorial Credit Union, TX
Metro Medical Credit Union, TX
Scott And White Employees Credit Union, TX
Southern Star Credit Union, TX
P&S Credit Union, UT
San Juan Credit Union, UT
Old Dominion Credit Union, VA
Richmond Fire Department Credit Union, VA
University of VA Community Credit Union, VA
Virginia Credit Union, VA
BECU, WA
Columbia Credit Union, WA
Harborstone Credit Union, WA
School Employees Credit Union of Washington, WA
Community First Credit Union, WI
Pluswood Credit Union, WI
Westconsin Credit Union, WI

Loan Participation

continued from page 2

- Waiver provisions should be meaningful;
- Loans sold with recourse should be excluded; and
- Provisions applicable to state-charters should be incorporation within §741.

Ultimately, NCUA's proposal concludes that "certain requirements should be consistent among all FICUs to minimize systemic risk. Increasing numbers and balances in loan participation portfolios, among both federal credit unions and FISCUs, indicate such a regulatory approach is warranted." NASCUS firmly believes that preempting state law and homogenizing the system is not the best regulatory response to possible systemic risk related to loan participations.

Further, NASCUS recommends the 10 percent risk retention requirement not be extended to state credit unions. While a 10 percent retention may have been long required for federal credit unions, state law or regulation should continue to govern this area for state charters. NASCUS also expressed its concern that the proposed 25 percent limit on originators could have a disproportionate impact on modest sized credit unions. Many credit unions that rely on purchasing loans have developed relationships with specific originators upon whom the purchasing credit union has performed due diligence. The regulatory benefit of limiting exposure to a single originator does not outweigh the detrimental impact of disrupting established, effective relationships and forcing purchasing credit unions into the marketplace to contract with unknown entities. To view our full comment letter, **follow this link**.

NASCUS Upcoming Educational Events

Email **isaida@nascus.org** with your questions

Register online
for all events at this link.

NASCUS Directors Colleges

California
April 11, 2012
Walnut Creek, CA

Illinois
May 10, 2012
Springfield, IL

North Carolina
May 15 and 16, 2012
Charlotte, NC

Utah
May 30, 2012
Salt Lake City, UT

Ohio
June 4, 2012
Columbus, OH

Wisconsin
June 26, 2012
Appleton, WI

Kansas
July 18, 2012
Location TBD

Colorado
Fall 2012

Missouri
Fall 2012

NASCUS will continue its Directors College series around the country in 2012. Mark your calendars for these popular one-day events geared toward enhancing directors' understanding of the critical statutory, fiduciary and regulatory responsibilities of a director. Email **jenny@nascus.org** with your questions on the NASCUS Directors College series.

NASCUS State Regulatory Roundtable

(Formerly the NASCUS Annual School)

May 1-3, 2012
New Orleans, LA

NASCUS' State Regulatory Roundtable (formerly known as the Annual School) is a valuable training and networking opportunity. Throughout the week, attendees will have the chance to exchange best practices with their peers from across the country.

The agenda includes discussion on interest rate risk, information technology and authentication issues, internal controls for credit unions, identity theft, plastic card fraud, as well as other pertinent regulatory topics. NISCUE scholarships are available for state examiners. Please email **jenny@nascus.org** for more information.

NASCUS ALM School

June 5-7, 2012
Columbus, OH

(This event is regulators only)

This two-and-half-day forum will provide attendees with an in-depth look at asset liability management (ALM). The school will focus on the following topics:

- What are the threats to the financial services industry that we can no longer ignore?
- What opportunities and risks can we miss by using NEV, traditional income simulation, long-term net worth at risk simulations and rate shocks?
- What are the dangers of using offering rates in NEV analysis?
- What is the difference between NEV and the 17-4 test?
- What are potential consequences of implementing concentration risk limits into policy?

The school will also include an interactive workshop allowing attendees to work "hands on" through case studies evaluating and analyzing an institution's interest rate risk.

NASCUS State System Summit

Sept. 12-14, 2012
Denver, CO

NASCUS is proud to announce the only annual event for the nation's state credit union system, the NASCUS 2012 State System Summit. We invite you to join the system's leaders to address the top challenges confronting state credit unions and regulators in Denver, Colorado, Sept. 12-14. See pages 4-5 for more information.

NASCUS/CUNA 2012 Bank Secrecy Act Conference

Dec. 2-5, 2012
Dallas, TX

NASCUS and CUNA will continue its partnership on this comprehensive BSA training event. The conference brings together BSA compliance officers, examiners and regulators and industry experts for nearly four days of discussion, networking and education on BSA compliance issues.

NASCUS Webinars

Credit Union Financial Statements: What You Need to Know
May 10, 2012, 1 p.m. ET

Credit Union Investments Hazards Webinar
May 31, 2012, 1 p.m. ET

NASCUS offers previously recorded webinars to credit unions and regulators. Access to each recording costs $199 for members and is offered on an on-demand basis. For more information on webinars, contact Isaida Woo at **isaida@nascus.org** or visit **www.nascus.org**.

