



August 5, 2011

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

Re: Financial Reporting under NCUA's CUSO Regulation Part 712

Dear Ms. Rupp,

On behalf of SEFCU and its CUSOs, SEFCU Mortgage Services and SEFCU Insurance Agency, we would like to thank the National Credit Union Administration (NCUA) Board for inviting us to comment on the proposal to amend NCUA's CUSO regulation to require CUSOs to submit financial reports to NCUA at least annually.

SEFCU and its CUSOs are committed to complying with all provisions governing CUSOs under NCUA regulation Part 712. While we understand NCUA's concerns that the agency does not obtain enough information from CUSOs, even though NCUA has access to CUSO books and records through the agreements credit unions have with CUSOs, we have some concerns about the proposal. Our comments and suggested solutions are outlined below.

Financial Reporting

We are concerned about the burden of additional financial reporting for CUSOs. Mortgage CUSOs across the country, including SEFCU Mortgage Services, are subject to many rules and regulations under their respective state laws. This includes the mortgage licensing requirements contained in state banking laws and regulations. Specifically, SEFCU's mortgage CUSO, SEFCU Mortgage Services, files, as required, an NMLS Mortgage Call Report on a quarterly basis with the Nationwide Mortgage Licensing System (NMLS). The NMLS is a central repository for all required data related to the licensing of mortgage CUSOs, as well as individual Mortgage Loan Originators. We recommend that NCUA allow mortgage CUSOs to utilize the financial reports already submitted through the NMLS to satisfy the proposed annual financial reporting requirement under Part 712.

Any information that would be required under Part 712 that is not included in the NMLS financial report, such as date of most recent audit, headquarters and branch locations and

contact information for board and management, could be collected by NCUA during the annual examination of the credit union(s) that invest in and lend to the CUSO.

We would be happy to provide additional details about the information which is contained in the reports available from the NMLS site and to assist NCUA in making the determination that this information is similar enough to what NCUA is proposing to collect through this new financial reporting requirement.

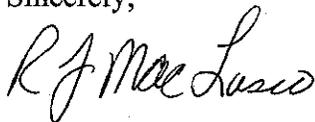
Customer/Client Listing Included in the Annual Report

In the proposed list of data to be collected in the financial report, NCUA proposed including the customer listing for the CUSO. We are seeking clarification as to whether NCUA considers customers of the CUSO to be a list of credit unions that have investments in and loans to the CUSO or whether this is intended to capture a list of individual members who are utilizing or purchasing products and services from the CUSO (such as a mortgage or an insurance product including auto and homeowner's insurance.). Considering that some insurance CUSOs have thousands of individual clients, the compilation of such detailed lists would prove to be extremely cumbersome.

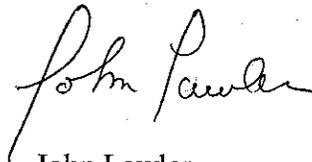
We believe NCUA intends this to mean the credit unions that invest in and/or lend to the CUSO; however we seek clarification from NCUA on this point.

Once again, we would like to thank the NCUA Board for the opportunity to comment. We would be happy to further discuss this matter, if you so desire.

Sincerely,



Robert MacLasco
President
SEFCU Mortgage Services, LLC



John Lawler
President
SEFCU Insurance Agency, LLC

cc: Michael J. Castellana, President and CEO, SEFCU