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Regulatory Relief

continued from page 1

regulatory relief should be a priority for all regulators, state and federal.

NASCUS is supportive of NCUA's efforts to provide regulatory relief as well as its pronounced support of supplemental capital for credit unions. Among NCUA's regulatory relief efforts, NCUA has extended six of the RegFlex provisions to all federal credit unions (FCUs). NASCUS applauds this extension; however, state regulators are eager to work with NCUA to identify a forward-looking approach to regulatory relief and to provide specific relief to federally insured state-chartered credit unions (FISCUs).

While the recent recession revealed elevated risk areas and gaps in regulation requiring attention, NASCUS cautions against a "one-size-fits-all" regulatory approach. Though NASCUS and state regulators have long said that you should not regulate to the lowest common denominator, to some degree this is what is happening post-crisis. And at this point, it is uncertain whether layering on regulation is the most effective way to mitigate material risks to the credit union system.

A forward-looking regulatory relief approach would establish risk-focused rules identifying the material risk and requiring that material risk be mitigated. Credit unions would have flexibility to mitigate that risk in a manner that makes sense for their particular business model and specific circumstances. Credit unions with de minimis activities within the identified risk area would have minimal compliance obligations.

Of course, this approach would require discretion on the part of the regulators. In many respects, this might be the most difficult aspect of true regulatory relief. Credit unions and examiners generally prefer bright line rules. However, bright line rules often result in regulation to the lowest common denominator. This mindset must be changed. True regulatory relief will be difficult to achieve without regulatory discretion.

NASCUS believes that there is a place for regulatory discretion, as well as for regulatory diversity, in our new financial institution landscape. Regulators have the un-enviable task of ensuring a safe and sound system through vigorous supervision. Not only in the aftermath of economic turmoil, but also during good times, regulators are tasked with divining unsafe and unsound practices and curtailing them. Against this mandate, regulators must balance their regulatory concerns with the need to provide the industry with a viable operating environment. Going forward, regulatory discretion combined with a focus on dual state and federal regulatory oversight can relieve regulatory burden and protect against a homogenization of the credit union system.

In addition, NASCUS has long urged NCUA to ease the regulatory burden on FISCUS in particular by changing the format of its rules in Subpart B of Part 741. Unlike Subpart A, Subpart B does not state the text of rules applicable to FISCUs, but merely incorporates by reference the rules outside of Part 741. The complicated nature of NCUA's rules makes it difficult for FISCUs, as well as state and federal examiners and other interested parties, to easily discern which insurance rules, or in some cases which portions of such rules, apply to FISCUs. We strongly recommend that the NCUA incorporate the text of its insurance rules into Part 741, Subpart B in their entirety rather than by reference.

NCUA could also relieve the burden on healthy FISCUs of multiple examination contacts in a single year by re-emphasizing the agency's statutory reliance on state examinations. In 2010, NCUA changed its policy to send federal examiners annually to every FISCU with assets in excess of $250 million, regardless of the CAMEL rating or condition of the institution. When NCUA is unable to accompany the state regulator on the scheduled primary examination of the FISCU, the agency schedules a separate federal onsite insurance review. NASCUS believes NCUA should rely on the state examination and spare the FISCU the disruption of a second examination, whenever practicable.

In addition, NASCUS is defending against proposed regulation in areas traditionally and appropriately governed by the states. NCUA's recent proposed rulemakings on loan participations and credit union service organizations (CUSOs) would add regulatory burden for FISCUs, while preempting areas traditionally regulated by the states. NASCUS believes these areas should continue to be regulated by state law for FISCUs.

NASCUS and state regulators share NCUA's commitment to modernizing the credit union regulatory system and providing regulatory relief. By working together, NASCUS is confident we can achieve these goals while maintaining rigorous and effective supervision to ensure the safety and soundness of the movement.

This column also appeared in the March 19, 2012 issue of the *Credit Union Journal.*

Re-accreditations

continued from page 1

approved their re-accreditation for a five year period, subject to annual review.

The annual review process enables the accredited agency and the PSC to measure progress and improvement. To earn and maintain NASCUS' prestigious accreditation, a state supervisory agency must demonstrate that it meets accreditation standards in these six areas: department administration and finance, personnel, training, examination, supervision and legislative powers. The annual review process is structured to identify developing deficiencies and to require that steps be taken to make the necessary improvements. To further ensure its due diligence in administering the accreditation program, the PSC has adopted a mandatory interim reporting requirement that requires accredited states to notify NASCUS when developments occur that have the potential for having material negative impact on their operations.

Approximately 85 percent of state credit union assets are supervised by NASCUS' accredited states. At the beginning of 2012, 20 states submitted annual reviews for continued accreditation (that summarized agency activities in 2011) and six states are up for five-year reaccreditation in 2012.

National Association of State Credit Union Supervisors

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Contact NASCUS' Communications department by emailing kate@nascus.org.

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